

1 Establish Robust Governance

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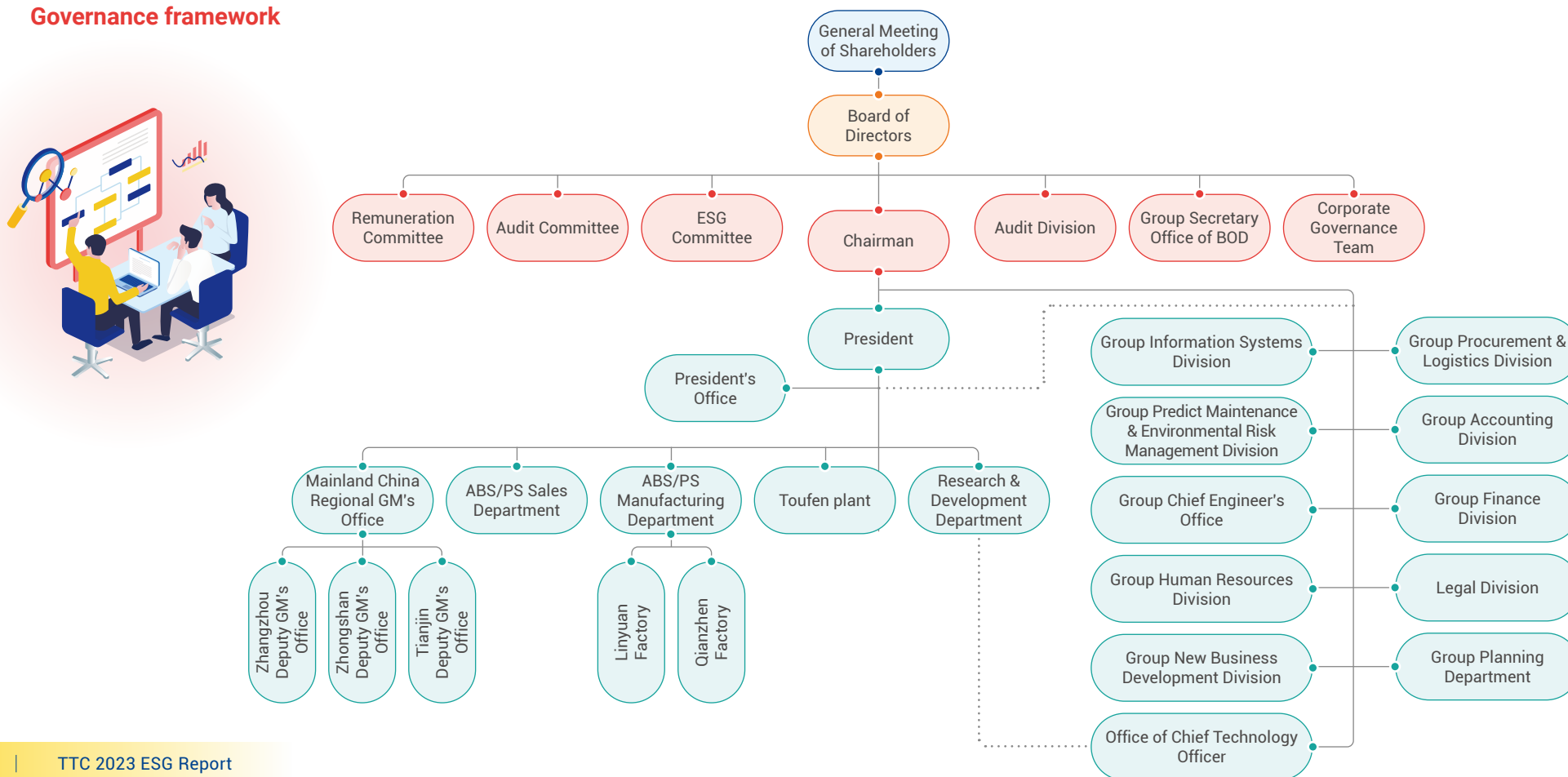


1.1 Corporate Governance

1.1.1 Governance framework

In the 10th annual 2023 corporate governance evaluation for listed companies, those with a market value of NT\$5 billion to NT\$10 billion are in the top 6% to 10%, while the evaluation results of overall 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.

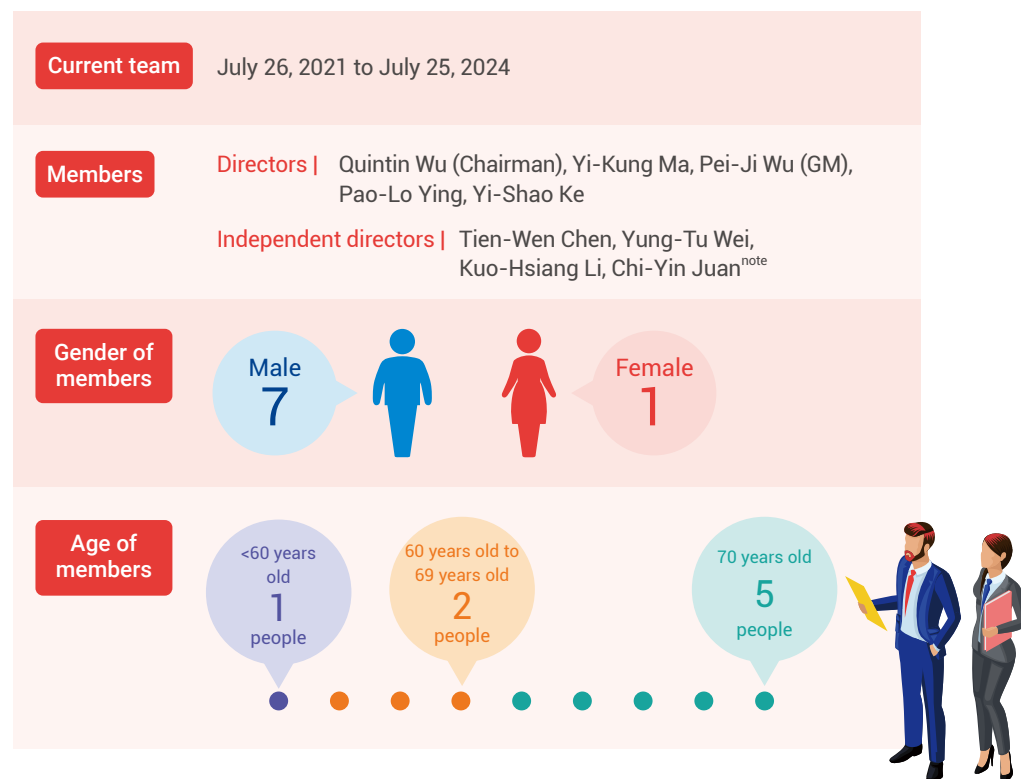
Governance framework



1.1.2 Board composition and operation

 GRI 2-9 ~ GRI 2-21

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. The current board of directors was elected in 2021 and is composed of nine directors with rich experience in their respective professional fields. Among them, 11% of are female directors and four positions are assigned to independent directors, who make up 44% of the Board. The term of each director is three years, and each director is entitled to a second term. Please refer to the table below for information about the Board of Directors members.

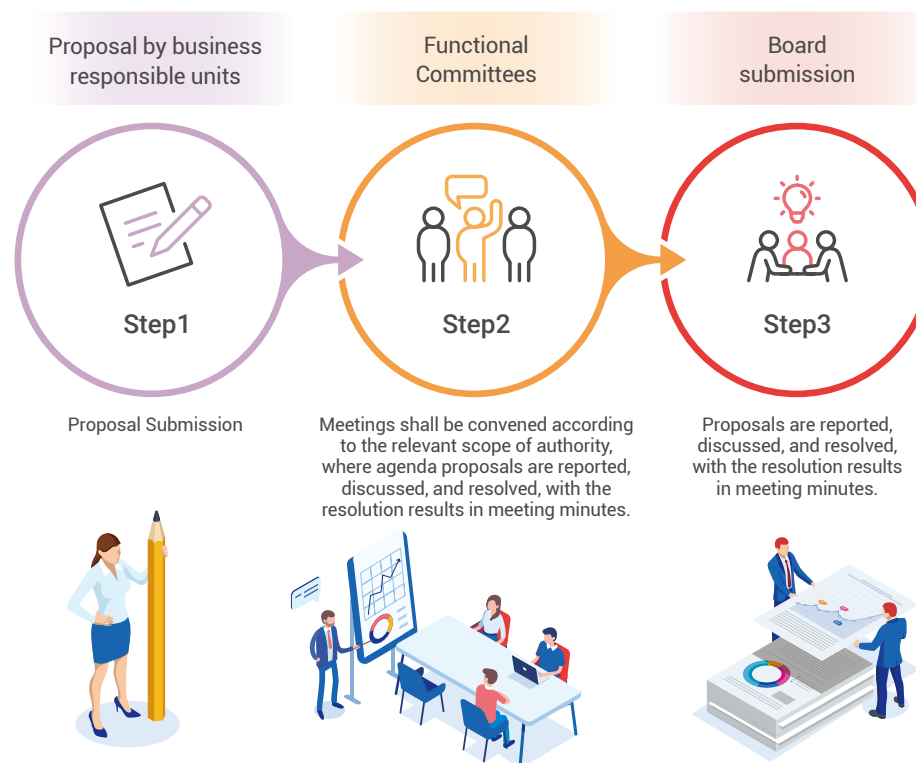


Note: Chi-Yin Juan, an independent director, passed away in June 2023. The above data is calculated based on 8 seats as a director

A total of four board meetings were held in 2023 by the Company, with a personal attendance rate (including independent directors) of 97.06% (100% including attendance by proxies). For more operational information of the Board led by the chairman (Please refer to page 29 of the Company Annual Report).

Process of proposal submission to the Board of Directors

 GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-16



► Important Board Resolutions of 2023 (Please refer to [Annual Report](#) or the [Company's website](#) for resolution from the Board of Directors.)

 GRI 2-16

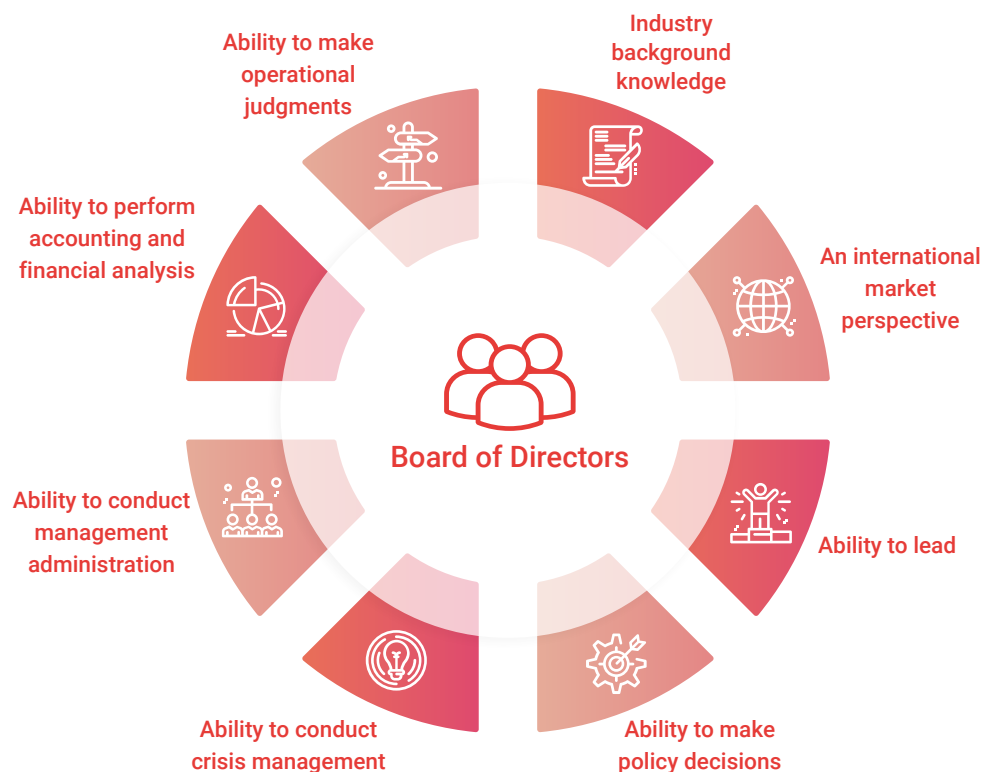
Additionally, we have established the Secretary's Office under the Board to plan and prepare matters relating to the Board meeting so as to enhance the efficiency of board meetings and help implement Board resolutions.

Performance of the Board member expertise diversification 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. 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 was elected on July 26, 2021. Among the two newly appointed directors, 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 law or 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 expertise diversification policy

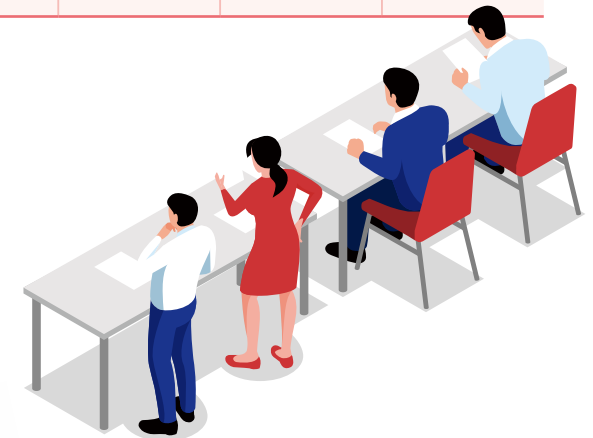
GRI 2-17

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-Ji Wu	Male ♂	●		●	●	●	●	●	●		
Pao-Lo Ying	Male ♂	●		●	●	●	●	●	●		●
Yi-Shao Ke	Male ♂	●		●	●	●	●	●	●		
Tien-Wen Chen	Male ♂	●	●	●	●		●	●	●		
Yung-Tu Wei	Male ♂	●	●	●	●	●	●	●	●		
Kuo-Hsiang Li	Male ♂	●	●	●	●		●	●	●		

Note 1: Currently, 25% of directors are also employees, and 37.5% of them are independent directors.

Note 2: All three independent directors have not served more than three consecutive terms.



Professional competence enhancement of directors in 2023 GRI 2-17

To improve the professional competence of directors (including independent directors), we provided information of related further education courses for directors and assisted them with the registration. In addition, a total of six hours for an internal training course has been organized. On July 5, 2023, Professor Chu-Cheng Ming from the Department of Political Science at National Taiwan University delivered a three-hour lecture on "The Political Economy of the CCP, International Situations, and Cross-Strait Relations"; and on October 13, 2023, Patrick Hsu, an assurance partner at PricewaterhouseCoopers Taiwan, conducted a three-hour training session on "How Directors Can Oversight Corporate Risk and Crisis Management". In 2023 we arranged 70.6 hours of external continuing education courses for all directors. All directors completed the training hours as stipulated for the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies". Please refer to pages 33 - 35 of TTC's 2023 Annual Report for detailed information on the courses and their duration.

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

The Board of Directors has established comprehensive regulations for avoiding conflicts of interest, adopted measures of avoidance in procedures, and recorded the process in the minutes of meetings, as described below:

- 1 In order to strengthen Corporate Governance, the Board of Directors has established a comprehensive system to avoid Conflicts of Interest among directors to safeguard the rights and interests of investors. (Please refer to Procedure for the [Board of Directors Meetings Regulations](#), [Code of Ethics Conduct for Directors and Managerial Officers](#), [Ethical Corporate Management Best Practice Principles](#), and [Procedures for Ethical Management and Guidelines for Conduct](#)).
- 2 Measures for avoidance of conflicts of interest: When discussing a proposal constituting a conflict of interest for one or more directors during the meeting, the chairman shall remind such directors to recuse themselves from the discussion. If there is a conflict of interest for the chairman, the chairman shall recuse and assign a director having no conflict of interest with the proposal to act as the chairman.
- 3 In accordance with the Rules of Procedure for the Board of Directors Meetings Regulations, the Board Secretary Office has detailed the reasons for avoidance and the implementation status in the board meeting minutes related to proposals that involve a conflict of interest with the directors.
- 4 The board of directors' execution of avoidance for conflicts of interest proposals in 2023 complied with the law (please refer to page 31 of TTC's 2023 annual report - details operation of the board of directors).
- 5 For the responses to the conflicts of interest between Board of Directors members and stakeholders, please refer to the "Member Information of the Board of Directors", "Shareholders Among the Top Ten in Shareholding Ratio", and "Related Party Transactions" in the 2023 financial statements.



Our performance in avoidance of conflicts of interest in proposals in 2023

Name of Directors	Proposal	Reasons for Avoidance	Participation in Voting	Term for the Board of Directors
Chi-Yin Juan Pei-Ji 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 2023 March 3, 2023
Pei-Ji Wu	Non-compete behavior of managerial officers.	A conflict of interest with directors.	Abstained from voting	Fourth time in 2023 November 3, 2023

Performance evaluation of the Board of Directors and Functional Committees GRI2-18

Set assessment methods and approaches for the performance of the Board of Directors, execute regular self-assessment of the performance of the Board as a whole, individual directors, and Functional Committees every year. The Board Secretary Office is responsible for conducting these assessments through self-evaluation, using the assessment results as a reference for the company's review and improvement.

■ The overall internal performance assessment results for the Board of Directors, individual directors, and Functional Committees in 2023 are as follows:

The board		Individual Directors Members		Audit Committee		Remuneration Committee		ESG Committee	
Aspect of Evaluation	Score	Aspect of Evaluation	Score	Aspect of Evaluation	Score	Aspect of Evaluation	Score	Aspect of Evaluation	Score
Participation in the company's operations.	4.75	Corporate targets and mission control	4.88	Participation in the company's operations.	4.92	Participation in the company's operations.	5	Participation in the company's operations.	5
Improvement of the decision quality of the board of directors.	5	Duty awareness of directors	5	Duty awareness of the Audit Committee	5	Duty awareness of the Remuneration Committee	5	Duty awareness of the ESG Committee	4.85
Composition and structure of the board of directors.	5	Participation in the company's operations.	4.88	Improvement of the decision-making quality of the Audit Committee	5	Improvement of the decision-making quality of the Remuneration Committee	5	Improvement of the decision-making quality of the ESG Committee	4.96
Selection and continuing education of directors.	4.60	Internal relationship development and communication	4.94	Composition and member selection of the Audit Committee	5	Composition and member selection of the Remuneration Committee	5	Composition and member selection of the ESG Committee	5
Internal control	5	Expertise and continuing education of directors.	4.96	Internal control	5				
		Internal control	4.92						
Results		Results		Results		Results		Results	
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 results of director self-assessment show that the average score of all six major aspects is over 4.8, which means "good".		The results of Audit Committee self-assessment show that the average score of all five major aspects is over 4.9, which means the overall assessment result is good.		The results of performance evaluation of the Remuneration Committee show that the average score of all four major aspects is over 5, which means "Outstanding".		The results of ESG Committee self-assessment show that the average score of all four major aspects is over 4.8, which means the overall assessment result is good.	

Note: Score range 0-5, 5 is the highest. The performance evaluation for the period from January 1, 2023 to December 31, 2023.

The performance evaluation results of the overall Board of Directors, individual director members, and Functional Committees were reported to the Board of Directors in the first quarter of 2024.

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 about 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 (CCGO)

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 (CCGO) as the top officer of TTC's corporate governance. Director Erik Chen has over 20 years of experience as a practicing attorney and nearly 10 years of experience as the head of legal affairs in listed companies. His main responsibilities include handling affairs related to the meetings of the Board of Directors and shareholders according to the law, preparing minutes for the meetings of the Board of Directors and shareholders, assisting directors in taking office and continuing education, providing information needed by directors in conducting business, assisting directors in complying with laws and regulations, reporting to the Board of Directors on the results of reviewing whether the qualifications of Independent Directors are in compliance with relevant laws and regulations during their nomination, appointment, and tenure, and handling affairs related to changes in directors. In 2023, Director Erik Chen, who serves as the corporate governance officer, underwent 49 hours of the training. Please refer to page 34~35 of TTC's 2023 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	ESG Committee
Chairman	Quintin Wu	—	—	Member
Director	Pei-Ji Wu	—	—	Deputy Chief
Independent Director	Tien-Wen Chen	Convener	Member	Member
Independent Director	Yung-Tu Wei	Member	Convener	—
Independent Director	Kuo-Hsiang Li	Member	Member	Chief

Shareholder rights and interests and information transparency

As of April 2, 2024 (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.

TTC is committed to providing shareholders with transparent and real-time corporate information. Every year, we organize investor conferences and shareholders meetings regularly, publish annual reports and ESG reports, and list operating performance, financial statements, and significant news on the "Market Observation Post System" of Taiwan Stock Exchange. We also set up the "Investor Services" webpage in both Chinese and English, where disclose the Company's governance status, business announcements, financial statements, investor conferences, and updates on group dynamics. Moreover, we continuously collect shareholder opinions to provide feedback to the management team for decision-making references.

We value the rights and interests of foreign investors and the trend of enterprise internationalization. Therefore, since 2018, we began to enhance information disclosures in English in the annual report and on the MOPS and the Company website. By actively establishing various unfettered two-way communication channels with shareholders, we maintain the rights and interests of shareholders in real action.

TTC Shareholder Structure

Foreign institutions
and foreigners

1.46%

Government
agencies

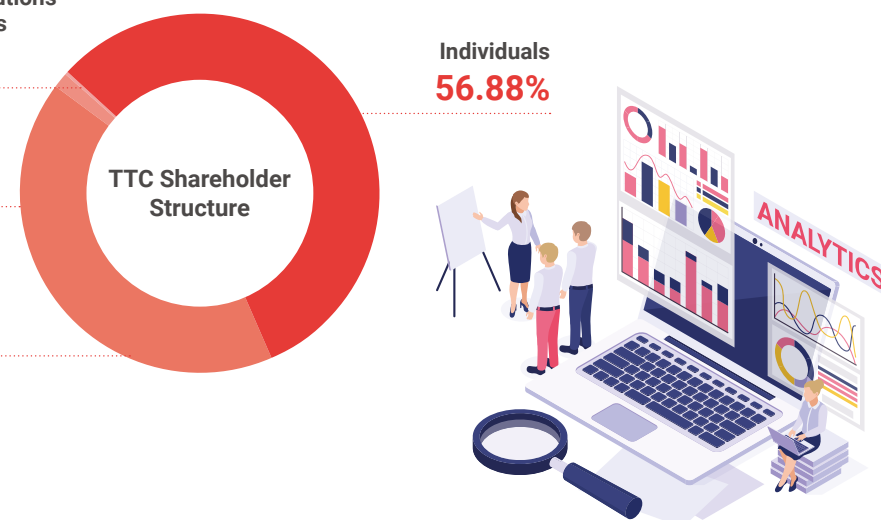
0.09%

Other Legal
Entities

41.57%

Individuals

56.88%



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 groups 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 group 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, strategy and goal setting of the three aspects of governance, environment and society, and examines progress and performance and reviews and approves sustainability reports, and provides guidance on strategies and directions for key issues.

► Please refer to the link for the [Board's actions to supervise sustainable performance](#), [the Sustainability Committee's organizational charter](#), and [the Sustainability Committee's operations](#).

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



Sustainability development achievements reported to the board in 2023

- 1 Completed greenhouse gas inventory and verification operations for Linyuan, Qianzhen, Toufen, Zhongshan and Tianjin 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 companies in the 2023 Business Weekly "Carbon Competitiveness" rankings, received the Gold Award at the TCSA 2023 Taiwan Corporate Sustainability Report Awards and Taiwan Top 100 Corporate Sustainability Exemplary Awards, ranked among the top 10% of the proactive evaluation of occupational health and safety indicators in its sustainability report, won the 2023 Awards for Excellent Trading Businesses (contributions to Expansion in Emerging Markets Award - Africa Market), and TTC honored with the Net Zero Industrial Competitiveness Excellence Award by the 21st Century Foundation.
- 4 Published the 2022 Sustainability Report in June 2023.



Work plan for 2024

- 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 2023 Sustainability Report is scheduled for release in August 2024





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 2023, 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 The Committee periodically reviews the
 - salary and remuneration policy, system, standard, and structure,
 - performance evaluation of directors and managers. The remuneration Committee also determines and assesses the salary and remuneration of directors and managers with references to factors such as the median earnings in the industry, individual's duration of engagement, responsibilities, achievement of personal goals, salary and remuneration for equivalent positions, accomplishment of the Company's short-term and long-term business goals, and the Company's financial condition, then submit the results to the Board of Directors for approval.

 GRI 2-20


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.  GRI 2-19
- The total compensation ratio and ratio of the percentage change in total compensation in 2023 were 8.45:1 and 717.70%, respectively.  GRI 2-21

Performance evaluation

- The performance evaluation of directors covers the alignment with the corporate goals and missions, awareness of the directorial responsibility, development and communication of internal relationships, expertise and continuing professional development, and internal controls; The performance evaluation of managers cover the finance aspect (operating revenue, operating profits, and net income before tax), customers aspect (customer satisfaction, service quality, and others), products aspect (branding, quality innovation, and others), talents aspect (talents development, potential development, and others), safety aspect (zero pollution, zero emissions, zero occupational hazards, zero accidents, zero breakdown, and others), and program aspect (digital transformation, energy saving and carbon reduction, circular economy, net zero emissions, and others). The weight of indicators related to sustainability should be at least 5%. The performance indicators in 2023 and sustainability-related aspects for the President, include 16% for safety (comprise the five-zero goals and process safety management), 6% for carbon reduction achievement rate, and 6% for talent development programs.

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 2023, a total of 4 meetings were convened, with an actual attendance rate of 100%.
- 2 Authorities:
 - (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.
 - (2) Annual financial statements and profit distribution.
 - (3) Distribution of dividends to shareholders as bonus shares or capital increase.
 - (4) Modification of the internal control system.
 - (5) Proposal of abolition of non-compete restriction on directors.
 - (6) Accountant remuneration.
 - (7) Assessment of the independence of the accountant and the appointment of an accountant.
 - (8) Evaluation of the effectiveness of the internal control system.
 - (9) Interim financial reports.
 - (10) 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 2023.



TTC Shareholder
Structure



IP Management
Plan



Risk Management
Policy and Procedure



1.2 Economic Performance

GRI 3-3, GRI 201, 201-1, 201-4

Material Topic Economic Performance

Material 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.
	Objective	Maintain profitability annually
	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. Net operating loss of NT\$270 million was incurred in 2023 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, 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. 2. 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. 3. 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"

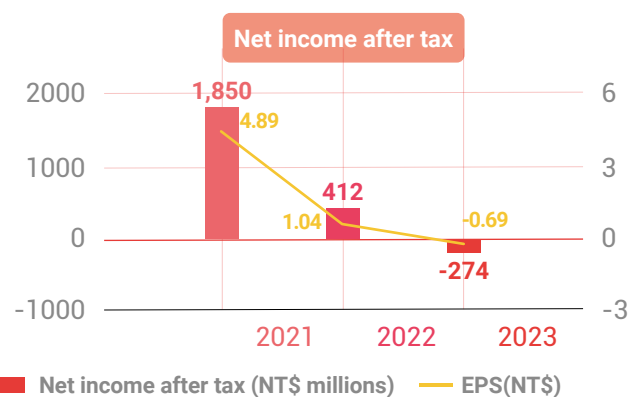
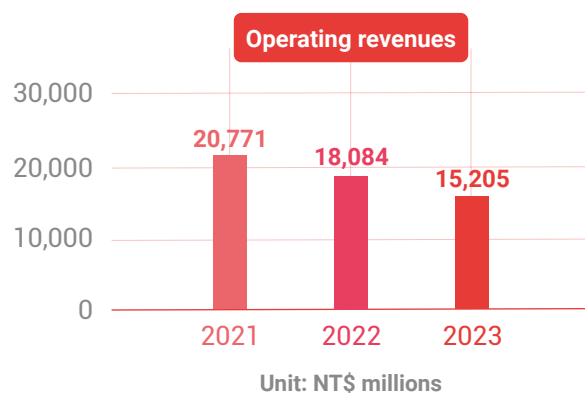
As of 2023, TTC had total assets of 8.9 billion, of which current assets were 5.5 billion, accounting for about 62% of total assets, and non-current assets were 3.4 billion, accounting for about 38% of total assets. The asset turnover rate for 2023 was 1.68 times.

TTC Consolidated Financial Information

Unit: NT\$ millions

Item	Basic Element	2021	2022	2023
Direct economic value	Sales revenue	20,771	18,084	15,205
	Financial investment income	4	0	1,115
	Asset sales revenue	0	0	0
	Subtotal	20,775	18,084	16,320
Distributed economic value	Operating costs	17,902	16,640	15,904
	Compensations and benefits for employees	696	580	541
	Payment to investors	947	199	119
	Payment to the government expense	320	445	147
	Investments in community	7	7	2
	Subtotal	19,872	17,871	16,713
Remained economic value		903	213	-393

TTC's revenue and net after tax over the past three years

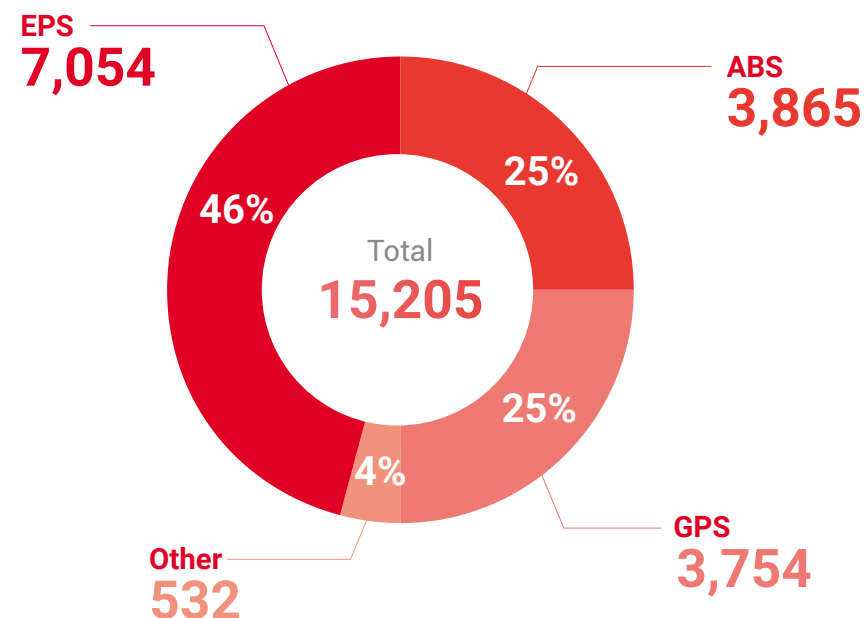


In 2023, the operating revenue was NT\$15.2 billion, of which revenue from the plastics sectors was NT\$14.7 billion (97%).

- The cost of goods sold in 2023 was NT\$14.8 billion, accounting for about 97% of operating revenue, with raw material costs accounting for about 90% of total manufacturing costs. TTC made payments to the government totaling approximately NT\$140 million, which were tax contributions made according to the law, accounting for 1% of the total individual business.
- Welfare expenses for 2023 (including post-retirement benefits, salaries, insurance, and other) were NT\$540 million, accounting for about 3% of the total cost and expenses.
- Financial subsidies received from the government in 2023: NT\$600,000.
- In 2023, the company's operational status continued to strengthen sales volume, committed to achieving full production and sales levels. 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.



Distribution of operating revenue by product type for TTC in 2023



Unit: NT\$ millions



Annual Financial
Reports



Dividend
distribution over
the years

► Please refer to the Market Observation Post System and [TTC's website \(https://www.ttc.com.tw\)](https://www.ttc.com.tw) for the consolidated financial statement of 2023.

1.3 Risk Management

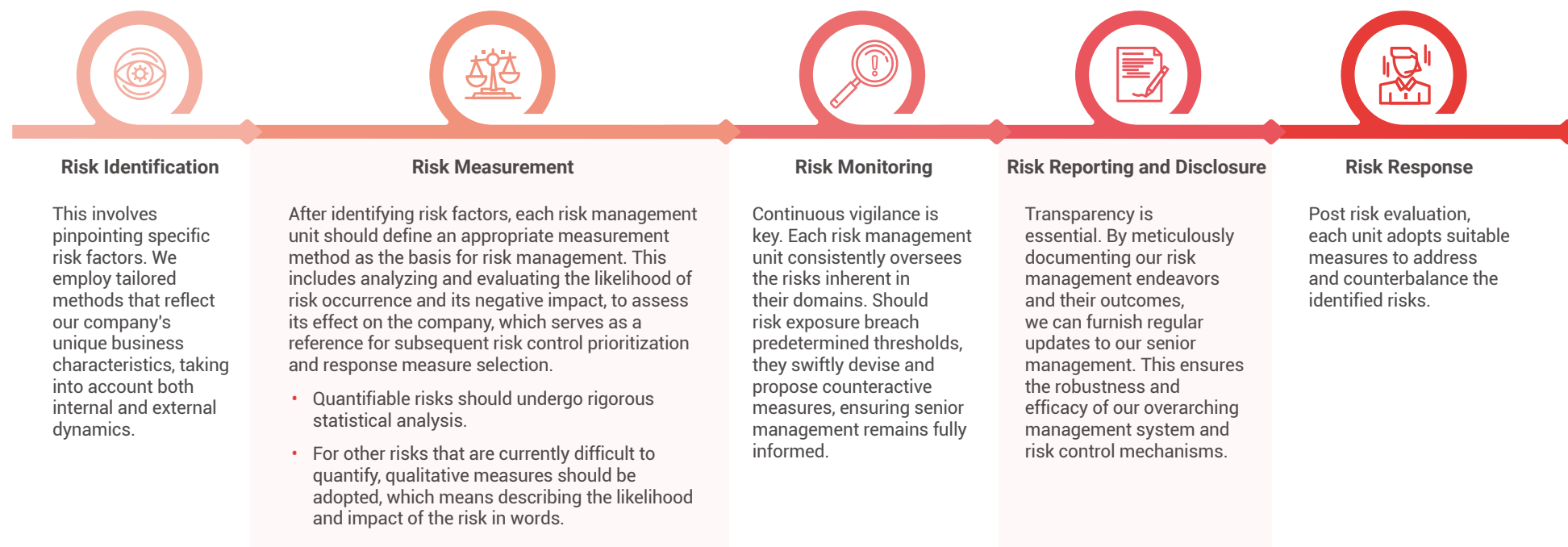
To fortify our corporate governance and mitigate potential operational risks, we're committed to ensuring the company's steadfast operation and ongoing growth. In line with this, the "[Risk Management Policy and Procedures](#)" were endorsed by the Audit Committee and the Board of Directors in December 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 Office/Facility and Environment Division
5	Information Security Risk	Group Information Systems Division
6	Legal Risk	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 Office/Management Department/General Manager'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 2023

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."



The operations of
risk management units

► For a detailed account of the operations of our risk management units in 2023, 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 2023, the internal audit unit completed its scheduled audits on time, issuing 49 audit reports and 6 follow-up reports, except for certain audit recommendations that are pending due to a lack of samples during the follow-up period and will be tracked in the following year, all other audit recommendations have been addressed, as summarized below:

Audit Name	Summary of Recommendations	Summary of Improvement Status
Industrial Safety and Environmental Protection Operation	During an inspection of the chemical warehouse in the Materials Finished Products Division at the Linyuan plant on April 17, it was discovered that items labeled as non-hazardous (lubricants) were stored in the area.	Non-compliant items were immediately removed after verification.
Subsidiary - TTC Zhongshan	Upon random inspection of the operational records for reaction tank 1# in one of the workshops, it was found that on September 13, the temperature of the sixth stage reactor was 121°C, deviating from the standard specification of maintaining a temperature of 105°C for an hour.	DCS records indicated a temperature of 104°C, leading to the conclusion that there was an error in manual transcription. Measures will be reinforced to ensure that personnel responsible for transcription pay closer attention to any data that exceeds the specified standards for anomalies. During the July follow-up inspection of operational records, no abnormalities or deficiencies were observed.
Procurement and Payment Cycle	A spot check of 8 maintenance contracting cases at the Linyuan plant revealed that the same contractor was engaged for three projects involving the replacement of the Tap C Valve Seat under consolidated negotiation, but each project was individually approved by the plant director. After consolidation, the approval for the total amount was at the level of the President.	The Engineering Department responded that the division of the contracting was due to considerations of cost sharing. Going forward, it will follow the recommendation to consolidate the cases for approval.

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 director and general manager 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 2023, our company organized training related to integrity management. A total of 313 employees attended, clocking 611.5 training hours. Here are the details:

Overview of Integrity Management Related Educational Training Programs

Course name	Course Duration	Total Attendees	Total Training Hours
Integrity Talk: Stop, Look, and Listen to Cybersecurity Traps	2	137	274
Integrity Talk: Video Advocacy - Preventing Insider Trading	0.5	11	5.5
Integrity Talk: Legal Awareness and Response Required in the Intelligent Era	2	138	276
Integrity Talk: Legal Advocacy - Insider Trading and Gender Equality	2	17	34
Integrity Talk: Prevention of Workplace Violence (Bullying)	2	7	14
Integrity Talk: Practical Cases of Insider Trading and Associated Legal Responsibilities	3	1	3
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
Total	-	313	611.5

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 2023, 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 3, 2023, which included:

- 1 Establish regulations to practically implement the ethical management policy according to the laws and regulations.
- 2 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.
- 3 Planning internal organization framework and designating monitoring mechanisms for business activities with higher risks of unethical behavior.
- 4 Promoting and coordinating awareness and educational activities with respect to ethics policy.
- 5 We have put in place a whistleblowing system to ensure its effective execution - According to statistics, no reports of any illegal incidents were received this year.
- 6 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.

Whistleblowing 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.



1.4.2 Violations, Fines Imposed, and Rectifications

Details of reasons for penalties, amounts, and corrective actions taken by the company in 2023 are as follows:

Factory Area	Competent Authority	Causes of Fine	Fine Amount (NT\$10K)	Improvement
Linyuan Factory	Kaohsiung City Environmental Protection Bureau	On September 8, 2023, inspectors from the Kaohsiung City Environmental Protection Bureau Auditing Section conducted an odor patrol inspection at the Plant. They discovered that the exhaust hood of the extruder at Line A in Area 26 was inefficient at capturing emissions, leading to odor dispersion. A fine of NT\$225,000 was imposed in accordance with Paragraph 1, Article 23 of the Air Pollution Control Act.	22.5	<ol style="list-style-type: none"> 1 The exhaust hood and collection duct of the extruder at Line A in Area 26 were immediately cleaned with steam, and the fan belts were replaced and inspected on the spot. 2 The belt driven pulley was replaced and the damper settings were adjusted. 3 Following the repairs to the exhaust hood, it is mandatory to take photos and record video before resuming operations, and to test for VOCs concentrations (recommended to be below 10 ppm) to confirm exhaust hood (effectiveness of the exhaust). 4 Officials from the Environmental Protection Bureau confirmed on September 12 that the improvements at Line A in Area 26 had been successfully completed.
Linyuan Factory	Kaohsiung City Environmental Protection Bureau	On September 8, 2023, the Air pollution and Noise control Division of the Kaohsiung City Environmental Protection Bureau dispatched inspectors to the Plant. They found discrepancies between the actual emission paths of the neutralization tanks and screening machines in Area 26 and the emissions directions indicated on the Stationary Pollution Source Operation Permit (M02). A fine of NT\$130,000 was imposed in accordance with Paragraph 2, Article 24 of the Air Pollution Control Act.	13	<ol style="list-style-type: none"> 1 The sizes of the covers for the neutralization and coagulation tanks were re-verified. If any discrepancies were found, new covers were fabricated and fitted with rubber gaskets to enhance sealing effectiveness. 2 The exhaust hoods of the screening machines were redesigned and fabricated to channel emissions into the RTO for treatment. 3 Following the requirements of the Environmental Protection Bureau, an application for a change to the air pollution permit (M02) was submitted on October 17. Following, in accordance with the regulations for "Mandatory Improvements within a Specified Period under the Air Pollution Control Act", an improvement report will be submitted to the Environmental Protection Bureau within 90 days of receiving the notification.
Linyuan Factory	Kaohsiung City Environmental Protection Bureau	On September 12, 2023, the Air pollution and Noise control Division of the Kaohsiung City Environmental Protection Bureau dispatched inspectors to the Plant to conduct inspection checks on equipment components. The inspection revealed that two points of equipment components had leak concentrations exceeding the "Kaohsiung City Equipment Component Volatile Organic Compounds Control and Emission Standards", set at 2000ppm. A fine of NT\$150,000 was imposed under Paragraph 1, Article 20 of the Air Pollution Control Act.	15	The leaking components located at Area 24 (P2423-2N03) and Area 25 (E2521-2F02) were immediately repaired by the mechanical repair section during the inspection. On September 13, an external inspection testing company was commissioned to reinspection these components, and the results were reported to the Environmental Protection Bureau, confirming that the improvements were satisfactory.