



Formosa Plastics®

# Sustainability Report

February 2021

You expect more.  
And Formosa delivers.®

# A Message from the Executive Vice President

Ken Mounger



## February 2021

The past twelve months have brought with them what is perhaps the greatest economic and social challenge of the last one hundred years; the Covid-19 pandemic. The pandemic has affected every aspect of Formosa Plastics operations yet our innovative and targeted response has prevented the job furloughs and layoffs experienced by many in the worldwide economy. Through that process, our pandemic response protocols have allowed us to continue manufacturing high-quality products that are critical elements in the overall economy of our nation and the health of our fellow citizens. .

Our world faces other long-term economic, societal and climate challenges both locally and globally. Yet with big challenges come big opportunities to address those by thinking globally and acting locally. Formosa's Sustainability Report reflects our commitment to doing our part both as a member of the global economy and as an engaged corporate citizen at the local level.

It holds true that we are stewards of the environment and not its master. This Report reflects Formosa's commitment to strengthening our manufacturing processes and managing our land and water resources,

by executing strategies that will improve local land, water and air quality. As examples, Formosa is one of the founding members of the Alliance to End Plastic Waste (AEPW) and in 2020 we participated in the AEPW's global clean-up efforts with outstanding results. Also, in 2020 Formosa began planning solar and wind energy projects at our Point Comfort, Texas facility that are designed to offset about 30% of the site's electrical demand.

This Sustainability Report is the product of a thorough and introspective consideration of Formosa's role in supporting the United Nations' 17 Sustainable Development Goals. No matter how large or how small, each of us can make a difference as we seek a better world in the present and for the future.

In the end, we are all in this together.

A handwritten signature in black ink that reads "Ken Mounger". The signature is written in a cursive, flowing style.

**Ken Mounger**  
Executive Vice President  
Formosa Plastics Corporation, U.S.A.

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SECTION 1

# People



No Poverty



Zero Hunger



Good Health and Well-Being



Quality Education



Over the past forty years, Formosa has worked with local organizations to improve education, health, civic growth, spiritual development, and environmental protection.

During the past five years alone, the company has donated over \$5 million dollars to various charities.

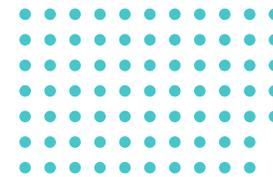
A few representative examples of our corporate citizenship activities are as follows:

### Corporate Donations

**\$10M** 

To charity, including Formosa's contributions on behalf of the New Mighty Foundation.

### Employee Service



**75+**  
Community organizations

### Social Responsibility



No Poverty





## No Poverty

### Point Comfort, TX

- Provided environmental trust funds to the community.
- Helped rebuild the Formosa Wetlands Walkway after Hurricane Harvey.
- Set aside wetlands to protect areas for migratory waterfowl and for educational purposes.
- Formosa Texas employees volunteered their time to serve more than 75 different organizations in the community. Sponsored events and raised money for The United Way of Calhoun and Victoria counties.

Held quarterly blood drives to help save lives.

Since 2015, the site has managed a monarch butterfly migratory “way-station”, propagation of habitat and milkweed research program. Several types of milkweed are grown and planted, providing an abundant source of milkweed for both Monarch and Queen Butterflies.



### Baton Rouge, LA

- Louisiana Earth Day
- Keep Baton Rouge Beautiful
- Junior Achievement of Baton Rouge
- United Way
- March of Dimes Walk-a-Thon
- Greater Baton Rouge Food Bank
- Scotlandville Magnet School –High School
- Baton Rouge Area Foundation
- Engineering Professions Annual Charity Golf Tournament
- The Baton Rouge General Hospital Critical Care Burn Treatment Center
- Baton Rouge Community College Foundation
- Baton Rouge Community College Process Technology Program (PTEC)

### Livingston, NJ

- Alliance to End Plastic Waste (AEPW)
- Provided renewable annual stipends for up to 4 years of full-time undergraduate study through the National Merit Scholarship Program.

Held annual food drives, resulting in donations of nearly 20 tons of food and almost 500 turkeys yearly to the Community FoodBank of New Jersey.

Held annual blood drives to help save lives.

Received an award for encouraging and supporting employees’ participation in Reserves, National Guard and 17 related country readiness organizations.



At times during the year, over 14 million households in the United States were uncertain of having, or unable to acquire, enough food to meet the needs of all family members, because they had insufficient money or other resources for food.

Within that group, over 5 million were hungry to the extent that normal eating patterns of one or more household members were significantly disrupted sometime during the year. Fighting hunger is a mission where we all can win.



Social Responsibility  
U.S. Households facing food insecurity

### Annual Food Drive



20

Tons of food donated



500

Turkeys donated

Formosa's NJ headquarters holds an Annual Food Drive, resulting in donations of nearly 20 tons of food and almost 500 turkeys yearly to the Community FoodBank of New Jersey (CFBNJ).

Social Responsibility

### Urgent Relief



4.5M

of 15M meals delivered to date

In Partnership with the New Mighty Foundation, a \$5 million contribution to provide approximately 15 million meals was provided to organizations in Texas, Louisiana and New Jersey to combat food insecurity.



Zero Hunger

## COVID-19 Response

When the pandemic hit the United States, many critical supplies were rapidly depleted. The Chlor-Alkali team at Formosa Texas did not hesitate to act. They quickly realized their unit could supply bleach to the 2,500 employees within the Formosa Texas complex and tens of thousands of people in the local communities. The unit quickly assembled a team and worked with partners Petroleum Service Corporation and Klean Corporation International to load and transport the 275 gallon totes of 6% bleach.

The bleach was critically needed for general disinfection, sanitation of public areas, hospitals and detention areas. In addition to supporting our local communities with bleach donations, PVC products are essential to protecting public health. PVC medical products, including tubing, masks, isolation units, gloves, IV bags, and more, are used to protect healthcare workers and patients. PVC products, including wall-coverings, flooring, and upholstery are used inside medical treatment facilities and can withstand repeated application of disinfectants better than other materials.

Formosa donated more than 5,200 gallons of bleach to more than 17 local counties.



Good Health  
and Well-Being

5.2k Gallons of  
bleach donated



## Good Health and Well-Being

### Employee Health

While offering a selection of various Health Care Plan options to our employees, continuing to maintain a medical plan option with no contribution from employees is our goal and places Formosa in the top 1% of companies for medical benefits.

In addition to employee health and well-being, workplace safety is a main priority. We strive to be a leader in this area and have implemented systems and procedures which have reduced the workplace injury rate by 81% over 5 years.

Continuous Improvement

# -58%

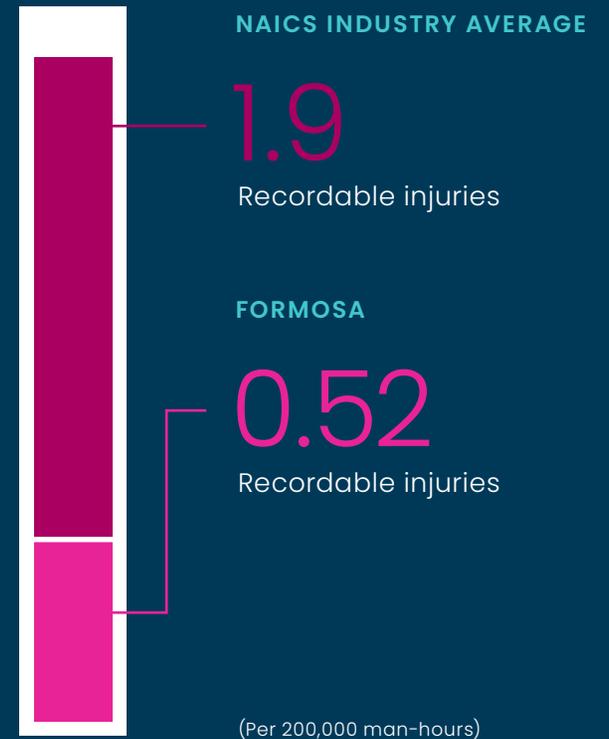
The injury rate has been reduced by 58% between 2015-2019.



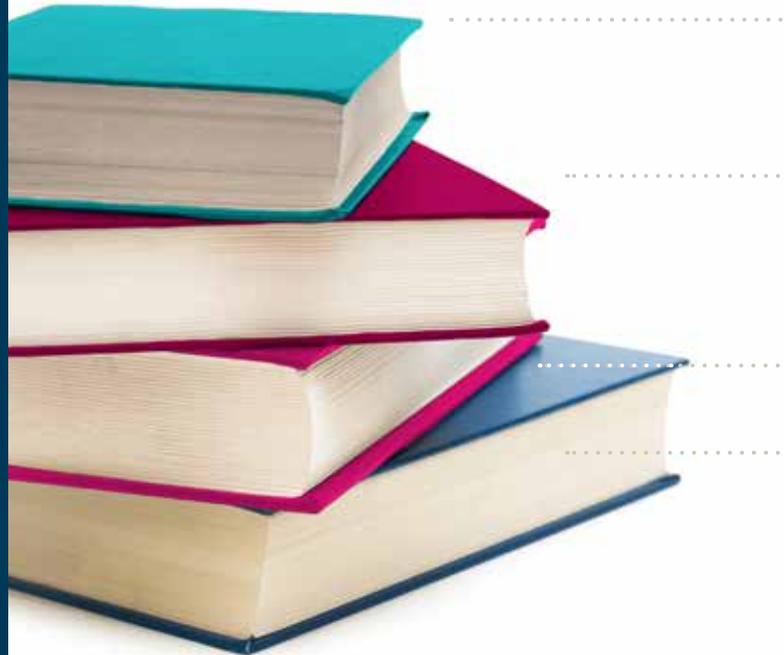
### Leadership

Injury rate of 0.52, significantly under the NAICS\* industry average of 1.9 and in line with AFPM benchmark of 0.5.

\*North American Industrial Classification System



Formosa provides a variety of opportunities for employees and members of the communities in which we live and work to enhance their education.



#### Tuition Reimbursement

Tuition reimbursement for all employees.



#### National Merit Scholarship Program

Actively supports a National Merit Scholarship Program for our employees' children.



#### Summer Internships



#### Full Training Center

A full training center in Point Comfort, Texas to help develop talent for jobs in the petrochemical industry.



## Quality Education

Our company partners with local school districts by providing field trips to our plant. We seek to encourage students to consider a career in STEM-related fields. We also provide funding to the Calhoun County Independent School District to conduct environmental education classes at the Formosa-Tejano Wetlands outdoor classroom.

# 250

Formosa's Training Center has graduated over 250 candidates to successful positions in the industry.



Formosa Plastics

SECTION 2

# Environment



Affordable and Clean Energy



Responsible Consumption and Production



Life Below Water

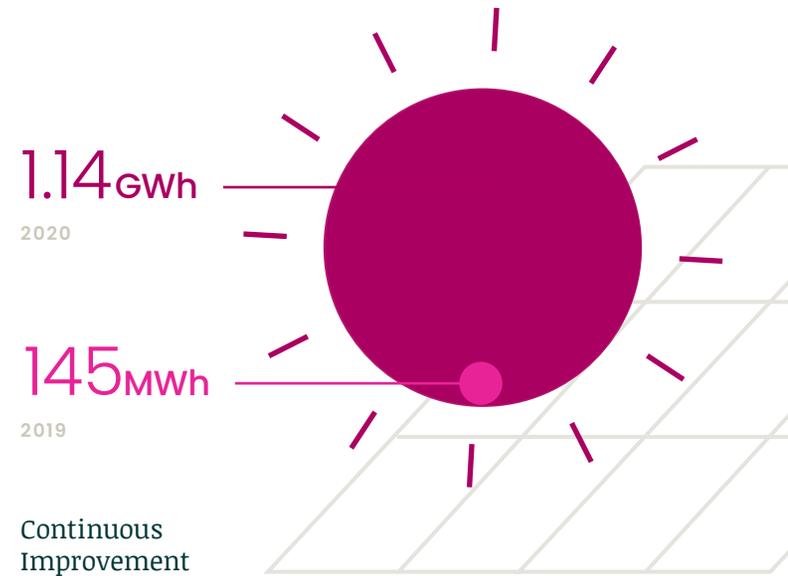


Life on Land



## Current Production

The solar power project at Formosa’s headquarters in Livingston, New Jersey has already produced 145MWh of power after only a few months in operation and 1.14Gwh to date.



## Evaluating

Formosa is also aggressively evaluating 200mw solar and 150mw wind turbine projects in South Texas with a major renewable power developer. While still in the developmental phase, the project would be one of the largest renewable energy efforts in that region, with the potential to replace 30% of Formosa’s power needs and provide supplemental power to the Texas grid.



## Affordable and Clean Energy

Solar



Wind



Potential to replace 30% of Formosa’s power needs and provide supplemental power to the Texas grid.

The company is engaged in a business that is resource intensive and very competitive, only the most efficient producers prevail. Toward that end,

Formosa seeks to reduce the impact of our operations by constantly improving and reducing water use, energy, emissions and waste.

Goals are set every year and all facilities track their progress in detail. Independent organizations, like BSI, audit our facilities to the ISO 14001 Environmental Management System Standard every six months and conduct a full recertification every two years. We must all work to assess our impacts on the environment and strive to become a circular economy.

### Emissions Reduction



Improved efficiency has allowed Formosa to reduce emissions by 42% over 12 years while increasing production and efficiency.

### Power Efficiency



Formosa's combined-cycle power plant allows us to produce up to 50% more electricity from the same amount of fuel than a traditional simple-cycle plant.



## Responsible Consumption and Production

330M  
Gallons of water saved



Water conservation efforts allow us to save approximately 330 million gallons of water per year.



## Responsible Consumption and Production

### Circular Economy

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Formosa’s long-term goals include the development of post-consumer recycling (PCR) blended resin grades and more advanced operating units that recover recycled plastic and convert the material back into virgin resin.

### FormoleneECO®

Formosa is currently developing a line of sustainable polyethylene products marketed as Formolene ECO™.

In addition, Formosa, through the Flexible Packaging Association, supports the Materials Recovery for the Future (MRFF) research program, a pilot single-stream curbside recycling of flexible plastic packaging (FPP). This is the first pilot program to demonstrate the technical and economic feasibility of recycling household FPP from municipal residential single-stream recycling programs.

### Continuous Improvement

Formosa is constantly evolving to create the highest quality PCR products and most sustainable procedures and processes.





## Responsible Consumption and Production

### Product Stewardship

Nothing is more important to Formosa than the quality and safety of our products and the well-being of our consumers who use them.

We have rigorous safety and quality requirements and we are proud of our long track record of producing safe products. Formosa closely monitors and carefully considers new information published by the scientific community and regulatory agencies. New information regarding additives

and other ingredients, including public perception of ingredients, is taken into consideration.

Research is reviewed by our Product Stewardship Team which ensures that our products, including additives, are safe for their intended use. During the past year TNPP (tris(nonylphenyl) phosphite) as well as Animal Derived Materials (ADM) have been phased out of our products to the greatest extent possible. Always consult the product declaration statements on our company website for full information.

#### Continuous Improvement



Renewable Energy Production increased by 350MWh from 2019 to 2020.

#### Leadership & Customer Focus



Formosa rail fleet allows for quick and efficient delivery. Delivery by rail is approximately 3.7x more efficient than by truck.

# 3.7x

More efficient delivery

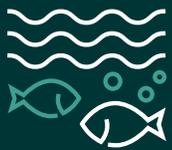
Protecting the marine environment is a Formosa core value. Formosa has financially supported independent, third party water quality and biological community monitoring of Upper Lavaca Bay for over 25 years and the annual findings are published and made available to the public. The 2018-19 report includes the following statement: “...the Monitoring Program, to date, indicates that there are no adverse impacts to the health or structure of the biological community, including the quality, benthic structure, planktonic structure, and higher trophic levels in Lavaca Bay.”

Lavaca Bay monitoring program showed ‘no adverse impact’ from Formosa’s operations over last 25 years. Formosa’s data “is the best and most comprehensive data set available regarding any Texas bay system.”

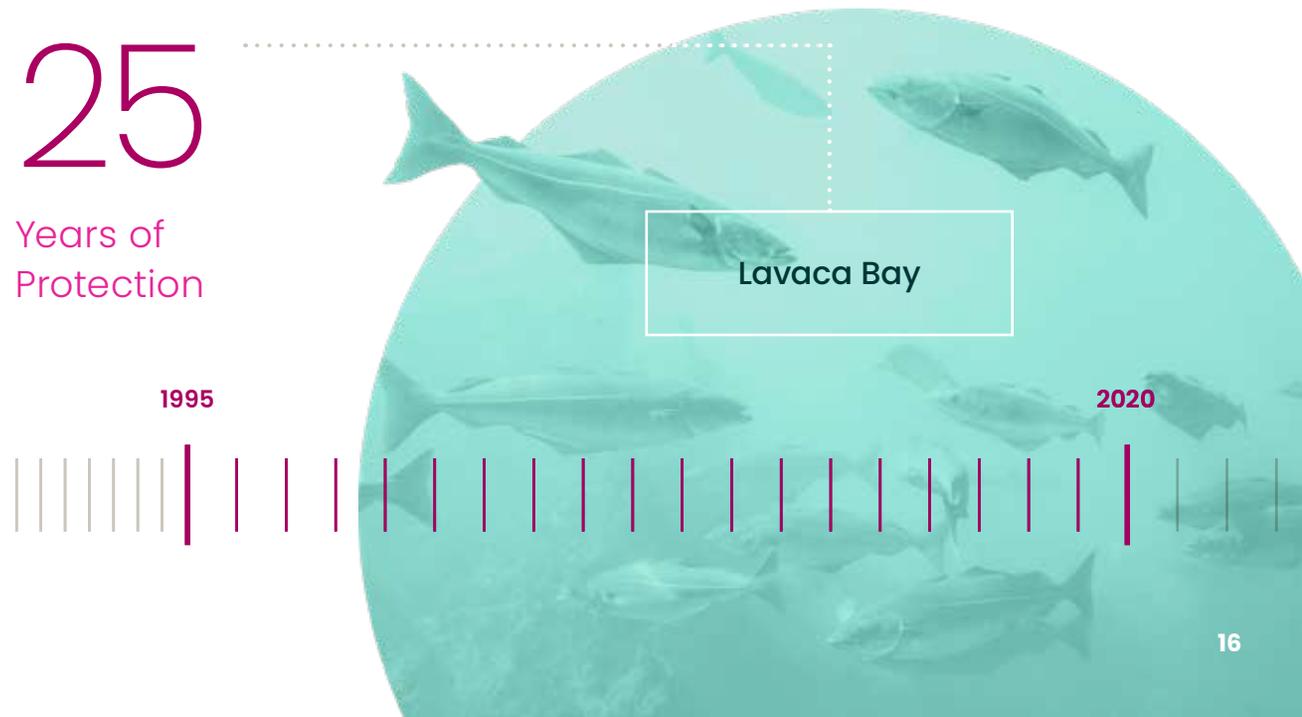
#### Leadership

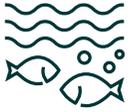
25

Years of  
Protection



Life Below  
Water





## Life Below Water

Formosa is partnering with the Plastics Industry Association on **Operation Clean Sweep®** to achieve “zero pellet, powder and flake discharge” into the marine environment.

Despite the many benefits plastics bring to people and communities around the world, plastic waste in the environment, particularly the ocean, is a serious global challenge that calls for swift action and strong leadership.

The company has also made a substantial commitment to engage in solving the problem of plastic waste and marine pollution through a newly formed organization, the Alliance to End Plastic Waste (AEPW). This CEO-driven non-profit was established to directly deal with the leakage of plastic waste into the world’s oceans through **four pillars of action:**

### Leadership

 Infrastructure Development

 Cleanup

 Education & Engagement

 Innovation





Formosa Plastics®

# 25,000

Pieces of litter picked up



ALLIANCE TO  
END PLASTIC WASTE

Please follow our progress  
at [endplasticwaste.org](https://endplasticwaste.org).



The Formosa-Tejano Wetlands was established in 1997 and set aside to provide habitat for migratory and neotropical species, as well as endemic shore and wading birds. Secondly, the wetlands were designed as a location to do meaningful outdoor education for public school children and for the general public to enjoy. Most recently, Formosa's Texas plant supported the Jackson-Calhoun County Christmas Bird Count by providing access to Formosa's property and facilities. Birding experts surveyed the Formosa-Tejano Wetland site and reported:

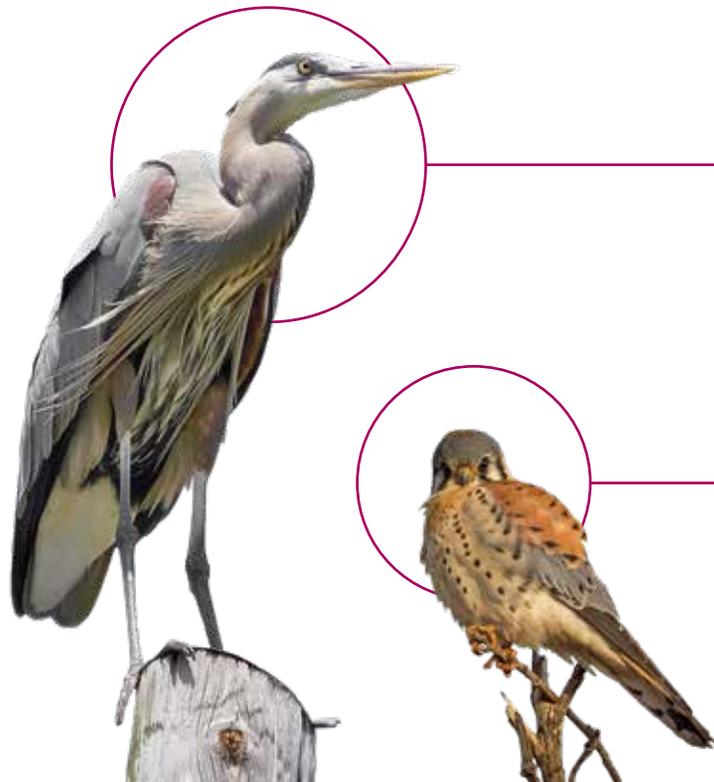
"185 species were tallied during the countdown dinner sponsored by Formosa. The Formosa-Tejano Wetlands section of the count led the way with 10 bird species exclusive to that site."

# 185

Bird species catalogued



Including the Great Blue Heron, American Kestrel, Killdeer, White Ibis, Willet and Cliff Swallow.



## Life on Land



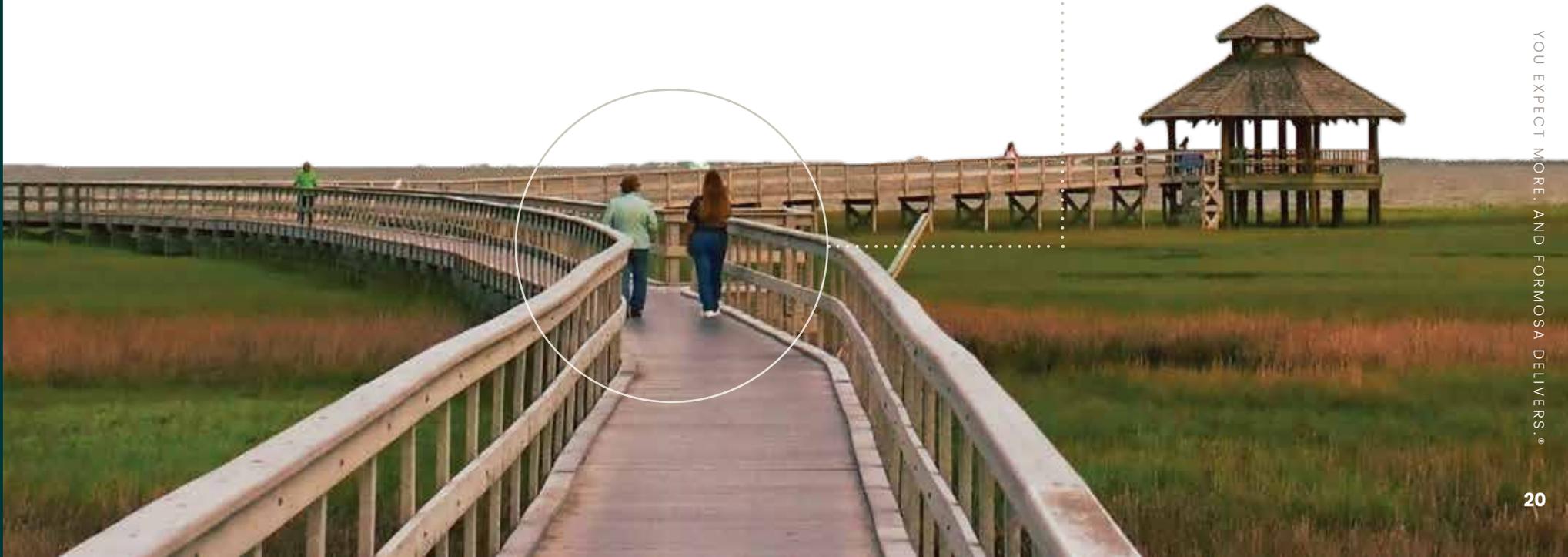
## Life on Land

Hurricane Harvey left a path of destruction in the local community of Port Lavaca, including structural damage to the Formosa Wetlands Walkway.

With help from the Federal Emergency Management Agency and a generous donation of \$200,000 from Formosa, the walkway was repaired to its former glory.

Now local residents and visitors can walk out to the birding tower and look into the marsh that borders the walkway for the Seaside Sparrow, Nelson's Sharp-tailed Sparrow, and Clapper Rail. The bay may also be viewed from the birding tower, where a wide variety of Texas mid-coast resident and migratory bird species easily come into view.

**\$200k** Donation for walkway





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SECTION 3

# Community



Decent Work and Economic Growth



Sustainable Cities and Communities



Industry, Innovation and Infrastructure



Peace, Justice and Strong Institutions



Formosa continues to be financially strong with over \$4 billion dollars in revenue in 2019.

You expect more.  
And Formosa delivers.®

We're moving forward with our business plans and nearing start-up of our major expansion project in the coming months. In short, we are committed to doing what it takes to improve all aspects of our operations – personnel, equipment, procedures and our process safety culture. Our management team will accept nothing less than “world class” performance.

The plastics industry currently represents the 8th largest manufacturing sector in the U.S., employing 993,000 workers in 2018. There will be thousands of job openings in the U.S. plastics industry in the coming years with wages that routinely outpace national averages. To help meet that demand, Formosa has created a Training and Development Center to assist local community members and new graduates learn and practice new craft skills. The Center has produced over 250 graduates who have gone on to work in high-paying jobs at the Point Comfort, Texas site.



## Decent Work and Economic Growth



Plastics industry wages average 18% higher than the national average.



Engineering jobs poised to grow 8.7% annually.

### Leadership

Plastics industry wages average 18% higher than the national average and with engineering jobs poised to grow 8.7% annually, Formosa is positioned to attract, train and retain the best talent in the industry.

## Affordable & Sustainable Housing

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The lack of affordable housing around the Point Comfort, Texas area was a hindrance for the local school system in recruiting new teachers to the district.

When Formosa became aware of this housing issue, the company recognized an opportunity to help solve a problem that impacts the future of the entire community. Formosa met with officials from the local school district and proposed donations of ten company-owned houses located in Point Comfort. The housing donation was completed in June 2020 and all ten houses are already either currently occupied by, or committed to, incoming school district teachers and staff.



## Sustainable Cities and Communities

### Recruiting Increase

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Affordable housing is at the root of strong, stable communities and quality education. Formosa's contribution to housing has driven increased interest from new teachers and support staff, increasing the districts ability to hire and retain quality teachers.

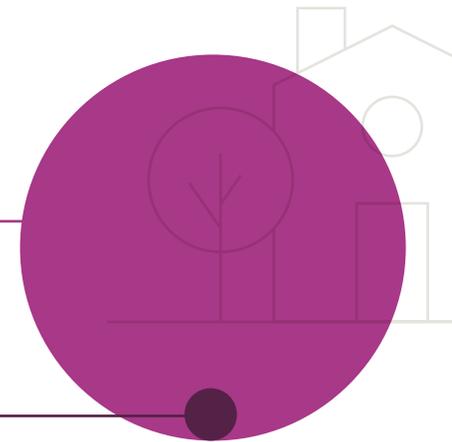
New Educators Expressing Interest

36

CURRENT AVG

2

PAST AVG



Social Responsibility



## Sustainable Cities and Communities

Vinyl, or PVC, is often referred to as the “infrastructure plastic”, and with good reason. Approximately 70 percent of all PVC is used in building and construction applications including siding, flooring, windows, roofing, decking and wall-coverings.

Vinyl is used so widely in the construction industry because of its durability, easy installation and cost-effectiveness. Formosa is a member of the Vinyl Sustainability Council (VSC) and one of the first companies to be certified to the +Vantage Vinyl sustainability program through Green Circle, an independent third party registrar.



Approximately 70 percent of all PVC is used in building and construction applications including siding, flooring, windows, roofing, decking and wall coverings.

Long-lived PVC building products reduce environmental burdens because of the superior product formulation and lifespan.



YOU EXPECT MORE. AND FORMOSA DELIVERS.®



Formosa Plastics



SECTION 4

# Continuous Improvement



Partnerships for the Goals

Sustainability Milestones

Long-Term Strategies



# Long-Term Strategies

## UN Sustainable Development Goals



### Affordable and Clean Energy

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Continue to find ways to offset carbon dioxide (CO2) emissions through wind and solar opportunities in Texas and other areas where Formosa operates.



### Life Below Water

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Work with our community partners to exchange meaningful ideas and find common ground to repair environmental damage. Work globally to combat the problem of plastic waste in the ocean by actively supporting the Alliance to End Plastic Waste.



### Life on Land

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Reforestation applications will provide wildlife and pollinator habitat, improve soil quality, increase rainfall interception and percolation while capturing carbon from the atmosphere. Expand educational opportunities at the Formosa-Tejano Wetlands for local students.



### Quality Education

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Formosa will continue the long-standing practice of supporting regional and state colleges and universities through grants and student scholarships. Most rural school districts in Texas struggle with recruiting both new and experienced teachers because housing is scarce and often expensive relative to earnings. Formosa will assist the local school system through the donation of housing to new teachers to improve recruiting. We will continue this program to ensure all children receive a quality education and look for new opportunities to help our schools and community.



### Good Health and Well-Being

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Formosa will strive to ensure that our health care and wellness programs for our employees are in the top tier for our industry. While offering a selection of various Health Care Plan options to our employees, continuing to maintain one medical plan option with no contribution from employees is our goal, and places Formosa in the top 1% of companies for medical benefits.

Customer Focus

Leadership

Innovation

Continuous Improvement

# Long-Term Strategies

## UN Sustainable Development Goals



### Responsible Consumption and Production

Post consumer recycling is a critical step in the process to “close the loop” on plastic manufacturing. Formosa’s long-term goals include the development of PCR (post consumer recycling) branded resin grades and more advanced operating units that recover recycled plastic and convert the material back into virgin resin. We will also identify partners who can help achieve the goal of a circular economy through the responsible reuse and recycling of plastic resins. Support innovative technologies that can convert single use plastics into virgin resin or other products like diesel fuel.



### Sustainable Cities and Communities

Support innovation in products that provide tangible and long-term environmental, social and economic benefits to our communities. Study and engage in responsible scientific evaluation on the impacts of plastics in the environment.



### No Poverty

Charity and the spirit of giving back to society is a fundamental value at Formosa. We will continue to reach out and support an ever expanding network of programs and organizations that assist families through direct aid, job development, education, medical assistance and emotional support.



### Decent Work and Economic Growth

Formosa has a long history of economic growth in the communities where we work and we fully expect that trend to continue. Providing good-paying jobs, career advancement and generous benefits is part of our corporate culture. With our \$5 billion dollar expansion in Point Comfort, Texas nearing completion, new projects are already in development.



### Zero Hunger

Millions of Americans deal with chronic hunger every day, volunteers and corporate donations are a critical component in getting safe, healthy meals to families and households facing hunger. Formosa will always engage with the local communities to fight hunger through donations, food collections and employee time.



# Sustainability Milestones



# Sustainability Milestones



## Climate Action

Sustainability agreement with Technical Review Commission

1997



## Decent Work and Economic Growth

Formosa EVP endorses Sustainable Development Goals

2000



## Affordable and Clean Energy

Formosa achieves revised ISO 14001 standard discharge agreement

2015



## Quality Education

Formosa establishes Training and Development Center

2016



## Good Health and Well-Being

Founding member of the Alliance to End Plastic Waste

2018



## Sustainable Cities and Communities

Receive Green Circle Certification in the +Vantage Vinyl Program

2019



## Clean Water and Sanitation

Facility improvements initiated for zero stormwater discharge

2020



**Formosa Plastics®**

You expect more.  
And Formosa delivers.®

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