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Establish Robust Governance

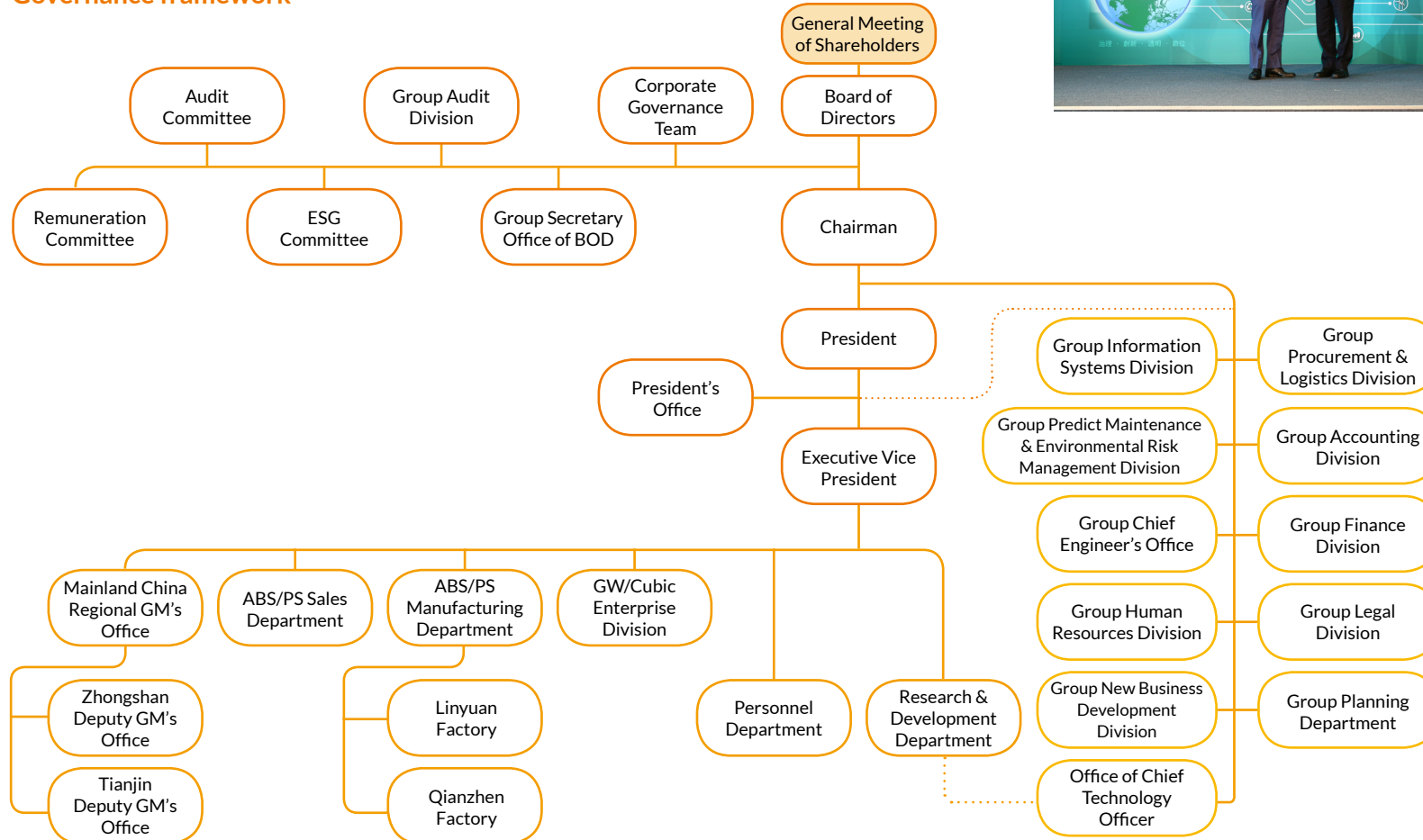
- 1.1 Corporate Governance 23
- 1.2 Economic Performance 35
- 1.3 Risk Management 37
- 1.4 Ethical Corporate Management 39

1.1 Corporate Governance

1.1.1 Governance framework

In the ninth annual 2022 corporate governance evaluation for listed companies, those with a market value of NT\$5 billion to NT\$10 billion are in the top 5%, while the evaluation results of listed companies are between the top 6% to 20%. TTC will continue to be committed to protecting shareholder rights, treating shareholders equitably, strengthening the structure and operation of the board of directors, enhancing information transparency, and implementing sustainable development. Additionally, the company will assist investors and businesses in understanding the effectiveness of the company's governance implementation.

Governance framework



1.1.2 Selection and Operation of the Board

GRI2-9~GRI 2-21

The Board of Directors (Board) is formed by nine directors, with rich experience in respective professional fields and 11% of directors are female. Four independent directors have been appointed among the board seats, with independent directors occupying 44% of the board's composition. The term of each director is three years, and each director is entitled to a second term. We adopt the candidate nomination system for the directorial (including independent directors) election. The Board along with shareholders holding over one percent of the total issued shares may propose the candidates to add to the List of Candidates for Directors and Independent Directors. After candidate qualification by the Board, the List of Candidates for Directors and Independent Directors is presented at the AGM for shareholders to vote on. In 2022, we held a total of six Board meetings, and the attendance of directors (including independent directors) was 98.15% (or 100% including proxy attendance).

Please refer to page 27 of TTC's 2022 Annual Report for detailed information on the how the board of directors operates.

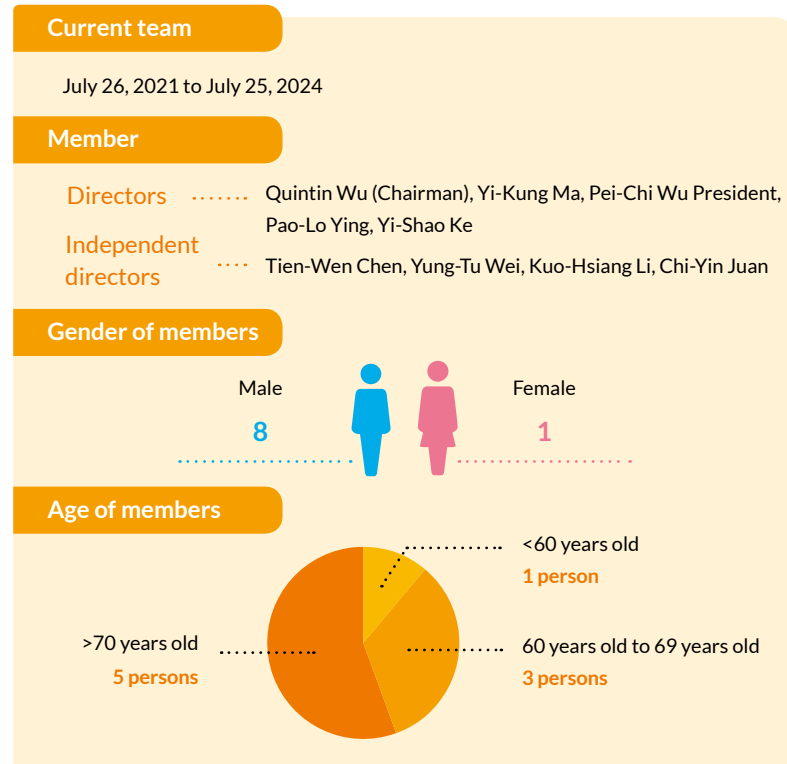
The chairman convenes and chairs at least one board meeting each quarter (please refer to [the Rules of Procedure of Meetings of Board of Directors](#)). Under the Board there are functional meetings including the Remuneration Committee, Audit Committee, and ESG Committee. Each committee holds committee meetings to report, discuss, and resolve proposals before referring them to the Board for report, discussion, and resolution.

Board proposal submission process flow



After the meeting, functional committees and the Secretary Office of the Board produce the meeting minutes containing the procedure and resolution of meetings. We have established the Secretary's Office under the Board to plan and prepare matters relating to the Board meeting so as to enhance the efficiency of board meetings and help implement Board resolutions.

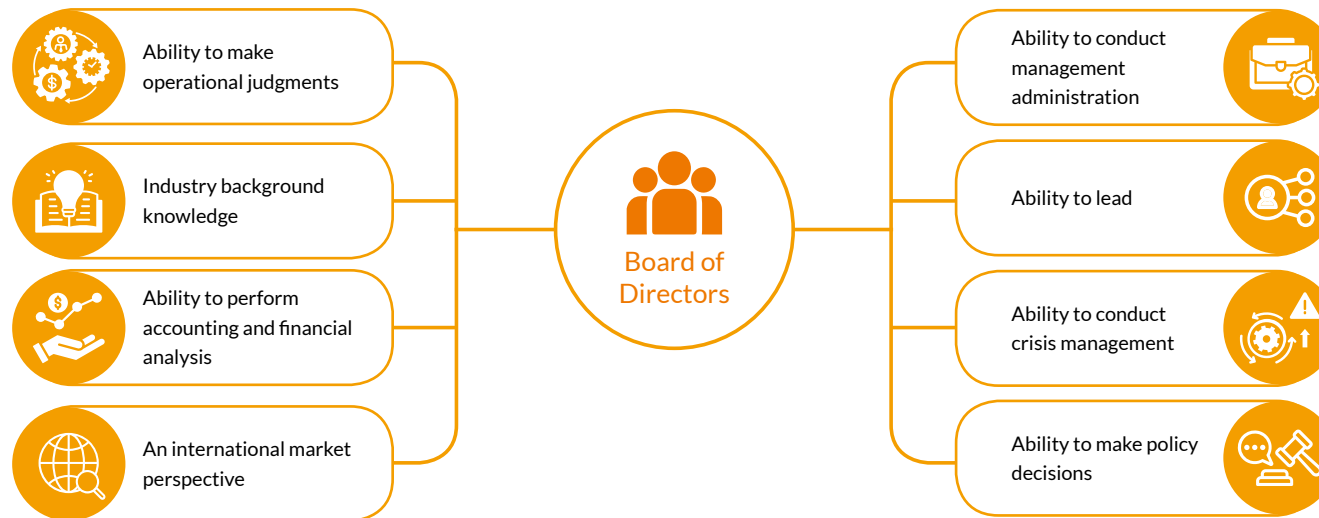
[Important Board resolutions](#) of 2022 (please visit our corporate [website](#) or refer to our [annual report](#)) (GRI 2-16)



Performance of the board member diversity policy GRI 2-10

I. Performance of the board diversity policy

According to Article 20 of the company's "[Corporate Governance Regulations](#)", the composition of the board of directors should be diversified. In addition to the knowledge, skills and experience required for performing their duties, current board members are equipped with expertise in accounting and finance, international market, law, and environmental protection. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:



In addition to the aforementioned eight required abilities, considering the growing global emphasis on corporate governance and environmental protection issues, it is hoped that the board members will possess expertise in the fields of "Law" and "Environmental Protection" to enhance board diversity. In addition to the knowledge, skills and experience required for performing their duties, current board members are equipped with expertise in accounting and finance, international market, law, and environmental protection.

II. Targets for management of board diversity

The current board of directors were elected on July 26, 2021. Among the two newly appointed director, Yung-Tu Wei, an independent director, holds a master's degree in business management from Georgetown University in the US. He previously served as the president of Deloitte and possesses professional qualifications in accounting or relevant financial management expertise. Kuo-Hsiang Li, an independent director, holds a master's degree in business management from the University of Chicago in the US. He currently serves as the chairman of Shiseido Taiwan. He possesses skills in business management, international markets, and leadership decision-making. Both new directors contribute to enhancing the quality of board review and meeting the objectives of implementing board member diversity. In the future, a director with professional experience in sustainability development will be the next target for board diversity. Such experience can help us realize the carbon reduction goal and implement the green power policy. A director specializing in operational risk control is another target to enhance our corporate competitiveness. With such an establishment, the Board functions will be more complete.

III. Performance of the board member diversity policy GRI 2-17

For details on the diversity of board members, please refer to the table below. Among them, Director Yi-kung Ma is female:

Name of Directors	Gender	Diversity of Core Competence									
		Operational judgments	Accounting finance	Management administration	Crisis management	Industry background knowledge	International market	Ability to lead	Ability to make policy decisions	Law	Eco-friendly
Quintin Wu	Male	●	●	●	●	●	●	●	●		
Yi-Kung Ma	Female	●	●		●				●		●
Pei-Chi Wu	Male	●		●	●	●	●	●	●		
Pao-Lo Ying	Male	●		●	●	●	●	●	●		●
Yi-Shao Ke	Male	●		●	●	●	●	●	●		
Tien-Wen Chen	Male	●	●	●	●		●	●	●		
Yung-Tu Wei	Male	●	●	●	●	●	●	●	●		
Kuo-Hsiang Li	Male	●	●	●	●		●	●	●		
Chi-Yin Juan	Male	●		●	●				●	●	

※ Currently, 22% of directors are also employees, and 44% of them are independent directors.

※ Five directors are over 70 years old, 3 are between 60 and 69 years old, and 1 is under 60 years old.

※ Four independent directors have not served more than three consecutive terms.



Professional competence enhancement of directors in 2022 GRI 2-17

To improve the professional competence of directors, we provided information of related further education courses for directors and assisted them with the registration. We arranged a total of six hours of internal continuing education courses, including the 3-hour “Risks and opportunities for corporate operations of climate change and the net zero emissions policy” course given by Director Tsai-Yi Wu of Taiwan Research Institute (TRI) on July 14, 2022 and the 3-hour “Takeover and Introduction to the Commercial Case Adjudication Act” course given by Yung-Chin Hsu, attorney-at-law and partner of PwC Legal, on October 13, 2022. In 2022 we arranged 58 hours of external continuing education courses for all directors and independent directors. All 9 directors (including independent directors) completed training for the length (hours) as stipulated in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies.

Please refer to pages 32–33 of TTC’s 2022 Annual Report for detailed information on the courses and their duration.



Avoidance of conflicts of interest of directors GRI 2-11, GRI 2-15

For directors to avoid conflicts of interest (including impact on the economy, environment, and people), the Board has established complete systems and measures, as following:

Systems and measures

1. System for avoidance of interest
 - (1) To ensure positive governance and for the Board to understand matters causing conflicts of interest with the organization so as to protect the rights and interests of investors, we have specified in Article 16 of the Rules of Procedure for Meetings of Board of Directors: "If a director or a legal person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of this Corporation, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion and the voting on the item and may not exercise voting rights as proxy for another director".
 - (2) To reinforce disclosures of directors' involvement in proposals or situations having interests in themselves, we have also specified in Article 17 of the Rules of Procedure for Board of Directors Meetings: "Discussions at a board meeting shall be recorded in detail in the meeting minutes, the name of director(s) involving a conflict of interest, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to avoid the conflict of interest".
 - (3) To develop sound corporate governance and independent director systems so that independent directors may demonstrate their functions on the Board and in corporate operations, we have established the "[Rules Governing the Scope of Powers of Independent Directors](#)" to stipulate that: "When an independent director expresses objections or reservations about any of the matters, they shall be recorded in the board meeting minutes", "the Company shall not obstruct, refuse, or avoid the actions of independent directors in business execution", and "as they deem necessary for business execution, independent directors may request the board to appoint relevant personnel or may hire by themselves professionals for assistance" to enable independent directors to carry out their duties so as to effectively enhance the efficiency of Board operation and improve the Company's operational performance.
2. Measures for avoidance of conflicts of interest: When discussing a proposal constituting a conflict of interest for one or more directors, the meeting chair shall remind such directors to recuse themselves from the discussion. If the chair should also be recused, she/he shall assign a director having no conflict of interest with the proposal to act as the chair.
3. The secretary unit of the Board has recorded contents involving conflicts of interest with directors in the board meeting minutes in accordance with Article 17, the Rules of Procedure for Meetings of Board of Directors.
4. To address the avoidance of conflicts of interest, the Board has established complete systems and measures (please refer to the Code of Ethical Conduct for Directors and Managerial Officers, Ethical Corporate Management Best Practice Principles, and Procedures for Ethical Management and Guidelines for Conduct).

Our performance in avoidance of conflicts of interest in proposals in 2022

Name of Directors	Proposal	Reasons for Avoidance	Participation in voting	Term for the Board of Directors
Quintin Wu Pei-Chi Wu	Proposal of abolition of non-compete restriction on directors.	Directors recusing themselves from the proposal were also the directors with non-compete restrictions.	Abstained from voting	First time in 2022
Quintin Wu Yi-Kung Ma Pei-Chi Wu	Donation to the USI Education Foundation	Directors recusing themselves from the proposal were also the directors of the Foundation.	Abstained from voting	
Quintin Wu	Equipment procurement from related parties.	Directors recusing themselves from the proposal were also the directors of those related parties.	Abstained from voting	Second time in 2022
Pei-Chi Wu	Non-compete behavior of managerial officers.	A conflict of interest with directors.	Abstained from voting	Fourth time in 2022
				Fifth time in 2022
				Sixth time in 2022



Board performance assessment GRI 2-18

I. Results of performance evaluation of the Board and directors in 2022

- In accordance with the “Regulations for Performance Evaluation of the Board of Directors” amended and passed by the Board in November 2019, the performance of the Board and directors Self-Evaluation or Peer Evaluation in the year should be evaluated after the end of each fiscal year.
- The Board Secretary Office conducts the performance evaluation of the Board and individual directors by means of self-assessment. The results of performance evaluation will serve as the reference of corporate reviews and improvements and the reference for the remuneration and nomination for election of individual directors.
- The company completed performance evaluation for the year 2022 in January 2023. The evaluation period was from January 1, 2022 to December 31, 2022. The results of evaluation are consolidated as follows:

	Aspect of Evaluation	Score*	Results of evaluation and supplementary notes
	Participation in the company's operations.	4.83	<ol style="list-style-type: none"> The results of the overall Board performance evaluation show that the average score of the five major aspects is 4.6, which means "good". The unstable international situations and the continuation of the Russo-Ukrainian War and pandemic in the last year all affected corporate operations. Facing the uncertain future political and economic conditions, the Board and management should keep close track on the various challenges and risks that the Company faces and supervise all responsible units to propose countermeasures. Additionally, to achieve corporate sustainable development, we will continue to implement carbon reduction and plan green power solutions to meet the international standards.
	Improvement of the decision quality of the board of directors.	5	
	Composition and structure of the board of directors.	5	
	Selection and continuing education of directors.	4.67	
	Internal control	5	
	Corporate targets and mission control	4.81	The results of director self-assessment show that the average score of all six major aspects is over 4.5, which means "good".
	Duty awareness of directors	4.83	
	Participation in the company's operations.	4.70	
	Internal relationship development and communication	4.56	
	Expertise and continuing education of directors.	4.74	
	Internal control	4.81	

*Score range: 0-5, 5 is the highest.

- The overall results of 2022 performance evaluation of the Board and individual directors were reported to the 2023 Q1 board meeting.

II. Performance Evaluation of the Audit Committee and the Remuneration Committee

The company completed a performance evaluation in January 2023, with the assessment period being from January 1, 2022 to December 31, 2022. The results of evaluation are consolidated as follows:

	Aspect of Evaluation	Score*	Assessment result
<p>Performance assessment of the Audit Committee</p>	Participation in the company's operations.	5	In the performance assessment of the Audit Committee, the average score of all major aspects is over 4.9, suggesting the performance is good.
	Duty awareness of the Audit Committee	4.95	
	Improvement of the decision-making quality of the Audit Committee	5	
	Composition and member selection of the Audit Committee	4.92	
	Internal control	4.92	
<p>Performance assessment of the Remuneration Committee</p>	Participation in the company's operations.	4.83	The results of performance evaluation of the Remuneration Committee show that the average score of all four major aspects is over 4.8, which means "good".
	Duty awareness of the Remuneration Committee	4.93	
	Improvement of the decision-making quality of the Remuneration Committee	4.95	
	Composition and member selection of the Remuneration Committee	5	

*Score range: 0-5, 5 is the highest.

1. The results of 2022 performance evaluation of functional committees were reported to the 2023 Q1 board meeting.

Recommendation and implementation

In view of the increasing global attention to ESG issues, we have substantively implemented various measures in accordance with the Corporate Governance 3.0 Sustainability Roadmap published by the competent authorities. We have also reported those measures to the ESG Committee meeting and Board meeting to explain to the directors, who have also made valuable suggestions to those measures.

Apart from continuously enhancing corporate governance, we have also planned carbon reduction targets and implemented carbon reduction and planned and implemented green power development strategies to meet the international standards so as to achieve the ultimate goal of corporate sustainable development.



Chief corporate governance officer

To protect the rights and interests of shareholders and improve the competence of the board of directors, the Board made a resolution on May 9, 2019 to assign Director of Legal Division, Erik Chen to be the Chief Corporate Governance Officer as the top officer of USI’s corporate governance. Director Erik Chen has over seven years of experience serving in senior legal roles for publicly listed companies. His primary responsibilities include legally handling matters related to the board of directors’ meetings and shareholders’ meetings, preparing minutes for the board of directors’ and shareholders’ meetings, assisting directors in taking office and continuing education, providing directors with the necessary information for their duties, and helping directors comply with laws and regulations.

Key focus areas for the Chief Corporate Governance Officer for 2022

1. Assist directors in performing their duties, provide necessary information, arrange for director training, and handle liability insurance.

2. Manage the procedural aspects of board of directors' and shareholders' meetings and ensure resolutions comply with regulations.

3. Maintain investor relations.

In 2022, our Chief Corporate Governance Officer Erik Chen, who also serves as the Director of Legal Division, underwent 43 hours of training. Please refer to page 33 of TTC’s 2022 Annual Report.



Functional Committees

Under the Board, we have established three functional committees: Audit Committee, Remuneration Committee, as well as the ESG Committee to establish and review policies that relate to the responsibility and authority of each committee in an effort to strengthen corporate governance.

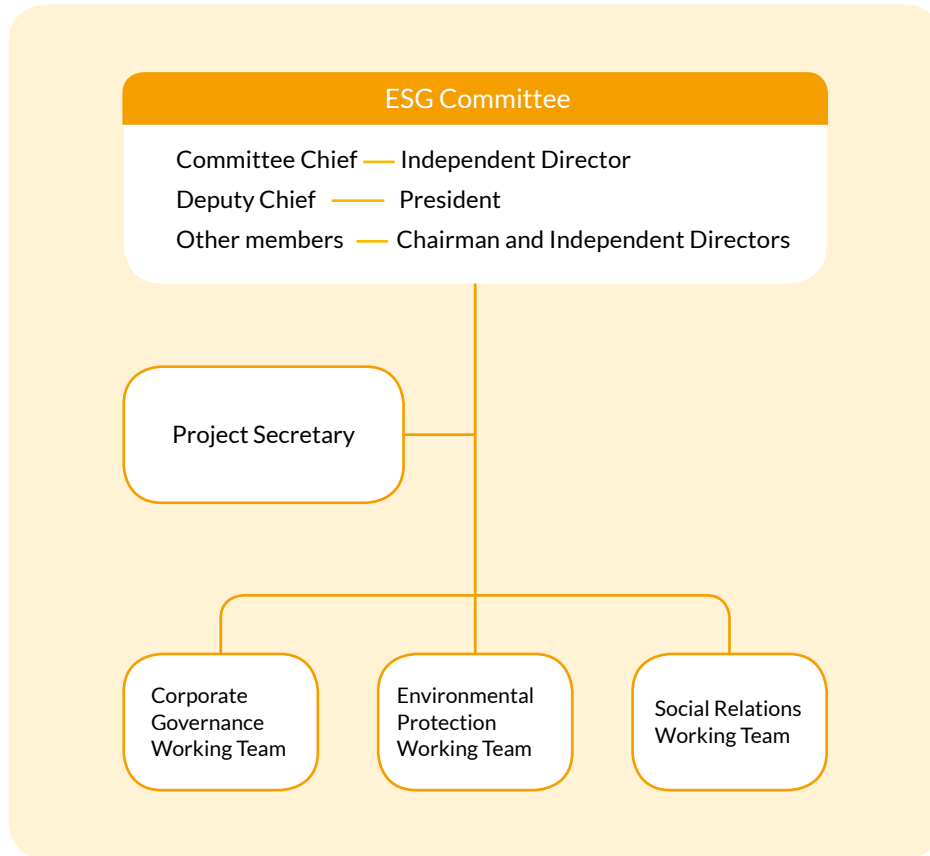
Title	Name	Audit Committee	Remuneration Committee	Approval by members of the ESG
Chairman	Quintin Wu	–	–	Committee
Director	Pei-Chi Wu	–	–	Deputy Chief
Independent Director	Tien-Wen Chen	Convener	Committee	–
Independent Director	Yung-Tu Wei	Committee	Convener	–
Independent Director	Kuo-Hsiang Li	Committee	–	Committee
Independent Director	Chi-Yin Juan	Committee	Committee	Chief

ESG Committee

GRI 2-13,GRI 2-14,GRI 2-16

To strengthen corporate governance, TTC, on December 22, 2017, with the approval of the board of directors, elevated the Corporate Social Responsibility Committee to a functional committee of the board of directors. The committee consisted of 4 members: the chairman, the general manager, and 2 independent directors, 1 of whom is a chief committee member. On March 9, 2022, the board of directors resolved to change the name of the “Corporate Social Responsibility Committee” to the “ESG Committee”. The ESG Committee has set up three working teams for “Corporate Governance”, “Environmental Protection”, and “Social Relations”, and has designated one project secretary.

TTC ESG Committee Organizational Chart



The ESG committee meets twice a year, with various units providing sustainability-related information (including stakeholder identification results, focal issues and responses, significant topics, ESG plans and execution results, and other sustainability-related matters) to the ESG team leaders for consolidation. The project secretary then reports to the ESG Committee and submits it for approval to the board of directors. The board of directors oversees and reviews the management and performance in governance, environmental, and social dimensions and provides guidance on strategy and direction for key pivotal issues.

For the board's actions on supervising sustainability performance: Please refer to page 54 of TTC's 2022 Annual Report.

ESG Committee Working Team's Annual Execution Highlights and Plans for the Following Year:

ESG achievements reported to the board in 2022:

1. Completed greenhouse gas inventory and verification operations for Linyuan, Qianzhen, and Toufen plants.
2. Promoted energy-saving and carbon reduction plans for the Linyuan, Qianzhen, and Toufen plants.
3. Awards: Selected as one of the top 100 enterprises for "Carbon Competitiveness" by Business Weekly in 2022, Toufen plant was shortlisted for the 2022 Ministry of Economic Affairs Energy-saving Benchmark Award, Received the Gold Award at the TCSA 2022 Taiwan Corporate Sustainability Reporting Awards, Qianzhen plant was awarded for achieving 4,000 safe working days in 2022 by USI Group.
4. Published the 2021 ESG Report in August 2022.



Work plan for 2023

1. Expand carbon inventory to Zhongshan and Tianjin plants included in consolidated financial statements.
2. Continue promoting energy-saving and carbon reduction plans across all plants.
3. Continue participating in corporate sustainability evaluation activities.
4. Continue involvement in community welfare activities.
5. Continue to implement various ISO systems.
6. The 2022 ESG Report is scheduled for release in June 2023.



Remuneration Committee GRI 2-19,GRI 2-20,GRI 2-21



1. The term of the current committee commenced on August 4, 2021 and will end on July 25, 2024. All three seats of the committee are taken by independent directors.

2. The Remuneration Committee holds at least two committee meetings each year. Three committee meetings were held in 2022, and the personal attendance rate of members was 100%. Please visit our corporate website, refer to our annual report, or visit the Market Observation Post System (MOPS) for the details regarding the operations of this committee.

3. Apart from periodically reviewing the
 - (1) performance evaluation and
 - (2) salary and remuneration policy, system, standard, and structure of directors and managerial officers, the Remuneration Committee also determines and assesses the salary and remuneration of directors and managers with reference to the median earnings in the industry; the duration of engagement, duty, and target accomplishment of each role; the salary and remuneration for the same role; achievement of the Company's short- and long-term sales targets; and the Company's financial condition; and submit the results to the Board for approval.

Salary and remuneration

The remuneration for directors covers remuneration, director profit sharing, and income for professional practice; and the compensation for managerial officers includes the monthly salary, fixed-amount bonuses, year-end bonus, employee profit sharing, annual special bonus, pension contribution and benefit payments by law. The profit sharing for directors and employees are subject to Article 25 of the articles of incorporation.

Total remuneration ratio for 2022: 9.72:1;
 The change rate of total remuneration for 2022: 60.75%.

Performance evaluation

The performance evaluation of directors covers the alignment with the corporate goals and missions, awareness of the directorial duties, development and communication of internal relationships, expertise and continuing professional development, and internal controls. The performance evaluation of managerial officers covers the finance (revenues, profits, and net income before tax), customers (customer satisfaction, service quality, and others), products (branding, quality innovation, and others), talents (talents development, potential development, and others), safety and profits (digital transformation, energy conservation and carbon reduction, circular economy, net zero emissions, and others), and medium- and long-term goals for corporate sustainable development.

Note 1: Total compensation ratio: The ratio of the total compensation for the organization's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual).

Note 2: Ratio of the percentage change in total compensation: The ratio of the percentage change in the total compensation for the organization's highest-paid individual to the median percentage increase in the total compensation for all employees (excluding the highest-paid individual).

Audit Committee



1. The committee is composed of 4 independent directors, appointed by the resolution of the board of directors, with one of them serving as the convener. In 2022, a total of 6 meetings were convened, with an actual attendance rate of 100%.



2. Duties:

- (1) Establish or amend internal control systems in accordance with Article 14-1.
- (2) Assess the effectiveness of the internal control system.
- (3) Adoption or amendment, pursuant to Article 36-1, of handling procedures for financial or operational actions of material significance, such as acquisition or disposition of assets, derivatives trading, funding to others, and endorsements or guarantees for others.
- (4) Matters involving the personal interests of directors.
- (5) Major transactions of assets or derivative commodities.
- (6) Significant lending of funds, endorsements, or guarantees.
- (7) Offering, issuance, or private placement of any equity-type securities.
- (8) Appointment, dismissal of and compensation for CPAs.
- (9) Appointment or discharge of financial, accounting, or internal audit officers.
- (10) Review annual financial reports signed or stamped by the chairman, managers, and chief accountants.
- (11) Other significant matters prescribed by the company or the competent authority.



3. Main items discussed:

- | | |
|--|--|
| (1) Endorsements and guarantees. | (6) Accountant remuneration. |
| (2) Annual financial statements and profit distribution. | (7) Assessment of the independence of the accountant and the appointment of an accountant. |
| (3) Distribution of dividends to shareholders as bonus shares or capital increase. | (8) Evaluation of the effectiveness of the internal control system. |
| (4) Modification of the internal control system. | (9) Interim financial reports. |
| (5) Proposal of abolition of non-compete restriction on directors. | (10) Accountant remuneration. |
| | (11) Audit plans. |



4. Please visit our corporate website, refer to our annual report, or visit the Market Observation Post System (MOPS) for the details regarding the operations of the committee in 2022.

Shareholder rights and interests and information transparency

As of April 1, 2023 (refer to the shareholder structure in the annual report), the shareholder structure of TTC is mainly composed of individuals and other legal entities. The names, shareholding amounts, and percentages of shareholders with a shareholding ratio of 5% or more, or those among the top ten in shareholding ratio, are disclosed in the company's publicly issued annual report.

We are committed to providing shareholders with transparent and timely corporate information. Apart from providing information to shareholders through one investor conferences, the AGM, MOPS, Investor Relations section of the corporate website, annual report, and ESG report, we constantly collected opinions from shareholders and sent them to the management team for the reference in decision-making in 2022.

Every year, we hold investor conferences and the AGM regularly to state the company's financial performance and business status. In addition, we post information regarding our business performance, financial information, and material information on TWSE's MOPS. We have also set up the "Investors" section on our Chinese and English websites to disclose information relating to the company's governance, business announcements, financial statements, investor conferences, as well as the latest news. We value the rights and interests of foreign investors and the trend of enterprise internationalization. Therefore, since year 2018, we began to enhance information disclosures in English in the annual report and on the MOPS and corporate website. Through various methods, we actively develop unfettered channels for two-way communication with shareholders to maintain their rights and interests.



TTC Shareholder Structure



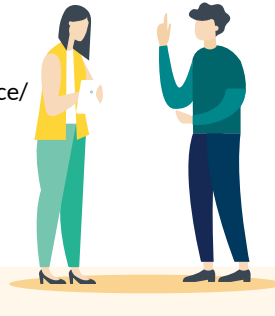
IP Management Plan



Risk Management Policy and Procedure

1.2 Economic Performance GRI 3-3, GRI 201, 201-1, 201-4

- **Major Issues:** Economic Performance
- **Major reason:** The company's operational performance is a significant factor supporting sustainable business development
- **Impact Scope:** Directly affects the company and its employees, indirectly affects investors and suppliers.
- **Sustainability Principles and Corresponding SDGs :** Promote sound governance/SDGs 8 Employment and Economic Growth
- **Management approaches**



Policy Purpose	Enhance market competitiveness and achieve sustained profitability to ensure the sustainable development of the enterprise.
Goals	Maintain profitability every year
Management Plan	<ol style="list-style-type: none"> 1. We focus on product functions and features, conducting quality improvement, performance enhancement, new product development and verification, and developing high value-added products 2. We establish long-term strategic partnership with raw materials suppliers and determine the safety stock based on materials preparation lead-time to ensure supply chain fluency
Evaluation of the management	Consolidated Revenue Budget Achievement Rate
Assessment Mechanism	<ol style="list-style-type: none"> 1. Management Meeting 2. Production and Sales Coordination Meeting 3. Quality Meeting
Assessment result	<ol style="list-style-type: none"> 1. In 2022, the net operating profit reached NT\$410 million, maintaining profitability and achieving the goal 2. Disclose financial performance in the sustainability report, sharing the company's development results with stakeholders.
Negative Impact Remedies and Preventive Measures:	<ol style="list-style-type: none"> 1. Rising energy costs – Increase in electricity fees: Collaborate with the group's energy resource management department to review in-factory energy conservation and carbon reduction schemes. 2. Carbon tax imposition – Increase in production costs: Collaborate with the group's energy resource management department to review in-factory energy conservation and carbon reduction schemes. 3. Regulatory restrictions on industry development – Factory shutdown: Ensure ongoing compliance and continuous improvement with relevant laws and regulations, periodically review new legal updates to verify compliance. 4. Water consumption fee imposition – Increase in production costs: Collaborate with the group's energy resource management department to review in-factory water resource management schemes.
Grievance Mechanism	<ol style="list-style-type: none"> 1. General Meeting of Shareholders 2. Company website "Investor Services/Contact Point"

As of 2022, TTC had total assets of 9.2 billion, of which current assets were 6 billion, accounting for about 65% of total assets, and non-current assets were 3.2 billion, accounting for about 35% of total assets. The asset turnover rate for 2022 was 1.81 times.

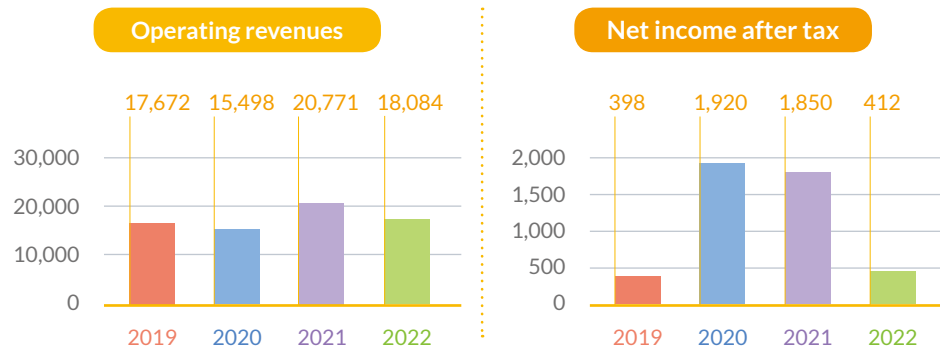
TTC Consolidated Financial Information Unit: NTD millions

Item	Basic Element	2019	2020	2021	2022
Direct economic value	Sales revenue	17,672	15,498	20,771	18,084
	Financial investment income	47	26	4	0
	Asset sales revenue	0	0	0	0
	Subtotal	17,719	15,524	20,775	18,084
Distributed economic value	Operating costs	16,674	12,867	17,902	16,640
	Compensations and benefits for employees	637	701	696	580
	Payment to investors	201	1,033	947	199
	Payment to the government expense	7	34	320	445
	Investments in community	3	2	7	7
	Subtotal	17,522	14,637	19,872	17,871
Economic value retained		197	887	903	213

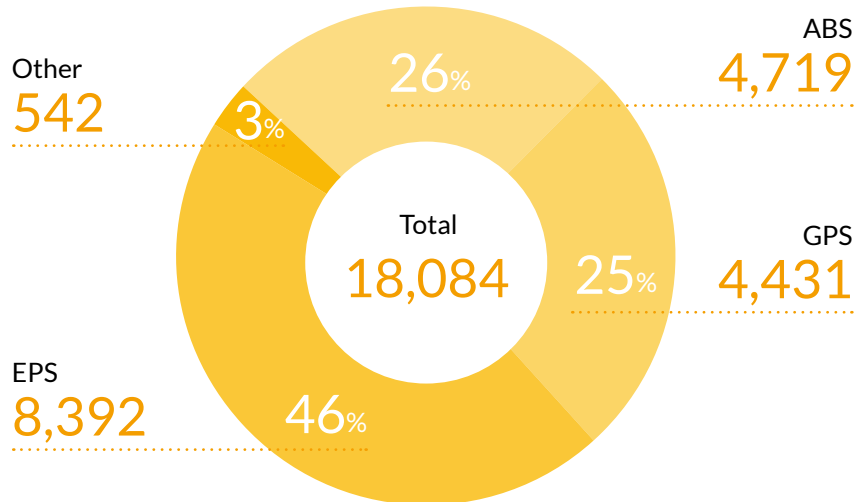


In 2022, the operating revenue was NT\$18.1 billion, of which revenue from the plastics sectors was NT\$17.5 billion (97%). Payable business tax amounted to NT\$140 million, accounting for 0.8% of the operating revenue.

TTC's revenue and net after tax over the past four years Unit: NTD millions



Distribution of operating revenue by product type for TTC in 2022 Unit: NTD millions



The cost of goods sold in 2022 was NT\$16.3 billion, accounting for about 90% of operating revenue, with raw material costs accounting for about 90% of total manufacturing costs. TTC made payments to the government totaling approximately NT\$445 million, which were tax contributions made according to the law. Welfare expenses for 2022 (including post-retirement benefits, salaries, insurance, and other) were NT\$700 million, accounting for about 4% of the total cost and expenses.

In 2022, the company's operational status continued to strengthen sales volume, committed to achieving full production and sales volume. However, due to market influences, the sales volume and price differences of subsidiaries were not as good as the previous year, resulting in an overall gross margin decrease compared to the previous year.

Please refer to the public information monitoring station and TTC's website (<https://www.ttc.com.tw>) for a consolidated financial report of 2022.



Financial subsidies received from the government in 2022: around **NT\$500,000**.



Annual Financial Reports



Annual Stock Price and Dividend



1.3 Risk Management

To fortify our corporate governance and mitigate potential operational risks, we're committed to ensuring the company's steadfast operation and ongoing growth. In line with this, the "[Risk Management Policy and Procedures](#)" were endorsed by the Audit Committee and the Board of Directors in December 2020. This comprehensive framework encompasses our risk management policy, organizational structure, processes, categories, and the mechanisms in place. This structure is designed to effectively navigate and control any risks emerging from our business activities. Furthermore, we present a detailed report on our risk management practices to the Audit Committee and the Board of Directors annually.

To streamline our risk management approach, we've integrated efforts from our Board of Directors, Audit Committee, senior executives responsible for routine operations, the audit department, specialized risk management teams, and our subsidiaries. Annually, we undertake systematic reviews of each risk management unit's operational scope. This ensures risks are consistently identified, evaluated, and managed.

The Audit Division audits risk management within the company, timely provides management with the information of inherent or potential risks under internal control to ensure compliance with existing regulations and control procedures.

1.3.1 Risk Management Process

Our structured risk management process encompasses: risk identification, risk evaluation, ongoing monitoring, comprehensive reporting and disclosure, followed by appropriate responses to identified risks.



1.3.2 Units Responsible for Managing Specific Risks

Item	Risk	Risk Management Unit
1	Financial Risk	Group Finance Division
2	Strategic and Operational Risk	President's Office
3	Materials Price and Supply Chain Risk	Group Procurement & Logistics Division
4	Occupational Safety Risk	Occupation Safety Room/Facility and Environment Division
5	Information Security Risk	Group Information Systems Division
6	Legal Risk	Group Legal Division
7	Human Resources Risk	Group Human Resources Division
8	R&D Risk	Sales Division/R&D Department
9	Climate Change and Environmental Risks	Engineering Department/Facility and Environment Division
10	Disaster and Accident Risk	Occupation Safety Room/Management Department/President's Office
11	Technology Risk	President's Office/Information Technology Division/Engineering Department
12	Other Risks	

1.3.3 Control Mechanisms and Detailed Operations of Various Risks in 2022

Our company's various departments manage risk assessments based on current operational conditions. We constantly monitor and control these risks to safeguard the interests of the company, its employees, shareholders, and stakeholders. Our goal aligns with our sustainable vision: "Creating Sustainable Value Together, Building a Sustainable Society."



For a detailed account of the operations of our risk management units in 2022, please refer to

1.3.4 Internal Control and Audit Mechanism

Our company has established an independent internal audit unit reporting directly to the Board of Directors. Its function is to assess the design and implementation of internal controls and to draft and execute annual audit plans. Our auditors, possessing international internal auditor certifications, adhere to principles of impartiality, independence, integrity, and honesty. They routinely attend meetings of the Board of Directors and the Audit Committee, presenting significant audit findings and monitoring subsequent improvements. The audit head is also responsible for the Audit Committee's dedicated mailbox and whistleblower hotline, handling reported matters.

In 2022, the internal audit unit completed its scheduled audits, producing 50 audit reports and 6 follow-up reports. All audit recommendations have been addressed, as summarized below:

Audit Name	Summary of Recommendations	Summary of Improvement Status
Production Cycle	Random inspections revealed inconsistencies and misuses in the onsite operation checklist.	Corrections were made to the reference values, and subsequent inspections found checklists to be filled out properly.
OH&S	Random checks at the Toufen factory contractor entry records found certain construction workers were not on the approved "Toufen Factory Contractor Entry Worker List" and their insurance details were missing.	Contractors have been instructed to provide accurate worker lists, and any worker not on the list is not allowed to enter for construction. Follow-up checks found all entries matched the approved list and had valid insurance details.
Subsidiary Audit – TTC Zhongshan	Inventory checks found some finished goods were tilted.	Immediate adjustments were made and warehouse staff were instructed to address any tilting issues promptly.



1.4 Ethical Corporate Management

1.4.1 Code of Conduct

Ethical Corporate Management Best Practice Principles

To instill in all our employees the company's culture of integrity and to enhance their professional ethics and conduct, we adopted the "Integrity Management Guidelines" and "Procedures and Behavior Guidelines for Integrity Management" based on the "Listed Company Integrity Management Guidelines" issued by the Taiwan Stock Exchange. These guidelines prohibit dishonest behaviors and apply to our directors, managers, employees, and those with significant control over the company. Unacceptable behaviors include offering, promising, demanding, or accepting any undue advantages and engaging in any dishonest or illegal actions or any actions that breach fiduciary duties for the purpose of obtaining or maintaining benefits. The Company's directors and President issue a Statement of Compliance with the Ethical Management Policy, and request employees to comply with the company's Ethical Management Policy in the employment terms.



Ethical Corporate Management Best Practice Principles

Training for the Ethical Corporate Management Best Practice Principles

To ensure our colleagues understand our ethical standards, new employees must sign a pledge on their first day, which clearly outlines our integrity policies, and commit to adhering to them. Apart from making integrity-related regulations available on our website for employees, we also invite external scholars and experts to conduct annual integrity lectures and internal training, emphasizing our commitment, policy, preventive measures, and potential repercussions of breaches. In 2022, our company organized training related to integrity management. A total of 134 employees attended, clocking 353 training hours. Here are the details:

Course name	Course Duration	Total Attendees	Total Training Hours
Integrity Talk: Regulations and Case Studies on Fair Trade Act	3	82	246
Integrity Talk: Prevention of Workplace Violence (Bullying)	2	48	96
Integrity Talk: Online Copyright and Legal Software Use	2	1	2
Integrity Talk: Introduction and Case Analysis of the Trade Secrets Act	3	1	3
Integrity Talk: HR Personnel Labor Regulations Study	3	2	6
Total		134	353

Code of Ethical Conduct for Directors and Managerial Personnel

The Code is established in order to encourage the Company's directors and managerial officers to act in line with ethical standards when engaging in business activities ex officio for the Company, in order to prevent any unethical conduct and activities from injuring the Company's and shareholders' interest. The Code is applicable to the following: the Company's directors and managerial officers (including presidents, vice presidents, executive vice presidents, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of the Company). The standards' provisions include: safeguarding trade secrets, engaging in fair trade, abiding by laws and regulations, and the protection and appropriate use of company assets.

Work Ethics and Professional Conduct Guidelines

To maintain the reputation of our company's integrity and ethical business practices, we have incorporated work ethics and professional conduct into our employee training program. Any breaches will be reflected in the individual's performance review, and severe violations will be addressed in accordance with company rules. In 2022, there were no illegal or unethical incidents, and no related reports were received.



Internal Review of Regulatory Compliance GRI 2-27

In addition to our commitment to ethical business practices, our company also emphasizes adherence to relevant regulations. We engage renowned scholars, experts, and lawyers to conduct training sessions on related regulations. Through routine departmental meetings, we disseminate the latest regulatory updates, ensuring employees are informed about any new amendments or changes to the law promptly. The corporate governance officer, in compliance with regulations, periodically (at least once a year) reports to the board of directors. The most recent report on ethical business operations was presented at the board meeting on November 2, 2022, which included:

- Establish regulations to practically implement the ethical management policy according to the laws and regulations.
- Periodically analyzing and assessing the risk of unethical behaviors within our scope of operations – based on the "Unethical Behavior Risk Assessment Checklist". Upon assessment, there were no significant risks identified this year.
- Planning internal organization framework and designating monitoring mechanisms for business activities with higher risks of unethical behavior.
- Promoting and coordinating awareness and educational activities with respect to ethics policy.
- We have put in place a whistleblowing system to ensure its effective execution, and in 2022, no departments received any illegal reports.
- Assisting the board of directors and management in auditing and assessing whether the preventive measures for ethical management are effectively implemented, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

1.4.2 Violations, fines imposed, and rectifications

Details of reasons for penalties, amounts, and corrective actions taken by the company in 2022 are as follows:

Factory Area	Authority	Causes of Fine	Fine amount (NT\$10K)	Improvement
Linyuan Factory	Kaohsiung City Environmental Protection Bureau	On August 19, 2022, inspectors from the Kaohsiung Environmental Protection Bureau conducted a test for odor emissions from the RTO exhaust duct at our factory. The test results showed an odor concentration of 3,090, exceeding the emission standard of 2,000. In violation of Article 20, Paragraph 1 of the Air Pollution Control Act and Article 2 of the Standards for Air Pollutant Emission from Stationary Pollution Sources, a fine of NT\$120,000 was imposed on us.	12	<ol style="list-style-type: none"> 1. We subsequently commissioned a testing company to take samples and verify the results. We submitted the compliant report to the Environmental Protection Bureau for reference. The Bureau might also independently conduct another round of testing at our facility. Only after passing this test will the rectification be considered complete (rectification was completed on November 16, 2022). 2. We are conducting weekly tests for volatile organic compound concentrations in the RTO and ensuring operational parameters are within prescribed ranges and compliant with emission standards, thus confirming normal operation on-site.
Linyuan Factory	Kaohsiung City Environmental Protection Bureau	On September 15, 2022, the Environmental Protection Administration (Southern District Environmental Inspection Brigade) visited the Linyuan Factory to inspect dioxin emissions from the incineration furnace. A concurrent on-site audit was carried out, during which it was found that the waste filter bags produced by the baghouse dust collector of the incineration furnace were not reported in the waste disposal plan, violating Article 31, Paragraph 1, Clause 1 of the Waste Disposal Act. The case was transferred to the Kaohsiung Environmental Protection Bureau, and a penalty of NT\$6,000 was imposed as per Article 52 of the Waste Disposal Act.	0.6	In accordance with the Waste Disposal Act, we reported the waste filter bags from the baghouse dust collector in the waste disposal plan (a change application for the waste report was submitted to the Environmental Protection Bureau on October 19, 2022).



Reporting Channels GRI 2-26

TTC established the "Procedure for Handling Reports on Illegal, Unethical, or Untrustworthy Behaviors," which clearly defines both internal and external whistleblowing channels and handling systems. This is in line with our commitment to upholding the ethical behavior guidelines and business integrity standards we have set. Furthermore, it guarantees the legal rights and interests of the whistleblower and relevant parties. Whistleblowing Channels:

- Personal reporting: Face-to-face description.
- Phone reporting: 02-26503783.
- Correspondence reporting: Audit Division, 7F, No. 37, Jihu Road, Neihu District, Taipei City.

When receiving a personal or phone report, the case undertaker should take statements from the whistleblower and label the statement as "Confidential." We assure full protection of the confidentiality of informers, investigators and case contents to prevent them from unfair treatment or retaliation.