

## 2

# Build Innovative Supply Chains

2.1	Product Quality .....	42
2.2	Technology R&D .....	49
2.3	Supply Chain Management .....	51

## 2.1 Product Quality

- **Material Topics:** Product quality
- **Major reason:** Under the foundation of pursuing sustainable business practices, we aim to provide our clients with satisfactory quality and service. We aspire to grow in tandem with our customers and suppliers. Through persistent efforts and the adoption of innovative technologies, we strive to enhance the quality of our offerings, ensuring that all products meet and exceed our customers' expectations.
- **Impact Scope:** Only by maintaining consistent product quality can we ensure our customers' continued patronage, thereby enhancing performance and achieving sustainable business operations.
- **Impact Boundary:** Employees/Customers/Suppliers
- **Sustainability Principles & Alignment with SDGs:** Building an Innovative Supply Chain/SDGs Goal 12: Responsible Consumption and Production
- **Management approaches**



Policy Purpose	We collect information on market development and customer needs to develop environmentally friendly new products and niche products that satisfy the market and customer needs, enhancing our technological R&D capability and company profit.
Goals	<b>2022 Goals</b> 1. Enhancement of basic properties of standard ABS products (Improvement in appearance and air marks) 2. Improvement in preservation of fast grade EPS products
	<b>Short-term goal in 2023</b> 1. Enhancement of basic properties of standard ABS products (Enhancement in glossiness) 2. Certification of Indian BIS ABS products (Goal: Compliance with Indian BIS standards) 3. Enhancement in concentration consistency of EPS products (Goal: Concentration in three layers>90%)
	<b>Medium- &amp; Long-Term Goals in 2030</b> 1. Enhancement of Basic Performance for Standard ABS Products (Piano Mirror Surface Products) 2. Optimization of the EPS Product Manufacturing Process (Shortening Polymerization Reaction Time)
Management Plan	Provide stable/outstanding product quality to enhance customer satisfaction
Evaluation of the Management	1. Enhancement of Basic Performance for Standard ABS Products (Improvement in Appearance and Air Marks) 2. Preservation Improvement for Fast-Grade EPS Products
Assessment Mechanism	1. Reduce high glue powder addition in standard ABS products, decrease VOCs content in the finished products, and improve appearance air marks. 2. Fast-Grade EPS Product Preservation Improvement, Rectifying Pre-foaming Clumping Issue (391 Fast Materials)
Assessment Result	<b>Completion in 2022</b> 1. Improved basic performance for ABS, reduced high glue powder content by >1.0%. Customer's injection molded product appearance without air marks is satisfactory. 2. Improve the preservation of fast-grade EPS, solve the problem of pre-foaming agglomeration, with cumulative sales amount of 1,780 tons.
Grievance Mechanism	If a customer is unsatisfied with product quality, the customer complaint process will be initiated.

### Goal Description and Achievement Status

#### Improve the basic performance of general-grade ABS products

- **2022 Goals**  
Use of composite additives, reduction in ABS high glue powder addition, Goal: >1.0%.
- **2022 Achievements**  
The general grade ABS can reduce high rubber powder content by 1.7%. The appearance of customer injection molded products is OK
- **Explanation (including reasons for non-achievement)**  
The goal has been achieved ✓

#### Improvement in preservation of fast grade EPS products

- **2022 Goals**  
Enhanced preservation for Fast-Grade EPS, rectification of pre-foaming clumping issue.
- **2022 Achievements**  
Fast-grade EPS preservation improved> 5%, with no problem of pre-foaming agglomeration and cumulative sales amount of 1,780 tons
- **Explanation (including reasons for non-achievement)**  
The goal has been achieved ✓

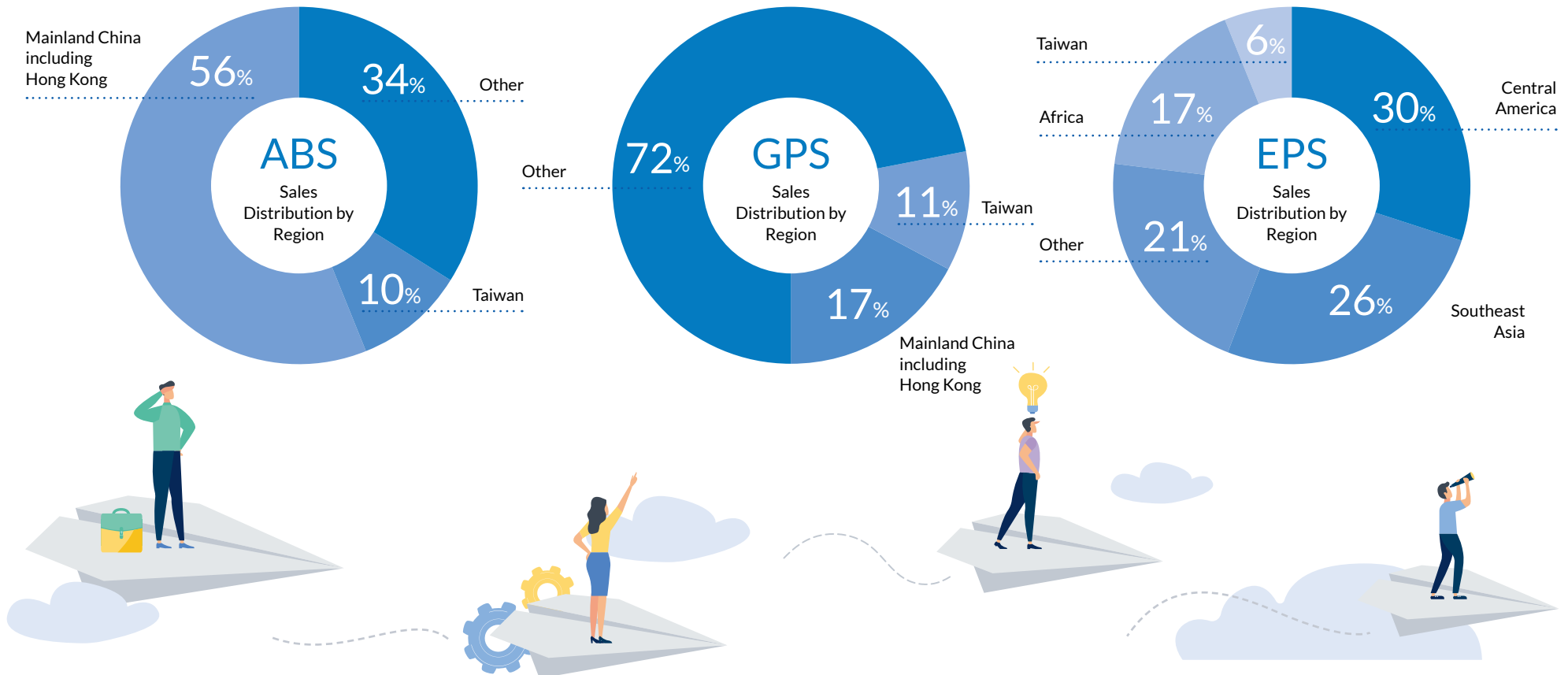


## 2.1.1 Sales Regions for Major Products

### ABS/PS products manufactured at Linyuan and Qianzhen plants

Despite the continuing global impacts of the COVID-19 pandemic in 2022, sales volumes were not as robust as expected. The primary sales region for ABS remains Mainland China. However, the market sales distribution saw optimization with other regions' share rising from 20% to 34%. Sales in Mainland China decreased by 16%. The primary sales region for GPS shifted to other areas, with an increase from 34% to 72%, while there was a 35% reduction in Mainland China. EPS sales remain concentrated in Central and South America, and Southeast Asia. Sales in Africa continued to grow, moving from 11% to 17%. The Taiwanese market remained unchanged.

### 2022 Sales Distribution of Major Products by Region

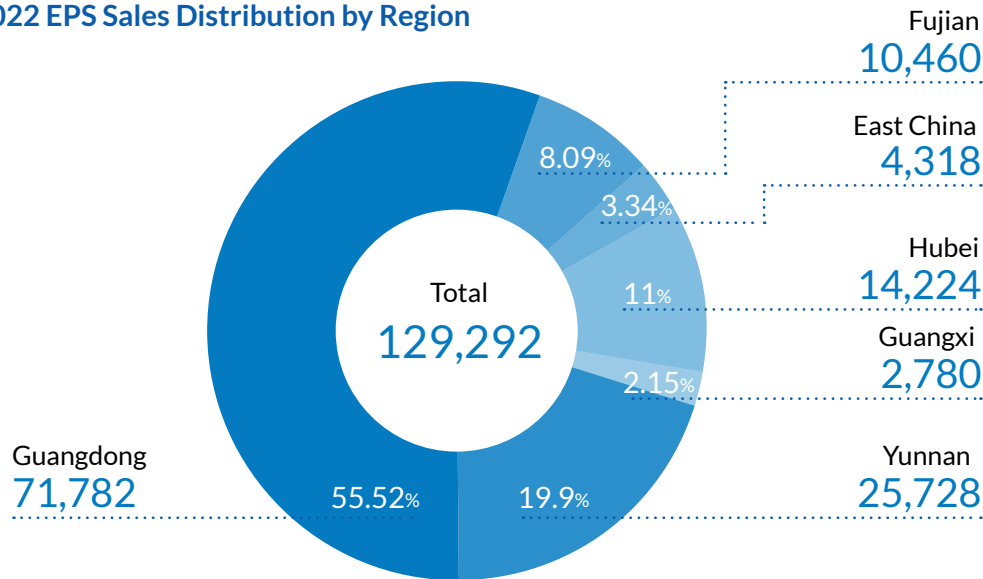


### EPS produced by the Zhongshan plant

All sales from the Zhongshan Plant were directed towards Mainland China, targeting primary markets including electronic packaging, fruit and vegetable packaging, fish boxes, ceramics, pharmaceutical packaging, and exterior wall insulation boards. Given the plant's geographical location and to capitalize on shipping cost advantages, the primary sales markets are in the Guangdong and Yunnan provinces. To expand brand influence and coordinate with the Gulei plan, sales in Fujian have been intensified, and there were minor sales in fringe markets.

In early 2022, global economic downturns coupled with the prolonged pandemic curbed exports. The overall yearly demand dropped by approximately 40% to 50%. Efforts were channeled into stabilizing the existing customer base and actively exploring markets in Zhudong and Gulei. This was done to expand the customer group and mitigate the impacts of reduced demand. Meanwhile, product quality remained stable, with continuous improvements in particle size concentration and service awareness, enhancing competitiveness. Furthermore, in 2022, customers worldwide continued to make improvements under strict environmental policies. Due to intense competition in traditional industries, packaging molding customers mostly accepted orders at nearly cost prices. Panel customers, facing a severe shortage of orders, tried to minimize losses to maintain production. Clients had earlier adopted technological innovations and equipment upgrades, reduced energy consumption and enhancing production efficiency. Thus, low operating rates became even more pronounced. Additionally, because of competition within the industry, the total sales volume decreased compared to the previous year. It went down from 157,241 tons in 2021 to 129,292 tons in 2022.

### 2022 EPS Sales Distribution by Region

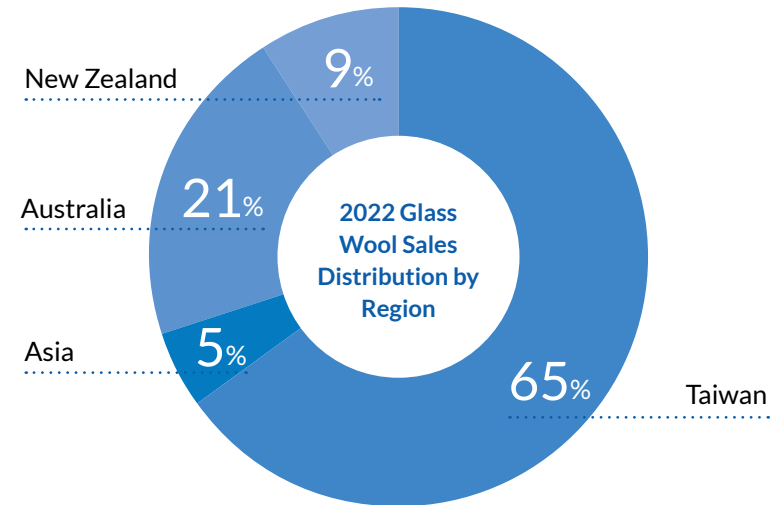


Unit: tons

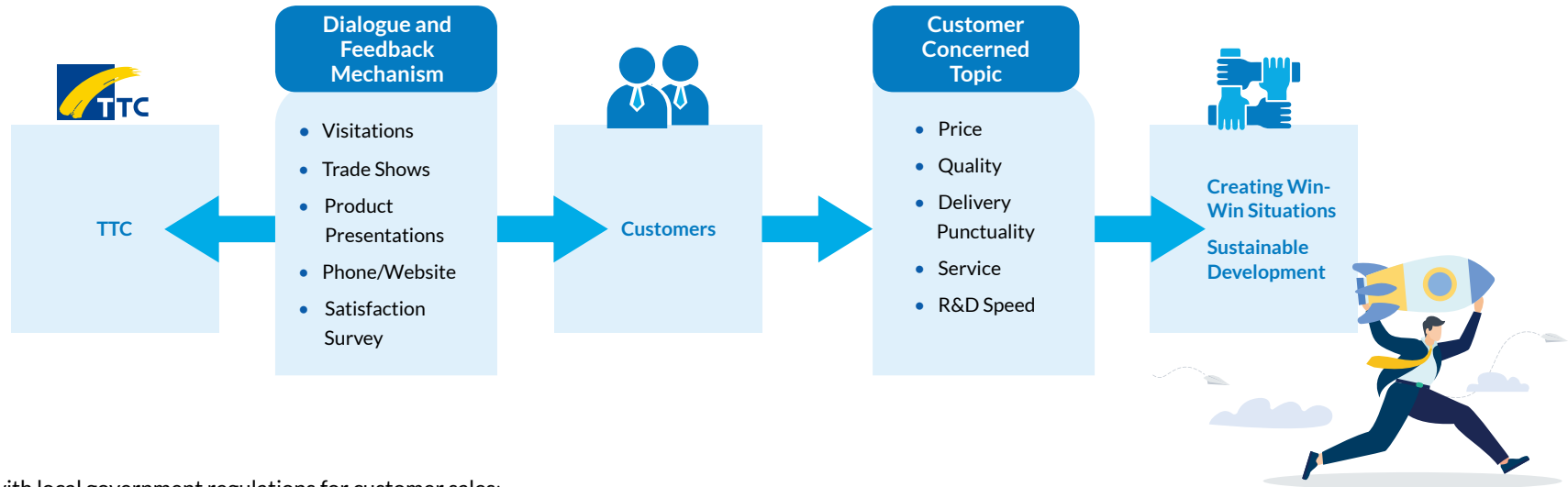
### Glass wool and curve printing products from the Toufen plant

In 2022, domestic sales of glass wool products accounted for approximately 65%, while the remaining 35% were exported to New Zealand, Australia, the USA, South Africa, and various Southeast Asian countries. The domestic market for glass wool grew by 10% in 2022. Imports made up about 7% of the overall market, with India and South Korea as the primary importing countries, accounting for 92% and 6% of the imports, respectively. It's projected that the domestic market in 2023 will grow by approximately 1% compared to 2022. Export competition in the Southeast Asian market is fierce with low prices. The sales focus is on markets with higher prices, such as New Zealand and Australia. Despite the global rise in shipping costs in 2022, it did not deter our clients from maintaining their purchases from our company. The New Zealand and Australia markets have been successfully solidified, while efforts continue to explore opportunities in other markets, intensifying the scope and depth of our export market. It's anticipated that the domestic to export ratio in 2023 will be 64% to 36%.

Given the long-term and continuous contraction of the curved printing market, after extensive discussions, it was decided to temporarily halt production and business operations of the curved printing division starting April 1, 2022.



## 2.1.2 Customer Services



(1) Products comply with local government regulations for customer sales:

- For ABS/GPS/EPS/AS in accordance with EU regulations, we fully use materials that comply with the Restriction of Hazardous Substances (RoHS) Directive and the Registration, Evaluation, and Authorization of Chemicals (REACH).
- EPS, in line with EU and Japanese regulations, switched to using non-hexabromocyclododecane (non-HBCD) (321N) as a flame retardant for producing fire-resistant EPS.
- Curved printing and fiberglass insulation comply with RoHS, and formaldehyde-free products ensure indoor air quality.
- ABS/PS/EPS products' PSM process safety management, hardware equipment rectification, and process design are in line with ISO 50001 energy management and ISO 14064-1 greenhouse gas inventory standards.

(2) Improving product performance and customer satisfaction.

TTC, under the foundation of pursuing sustainable development, continuously strives to enhance product quality and performance. We have implemented the ISO 9001 quality management system and establish a quality policy. Our aim is: QP (Continuous improvement of product quality) + QS (Enhanced service quality) = Q (Operational quality satisfying the customer). Monthly quality assurance meetings are held to discuss product line quality, maintain stable product quality, track process capability and stability. Our objective is to provide superior and functional products, enhancing the customer's processing and production efficiency.

(3) Achievements in 2022 for Product Performance Improvement and Quality:

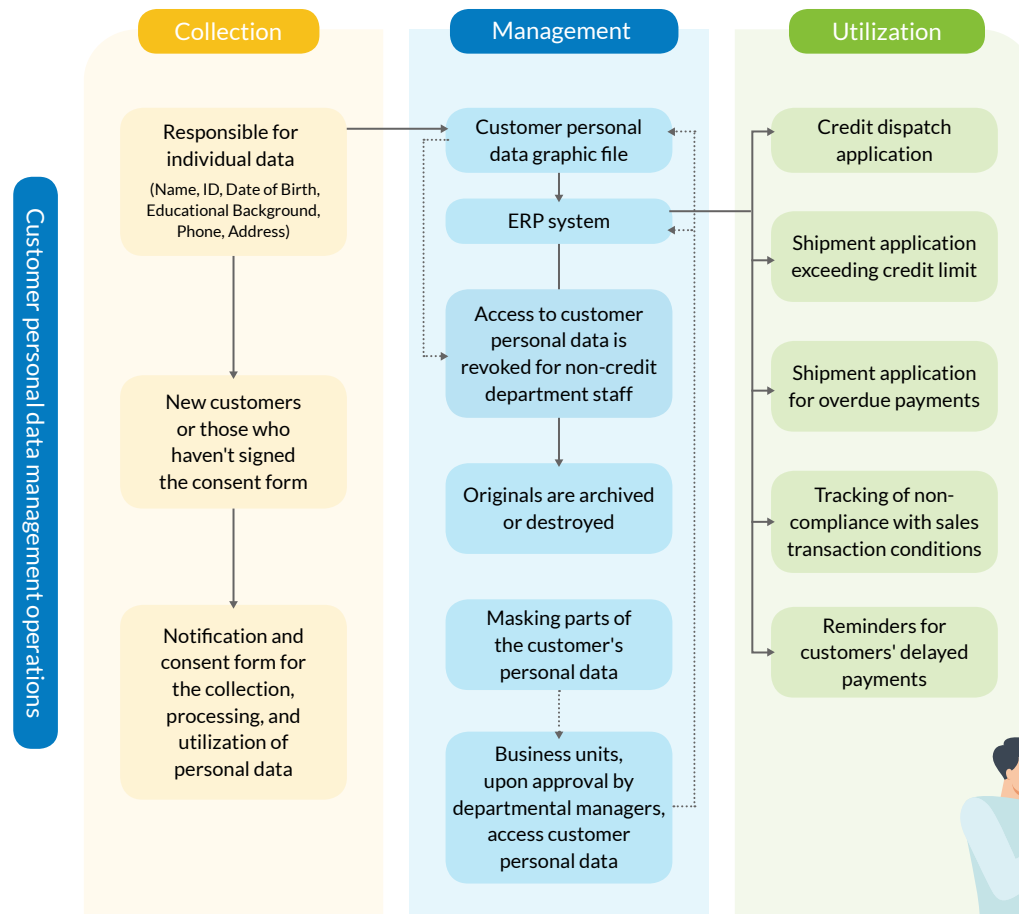
- General ABS product quality improved by using a composite additive formula, effectively reducing the addition of high glue powder, and reducing the VOCs content in finished products. This ensures that the appearance of the customer's injection-molded products is satisfactory.
- Improve the quality for the preservation of fast-grade EPS, solve the problem of pre-foaming agglomeration to increase the sales amount.

(4) Improved the preservation of fast-grade EPS in 2022, with cumulative sales amount of 1,780 tons.

(5) Objectives for 2023 in Product Performance and Quality Improvement:

- Improve the glossiness level of (of general ABS products)
- Indian BIS certification for ABS products (Goal: Comply with Indian BIS standards)
- Increase the particle size concentration of EPS products(Goal: Three-layer concentration > 90%)

(6) Customer Data Management and Protection:



## 2.1.3 Customer Satisfaction

TTC values customer feedback, collecting opinions and suggestions on various products and services for internal operational improvement. Aligning with ISO 9001's commitment to customer quality and emphasizing customer satisfaction, an annual customer satisfaction survey is conducted. In 2022, one survey was conducted, and corrective actions were taken for any customer dissatisfaction. These were reported in internal management meetings (e.g., production and sales meetings, business management meetings, management review meetings). Our goal is to provide excellent customer service, enhance product satisfaction, and gain trust from our customers.

### Customer Satisfaction Survey Modes



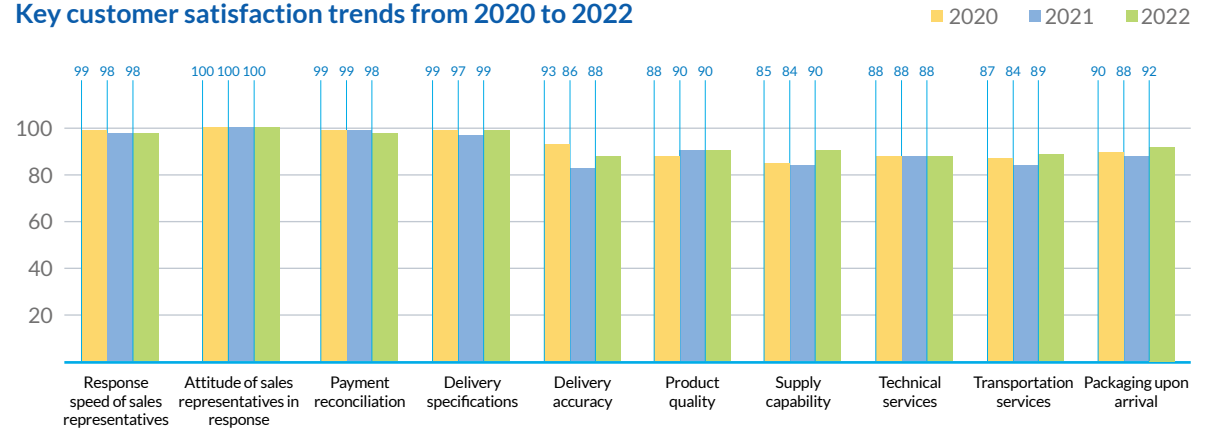
## Trends in Key Customer Satisfaction Over the Last Three Years

### ABS/PS Production at Lin Yuan and Qianzhen Plants

The customer satisfaction survey for ABS and Polystyrene (known as PS) products covers six areas: service quality of sales representatives, product quality, supply capability, technical service, transportation service, and the quality of packaging upon arrival. Each category holds a weight of 16.67% in the evaluation. The target audience for the customer satisfaction survey is determined by selecting clients who account for 70% of the total sales volume across both domestic and international sales divisions, which totals 110 companies.

In 2022, the average customer satisfaction rate was 93%. Due to the disruptions caused by the COVID-19 pandemic, shipping schedules became unstable. This impacted delivery dates, resulting in decreased satisfaction from customers concerning delivery timelines.

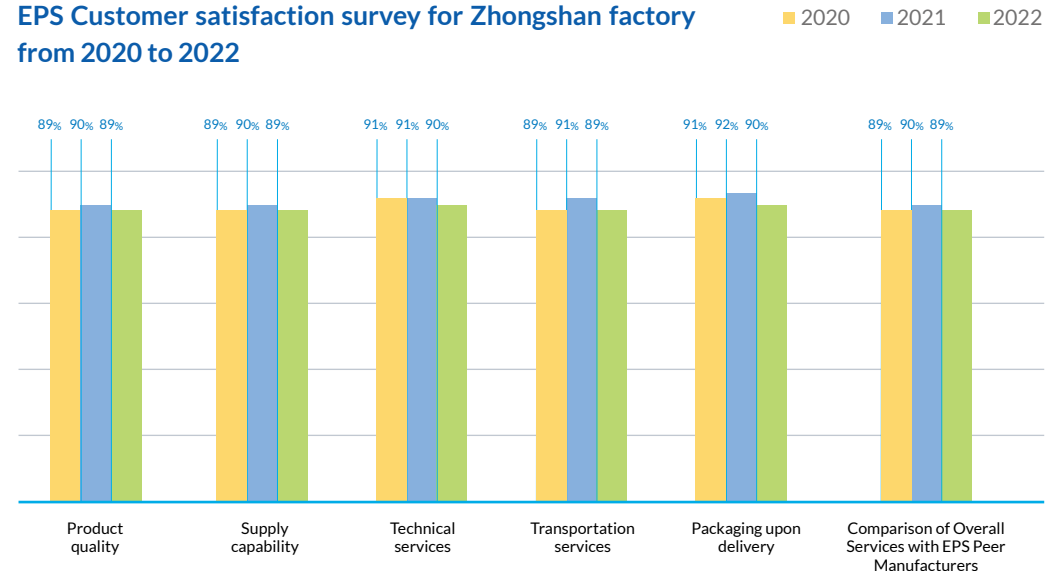
Key customer satisfaction trends from 2020 to 2022



### EPS produced by the Zhongshan plant

The EPS product customer satisfaction survey covers: Product quality (30%), supply capability (30%), technical service (20%), transportation (10%), packaging upon arrival (5%), and overall service compared to other EPS manufacturers (5%). The survey audience is selected from customers representing 85% of total sales (153 companies in total). The average satisfaction in 2022 was 89%, achieving the set target. While product quality satisfaction remained stable, minor issues with grain size concentration and occasional small particle clumping were reported. Technical service satisfaction was consistent with the previous year. Satisfaction with packaging upon arrival remained stable, but there's room for improvement due to occasional mishandling during shipping leading to damaged packages and subsequent customer complaints. Transportation service satisfaction slightly increased thanks to enhanced billing efficiency and coordination. In the future, we aim to consistently improve grain size concentration, increase our competitive edge in the industry, and continually enhance transportation services to uplift the overall service quality.

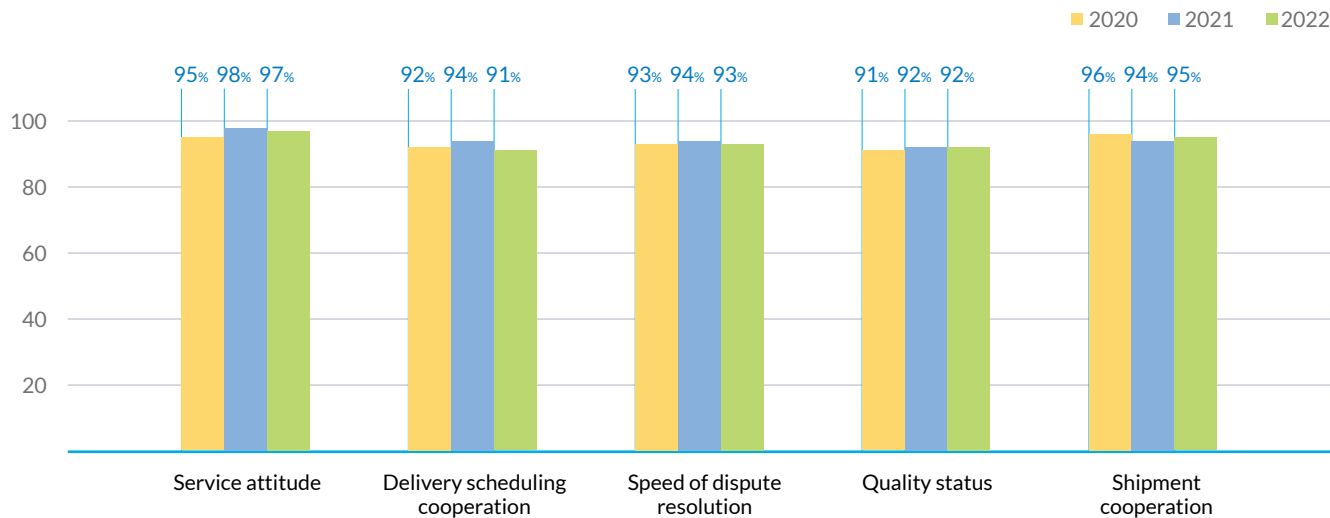
EPS Customer satisfaction survey for Zhongshan factory from 2020 to 2022



## Glass wool and curve printing products from the Toufen plant

In 2022, the customer satisfaction survey for fiberglass insulation reached 94%, achieving the set goal of 90%. The customer satisfaction survey covers areas such as service attitude, delivery scheduling cooperation, speed of dispute resolution, quality status, and shipment cooperation. We conduct the customer satisfaction survey twice a year, targeting the main customers who contributed to the highest 70% of the previous year's revenue (with 36 companies surveyed in 2022). After collating customer feedback, we draft a customer satisfaction report that proposes improvement plans and their outcomes. In 2022, 7 improvement plans were proposed, all of which achieved a 100% completion rate. By providing excellent customer service, we aim to enhance customer satisfaction and win their trust in our company.

Key customer satisfaction trends for fiberglass insulation over the past three years is as follows:





## 2.2 Technology R&D

- **Main Issue:** Technology R&D
- **Major reason:** The ability to research and develop new product technologies enables us to grasp market trends and enhance our competitiveness. It's vital for business growth and continuity. With technical development capability, we can consistently generate high profitability and sustain the business in the long run.
- **Impact Scope:**  
 Affected parties: Employees, customers, investors.  
 The technical R&D capability affects product competitiveness, directly impacting company operations/ profit growth and customer development requirements.
- **Sustainability Principles and SDGs Alignment:** Building an innovative supply chain/ correlating with SDG 9 - Industry, Innovation, and Infrastructure
- **Management approaches:**



<b>Policy Purpose</b>	We collect information on market development and customer needs to develop environmentally friendly new products and niche products that satisfy the market and customer needs, enhancing our technological R&D capability and company profit.
<b>Goals</b>	<p><b>2022 Goals</b></p> <ol style="list-style-type: none"> <li>1. Promotion and Development of Wood Flooring Fiberglass Insulation Soundproofing System for Construction Companies</li> <li>2. Heat-Resistant ABS Development Goals: HDT=100~102°C, Izod Impact=27 kg/cm<sup>2</sup>, MI=9.0 g/10 min</li> <li>3. Installation of an extrusion dewatering machine to enhance production capacity and improve VOC evaporation efficiency. Goal: Reduce the moisture content in high-glue powder from 30% to 15 ± 2%.</li> </ol>
	<p><b>Short-term goal in 2023</b></p> <ol style="list-style-type: none"> <li>1. Continuous promotion and development visits to construction companies for the Wood Flooring Fiberglass Insulation Soundproofing System. Visit 18 potential clients per month to promote the system.</li> <li>2. Development of heat-resistant ABS with client quality validation.</li> <li>3. Enhancement of Extrusion Dewatering Machine: This is aimed at increasing the production capacity and improving the evaporation efficiency of VOCs in ABS products. Goal: Increase ABS production capacity and reduce VOC content.</li> </ol>
	<p><b>Medium- &amp; Long-Term Goals in 2030</b></p> <ol style="list-style-type: none"> <li>1. Wood floor glass wool sound insulation system is applied to the new collective housing projects of construction companies</li> <li>2. ABS product basic performance improvement (rubber particle size concentration)</li> <li>3. Development of specialized EPS products (impact-resistant grade/graphite grade)</li> </ol>

<b>Management Plan</b>	Monitor product development progress according to the "Raw Material/ Formulation Amendment and On-site Test Operation Standard". Report and review R&D progress in monthly development meetings.
<b>Evaluation of the management</b>	<ol style="list-style-type: none"> <li>1. Monthly development meeting reports and review of R&amp;D progress.</li> <li>2. New product development progress is included in key performance indicator evaluations.</li> </ol>
<b>Assessment Mechanism</b>	<ol style="list-style-type: none"> <li>1. Promotion and development of the Wood Flooring Fiberglass Insulation Soundproofing System for construction companies.</li> <li>2. Development of heat-resistant ABS.</li> <li>3. Installation of an extrusion dewatering machine to enhance production capacity (reducing moisture content in high-glue powder) and improve VOC evaporation efficiency.</li> </ol>
<b>Assessment result</b>	<p><b>Completion in 2022</b></p> <ol style="list-style-type: none"> <li>1. Visited 8 potential clients per month to promote the Wood Flooring Fiberglass Insulation Soundproofing System.</li> <li>2. Developed heat-resistant ABS with properties: HDT = 102°C, Izod Impact = 27 kg/cm<sup>2</sup>, and MI = 9.0 g/10 min, meeting the objective.</li> <li>3. Installed an extrusion dewatering machine, reducing the moisture content of high-glue powder from 30% to 15%.</li> </ol>
<b>Policy Adjustment</b>	Gather comprehensive market information and leverage group/industry-academia R&D resources to shorten market promotion timelines and enhance market competitiveness.

## Achievement Status and Descriptions

Management Plan	2022 Goals	2022 Achievements	Explanation (including reasons for non-achievement)
Technical R&D Progress Tracking	Visited 8 potential clients per month to promote the Wood Flooring Fiberglass Insulation Soundproofing System.	Wood Flooring Fiberglass Insulation Soundproofing System Promotion: Achieved the objective by providing wood flooring fiberglass to engineering companies, applied in their office spaces, serving as a demonstration system for future promotions.	The goal has been achieved
	Heat-Resistant ABS Development	Heat-Resistant ABS Development: Achieved the objective with an HDT of 102°C, Izod Impact of 27 kg/cm <sup>2</sup> , and MI of 9.0 g/10 min.	The goal has been achieved
	Extrusion Dewatering Machine Installation	Achieved the objective by testing on a trial machine and reducing the moisture content of high-glue powder from 30% to 15%.	The goal has been achieved

### 2.2.1 Technology R&D

For the R&D team at TTC, continuous development of new and niche products, and leveraging the collective R&D resources of the group, are essential to create high profitability and ensure sustainable operations.

Since its early market growth, TTC has been actively focusing on product functionality and features, undergoing a series of performance enhancements and new product developments to accelerate customer R&D progress. When customers face manufacturing issues or bottlenecks in process capability for their new products, the company provides superior technical services to speed up the mass production timeline for the client, enhance their production yield, and ultimately ensure that the newly launched products are competitive in the market.

Over the years, TTC has dedicated itself to technical R&D and has effectively developed environmentally friendly and customer-centric new and niche products, meeting market and customer needs, enhancing technical R&D capabilities, and increasing revenue. Their achievements are notable. In addition to improving manufacturing processes across all factories, they focus on establishing proprietary key technologies and enhancing differentiated innovation. The R&D expenditures for TTC in 2020, 2021, and 2022 were NT\$20.52 million, NT\$18.54 million, and NT\$15.31 million respectively. The decreasing expenses were mainly due to the impact of the pandemic, resulting in fewer business trips for product testing and a significant reduction in testing of new raw material samples.

### 2.2.2 Successfully Developed Technologies or Products

1. Passed the test for the Wooden Floor Fiberglass Insulation Soundproofing System and continue its promotion and development in the market.
2. Developed heat-resistant ABS products.
3. Trial of the extrusion dewatering machine led to a reduction of the adhesive powder moisture content from 30% to 15%.

### 2.2.3 Ongoing R&D Projects

1. The original thickness of the wooden floor fiberglass product is 8mm. Plans are underway to reduce it to 5mm and to test its sound insulation capabilities.
2. Heat-resistant ABS development and quality validation with clients.
3. Introduction of an additional extrusion dewatering machine to enhance production capacity and improve the evaporation efficiency of VOCs in adhesive powder.

	Project Name	Project Description	Sustainable Development
1	Promotion and Development of Wooden Floor Fiberglass Insulation Soundproofing System for Construction Companiesw.	Promote high-performance green building materials, improving sound and thermal insulation.	Installation of an additional extrusion dewatering machine to enhance production capacity (adhesive powder moisture content) and improve VOC evaporation efficiency.
2	Install an additional extrusion dewatering machine, reduce moisture content, improving VOC content during the subsequent extrusion molding process.	Add extrusion dewatering equipment to reduce moisture content, which is beneficial for improving VOCs content during the subsequent extrusion molding process.	Improve the product's VOCs evaporation efficiency, reducing the environmental content of volatile organic compounds.

## 2.3 Supply Chain Management

### 2.3.1 Supply Chain Sustainable Development

With the goal of long-term sustainable management, TTC is committed to establishing good communication channels with long-term suppliers and prioritizing the safety of operations at manufacturing sites. As a result, they've fostered stable, mutually trusting, and sustainable supply chain relationships, all aimed at growing together with respect for human rights, a focus on workplace safety, and an emphasis on environmental conservation.

#### (1) Objectives and Strategies for Sustainable Supply Chain Development



Establish smooth communication channels and foster long-term cooperation



Strengthen safety drills to create a safe working environment



Implement and uphold environmental protection and share sustainable development resources

#### (2) Implementation and planning for sustainable development of supply chain

TTC is committed to promoting sustainable operational development. Since 2018, we've introduced the "Supplier Social Responsibility Commitment Letter" for long-term raw material suppliers, requiring them to commit to human rights, workplace safety, hygiene, environmental protection, and conflict minerals. Plans for its implementation and future are as follows:

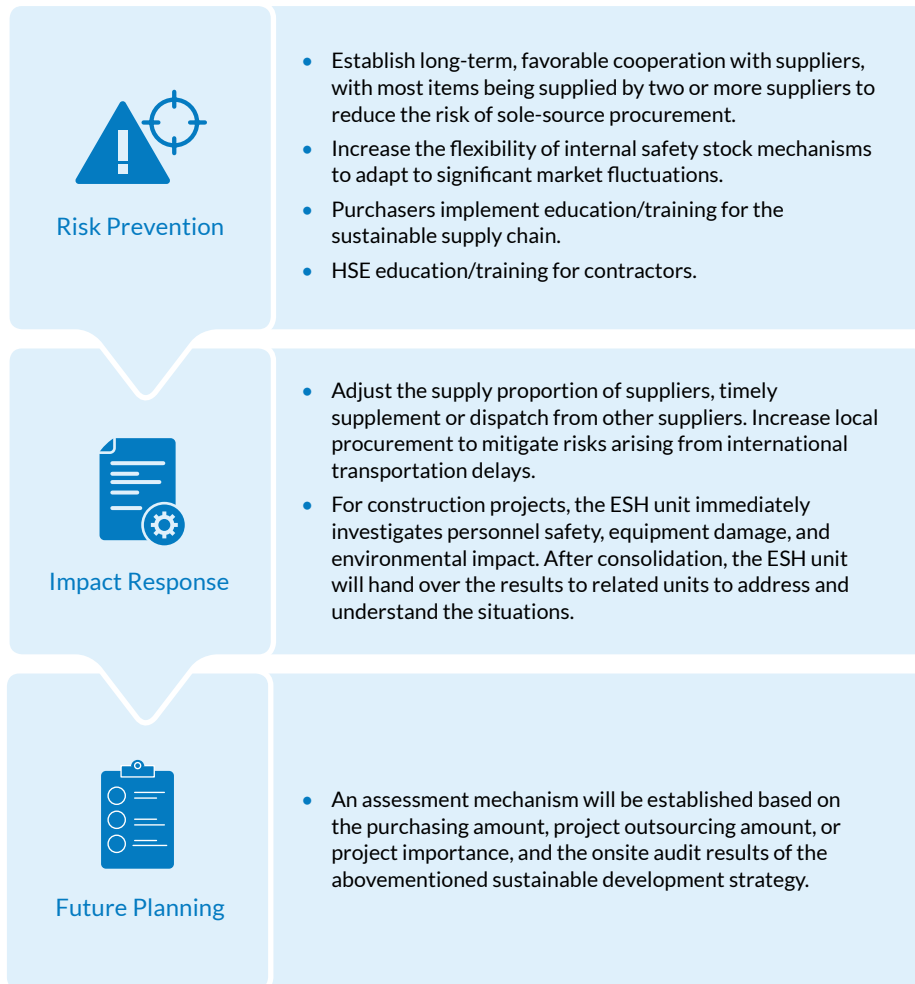


Note: The "Supplier Social Responsibility Commitment Letter" mainly seeks the supplier's commitment regarding labor rights, workplace safety, environmental concerns, and ethical standards.

Labor and human rights	No forced labor; no child labor; provision of due wages and benefits; guarantee for working hours and breaks; elimination of workplace sexual harassment, bully, and discrimination; and no conflict minerals.
Health and Safety	Measures required for occupational safety, emergency response, occupational health, protection against machinery injuries, public health, food and accommodation, and health and safety information.
Environment	Operation permit; pollution prevention and resource conservation; hazardous substances; effluents; non-toxic solid waste; noise; exhaust emissions; product and service limitation; energy/resource consumption; and GHG emissions.
Ethics and integrity	Ethical corporate management; respect for intellectual property rights; abidance by non-disclosure agreements; privacy protection; and avoidance of the conflict of interest.

### (3) Supply Chain Risk Management

TTC has established a comprehensive electronic procurement process. Guided by the principles of fairness, impartiality, and transparency, the company staunchly prevents any procurement malpractices or favoritism. In addition, the company ensures smooth communication channels with its suppliers, aiming to reduce supply risks. As part of the sustainable supply chain risk assessment, prevention, and response measures, TTC collaborates with suppliers through the following action plans:



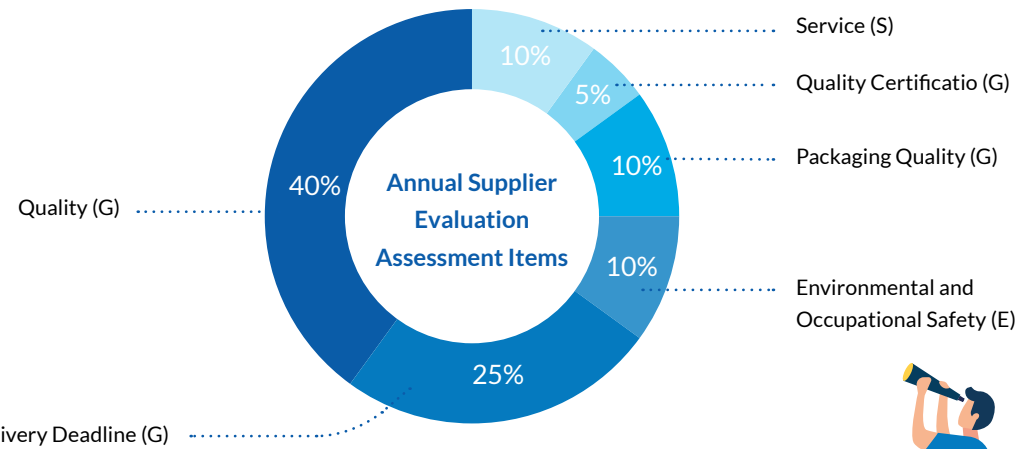
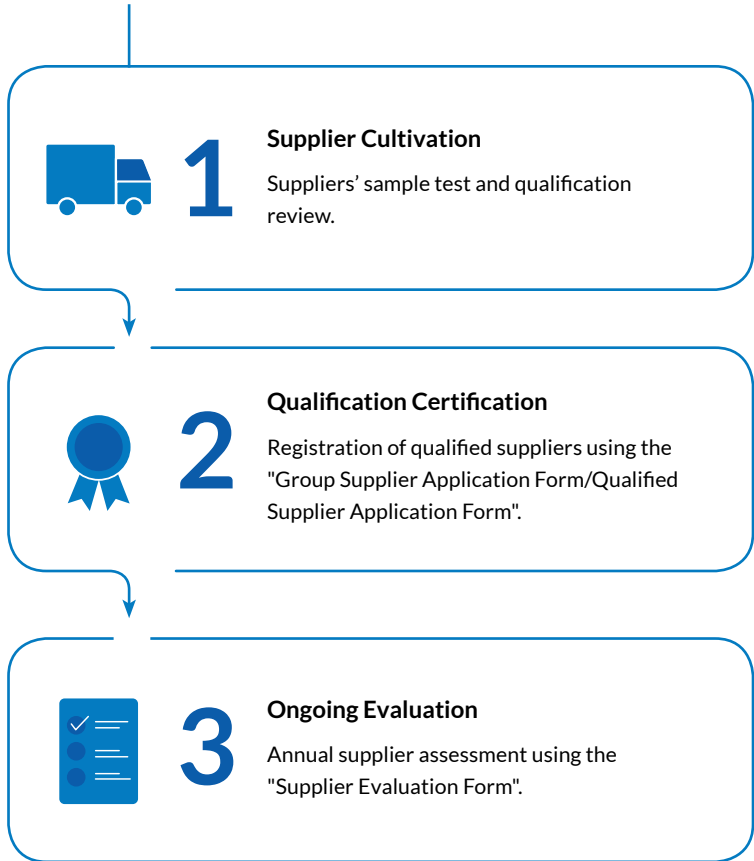
### 2.3.2 Supply Management Mechanism

To maintain sustainable business practices, TTC conducts regular supplier evaluations every year. We have established evaluation management mechanisms specifically for raw material suppliers and engineering contractors. This is designed to reduce and prevent potential risks. The management mechanism is divided into evaluations for raw material suppliers and engineering contractors.

#### (1) Evaluation and Management of Raw Materials Supplier Evaluation

TTC (Taiwan and Zhongshan) 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. In order to motivate suppliers to continually optimize and ensure that our company receives high-quality raw materials and services in a timely, appropriate quantity and at a reasonable price, we regularly conduct evaluations in line with our production, operational, and environmental policies each year. Evaluations are based on criteria like quality, delivery time, environmental and workplace safety, packaging, quality certification, and service. These evaluations are uniformly conducted by Procurement & Logistics Division of USIG. The detailed evaluation mechanism and process are outlined below:

- We select qualified suppliers of raw materials and OEM products based on one of or a combination of the following:
  - Suppliers with credibility or a good reputation at home and abroad.
  - Registered with a recognized certification body, such as ISO certifications (ISO 9001, ISO 14001, and ISO 45001), or compliance with the European Union's Restriction of Hazardous Substances Directive (RoHS).
  - Suppliers with a good quality or delivery record.
  - Suppliers designated by technology suppliers.
  - Exclusive suppliers of materials.
- For new suppliers of raw materials/outsourced products, provided samples undergo inspection and testing by the R&D department and other relevant units. After evaluation and trial, if the report meets requirements, it's confirmed in a product improvement meeting. The procurement unit will then add the supplier to the list of qualified suppliers. After approval by the respective plant manager and the President of TTC, this list is used as a reference for procurement.
- Documentation: Information related to qualified raw material/outsourced product suppliers is recorded in the Supplier Directory. A comprehensive record is maintained and reviewed periodically for updates.



※ The primary reference points for assessing environmental and occupational safety are ISO 14001 and ISO 45001.

※ (E), (S), (G) represent respectively environmental, social, and governance aspects.



For annual raw material supplier evaluations, the passing threshold is a score of 75 or above. Suppliers with scores consistently above 85 for three consecutive years are exempt from evaluation. In 2022, the qualification rate of raw material suppliers in all factories exceeded 100%, with the proportion of evaluated suppliers accounting for 100% of the suppliers transacted with in 2022.

**Results of Raw Materials Supplier Evaluation 2020-2022**

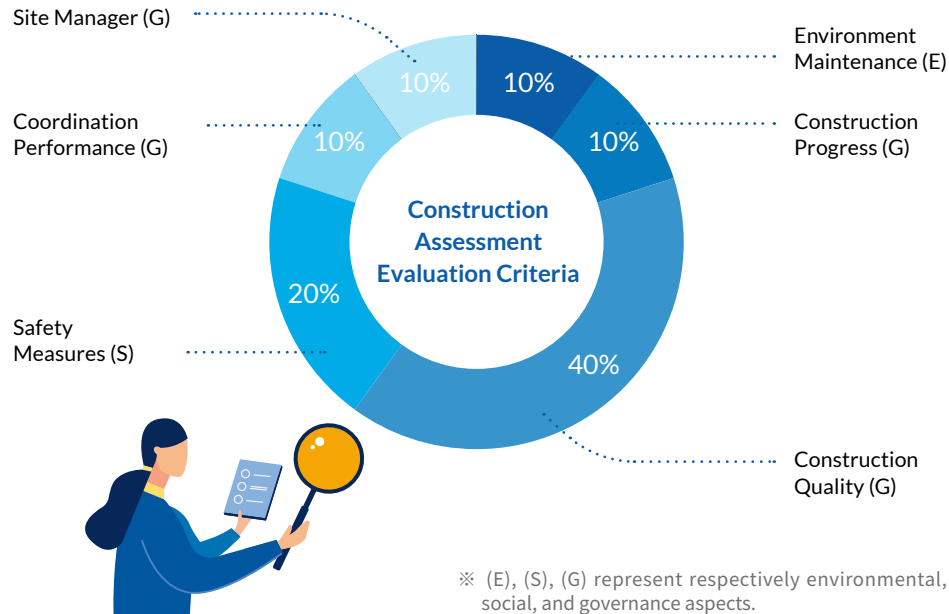
Year	2020	2021	2022
Number of Evaluations (Including Zhongshan Factory)	236	233	256
Pass Rate	100%	100%	100%

※ Suppliers scoring below 59 will, as per regulations, have their transactions either revoked or suspended.



## (2) Contractor Evaluation Management

Our subcontracting policy primarily focuses on local contractors. Since 2009, our ABS factory expansion project in the Linyuan factory was fully entrusted to the Zhong Ding Engineering Company. During the construction process, the quality of the work relies on the supervision and management of factory onsite personnel. Management areas include environmental safety, occupational safety, human rights, and labor practices, with regular reports submitted to headquarters for updates.




- 1 Contractor Cultivation**  
 Selection of new contractors - Distributing the "Contractor Survey Form".
- 2 Qualification Certification**  
 Register qualified contractors - "Contractor Classification Directory".
- 3 Constant Update**  
 Periodically updating contractor files - Adjustments for equipment, capabilities, expertise, etc.
- 4 Evaluation**  
 Construction assessment - "Construction Evaluation Form".

For construction assessments of contractors, the passing threshold is a score of 50 or above.

In 2022, TTC's qualification rate for construction evaluations in all factories reached **100%**.

The proportion of evaluated contractors accounted for **100%** of the contractors transacted in 2022.



### Construction Assessment Results from 2020 to 2022

Year	2020	2021	2022
Number of evaluations	138	137	63
Pass Rate	100%	100%	100%

## 2.3.3 Strategic Procurement

Under the framework of sustainable business management, TTC is steadfast in promoting oversight in quality, capability, service, and environmental and occupational safety. The company places high importance on ensuring the safety and health of its employees with the ultimate goal of establishing a stable, trust-based, and enduring relationship within the supply chain. TTC collaborates with esteemed suppliers, aiming for mutual growth.

### Support for local procurement

TTC has bases in Taiwan and Zhongshan, China, with Taiwan serving as the primary headquarters for overall operations. Upholding the spirit of uplifting local industries in Taiwan, the company prioritizes purchasing from Taiwanese suppliers when product quality and procurement terms are comparable. By fostering strong cooperative relationships, TTC aims to bolster the stable development of Taiwan's economy. In 2022, the proportion of local procurement from the Taiwan factory was 90% of the total procurement amount, while the Zhongshan factory in China maintained a 100% local procurement rate.

The bulk raw materials, such as styrene, acrylonitrile, and butadiene required by TTC production, are under fixed contracts with local Taiwanese suppliers. According to market conditions, a portion is imported from abroad to maintain a steady supply. In 2022, the procurement of these bulk raw materials accounted for 92% of TTC's annual procurement total. There were 10 suppliers for these raw materials, of which 7 were Taiwanese.

### Breakdown of 2022 Procurement for Key Raw Materials in Taiwan

Locations/Materials	Styrene	Acrylonitrile	Butadiene
Taiwan	92%	95%	97%
Foreign	8%	5%	3%
Source	2 Local Suppliers 1 Foreign Supplier	2 Local Suppliers 1 Foreign Supplier	3 Local Suppliers 1 Foreign Supplier

### Breakdown of 2022 Procurement for Key Raw Materials in Zhongshan Factory

Locations/Materials	Styrene (Zhongshan)
China	100%
Non-China	0%
Source	2 Local Suppliers 0 Foreign Suppliers

### Supply Chain Growth Together

In its commitment to sustainable development, TTC not only strengthens its existing supplier evaluation system but also emphasizes enhancing the stability of its supply chain. From 2023 onward, the company plans to establish a procurement personnel factory visit and assessment system for raw material suppliers. Through this comprehensive assessment mechanism, the company aims to nurture and consolidate partnerships with outstanding suppliers, while also reviewing and assisting those who don't meet standards.



The threshold for a passing score on the supplier visits assessment audit is 70 points or higher, with the related procedures as follows:

#### Suppliers scoring below 70 points

These suppliers will receive guidance on non-compliant items and be provided with ways to improve. There will be regular follow-ups to monitor their improvement status.

#### Suppliers scoring 70 points or higher

Both parties will organize exchange meetings to discuss and share best practices.