2 Build Innovative Supply Chains

2.1 Product Quality

GRI 3-3

Material Topic Product quality

Material Reason Under the foundation of pursuing sustainable business practices, we aim to provide our clients with satisfactory quality and service. We aim to grow alongside customers and suppliers, providing them with satisfactory quality and services. 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.
Objective	**2023 Goals** 1. Enhancement of basic properties of standard ABS products (Enhancement in glossiness to 99 GD) 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-layer sieve >90%) **Short-term Goals in 2024** 1. Enhancement of general-grade ABS product quality (heat resistance and ABS graft polymer aggregation) 2. Southeast Asian market demand - Enhancement of rapid prototyping grade EPS quality (processing and molding efficiency) **Medium- & Long-term Goals in 2030** 1. Enhancement of general-grade ABS quality (impact strength, appearance/coloration) 2. For process optimization and product development, compliance with the goal of safety and environmental five zeros (zero pollution, zero emissions, zero occupational hazards, zero accidents, and zero failures)
Management Plan	Provide stable product quality to enhance customer satisfaction.
Evaluation of the Management	1. Enhancement of ABS glossiness through the addition of auxiliary formulations 2. Compliance with the Bureau of Indian Standards (BIS) officials audit, and sampling conducted at the Kaohsiung Linyuan plant, and lead the ABS products certification by BIS 3. Improvement in the particle size concentration of EPS products was achieved by modifying the settings of the agitator blades used in suspension polymerization
Assessment Mechanism	1. ABS glossiness (analyzed at a 60-degree angle) 2. Indian officials obtained the certification based on sampling and analysis of product performance data 3. EPS product particle size concentration achieved with a three-layer sieve showing particle concentration > 90%
Assessment Result	Completion in 2023 ✓ ABS enhanced glossiness with elastomer copolymers increased from 95 GD to 99 GD ✓ ABS products obtained BIS certification license in India ✓ After adjusting the blade settings, the particle size concentration of the EPS through the three-layer sieve increased to 92%
Grievance Mechanism	1. ABS accreditation BIS liaison in India 2. If a customer is unsatisfied with ABS and EPS product quality, the customer complaint process will be initiated

Status and description for goal achievement

Management Plan	2023 Goals	2023 Achievements	Explanation (including reasons for non-achievement)
Enhancement of basic properties of standard ABS products (Enhancement in glossiness)	Glossiness increased from 95 GD to 99 GD	By adding an elastomer copolymer formula to ABS, glossiness is enhanced while keeping the additive concentration below 5%, resulting in an increase in glossiness from 95 GD to 99 GD	✓ The goal has been achieved
Obtain BIS certification for ABS products in India	Obtained the BIS certification, allowing ABS products to be imported into the Indian market	• In August 2022, TTC officially filed the application for BIS certification • In July 2023, obtained BIS certificate and certification number • Increased sales in the Indian market from an average of 589 tons per month in 2022 to an average of 1,569 tons per month in 2023	✓ The goal has been achieved
Improve particle size concentration of EPS products	The highest concentration consistency in the three-layer sieve enhances > 90%	After adjusting the blade settings, the particle size concentration of the EPS increased from 89% to 92% (Area 23)	✓ The goal has been achieved

2.1.1 Sales Regions for Major Products

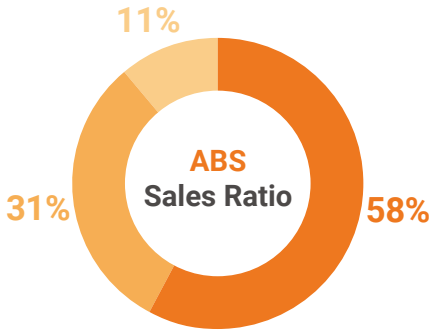
ABS/PS products manufactured at Linyuan and Qianzhen plants

Amidst the rapid expansion of new capacities in 2023, China gradually transitioned from an import country to an export. In response to market changes, TTC swiftly shifted its target markets, achieving favorable results throughout the year.

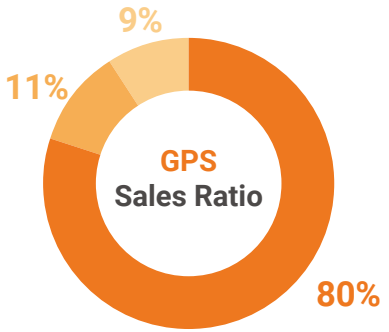
- ABS sales ratio in China and Hong Kong was reduced to 31%, with a major shift towards emerging markets in South Asia and Southeast Asia, and ongoing development in oceanic province.
- The GPS market continues to expand its reach into oceanic province, with the sales ratio in China and Hong Kong reduced to about 11%, while other sales regions are being further cultivated and developed.
- EPS sales remain steady as efforts continue to cultivate the Central and South American and Southeast Asian markets.

2023 Sales Distribution of Major Products by Region

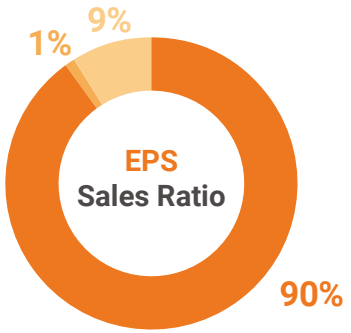
- Mainland China including Hong Kong
- Taiwan
- Other



Production volume of ABS products in 2023: 83,809 tons



Production volume of GPS products in 2023: 96,997 tons



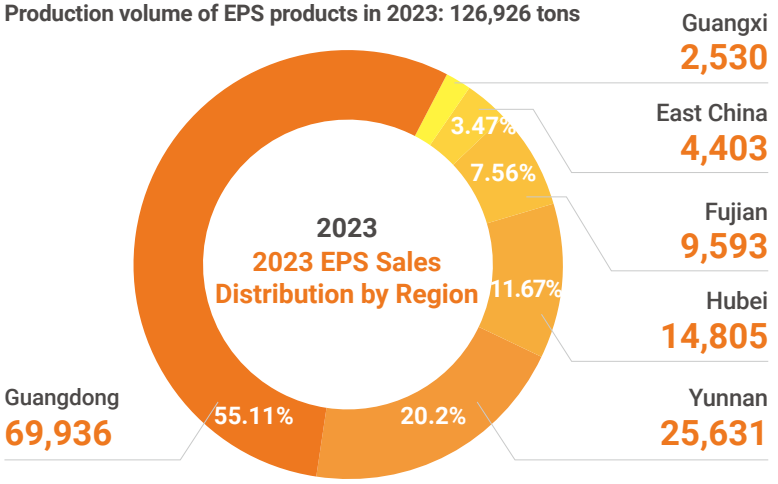
Production volume of EPS products in 2023: 57,600 tons

EPS produced by the Zhongshan plant

All sales from the Zhongshan plant were directed towards 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 plant establishment plan, sales in Fujian have been intensified, and there were minor sales in fringe markets.

In early 2023, due to the global economic downturn coupled with a decline in domestic demand and export barriers, overall demand in the South China region decreased by approximately 40% for the year. Efforts were channeled into stabilizing the existing customer base and actively exploring markets in Zhudong and Gulei pre-sales areas. This strategy involves increasing the base of regular customers and stabilizing transaction volumes to mitigate the impact of shrinking demand. Meanwhile, remained product quality, with continuous improvements in particle size concentration, and enhanced service awareness to increasing competitiveness. Furthermore, in 2023, due to reduced market demand, competition intensified particularly in traditional industries. Customers in the package molding sector were taking orders at nearly cost price, while customers in the panel business faced severe order shortages, tried to minimize losses to maintain production. Despite clients had previous technological innovations and machinery upgrades that enhanced production efficiency and reduced energy consumption (the requirements for the quality of EPS raw materials continued to increase), making the lack of operational capacity even more pronounced. Additionally, because of cutthroat competition within the industry, the overall sales volume slightly decreased from 129,292 tons in 2022 to 126,898 tons in 2023.

Production volume of EPS products in 2023: 126,926 tons

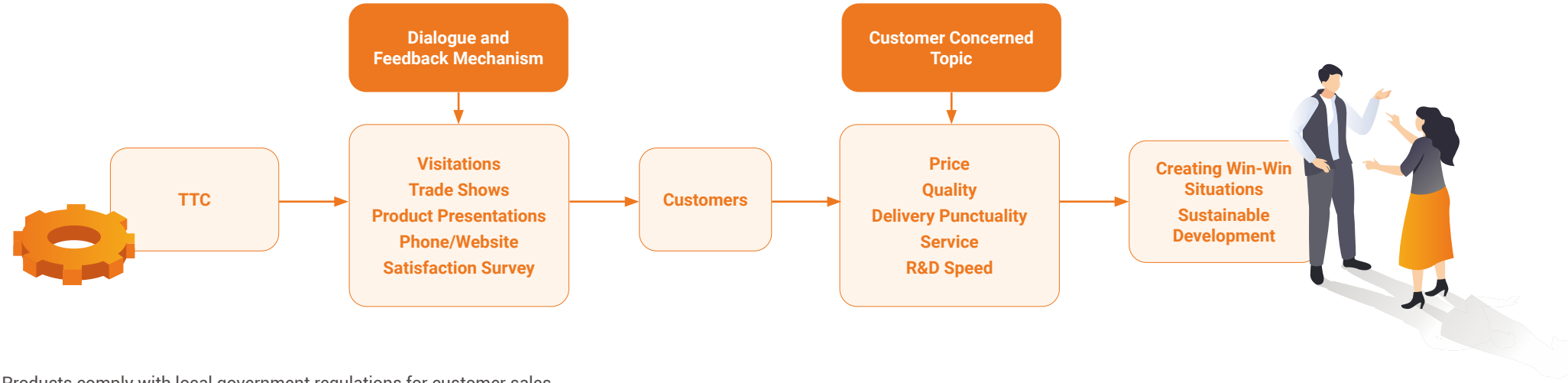


Glass wool from the Toufen plant

In 2023, domestic sales of glass wool products accounted for approximately 62%, while the remaining 38% were exported to New Zealand, Australia, the USA, South Africa, and various Southeast Asian countries. The domestic market for glass wool decline by 8% in 2023, with imports accounting for approximately 3% of the overall market, predominantly from India. It's projected that the domestic market will contract by about 2% in 2024 compared to 2023. In addition, due to intense competition with low prices in the Southeast Asian market, the focus of export sales will shift towards markets with higher prices, such as New Zealand and Australia. As a sluggish housing market in 2023, sales in the New Zealand and Australian markets remained stable compared to 2022. Plans are underway to continuously explore other market opportunities and actively enhance the breadth and depth of the export market. It's anticipated that the domestic to export sales ratio in 2024 will be 60% and 40%, respectively.

Production volume of glass wool products in 2023: 8,972 tons

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.
- ABS products obtained import permit from the Bureau of Indian Standards (BIS).

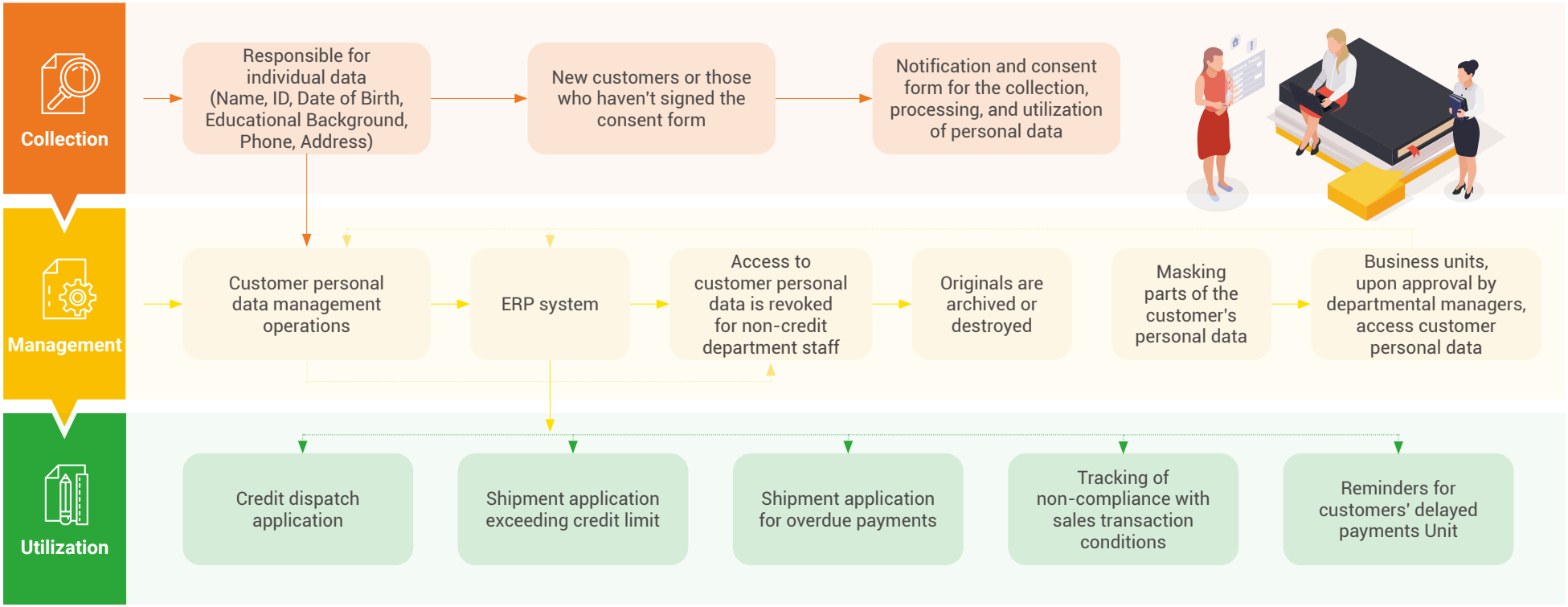
2 Improving product performance and customer satisfaction

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 2023 for Product Performance Improvement and Quality

- High-gloss ABS, glossiness increased from 95 GD to 99 GD, promoted through a rolling sales strategy.
- ABS products obtained import permit from the Bureau of Indian Standards (BIS) for entry into its market, increased sales in the Indian market from an average of 500 tons per month in 2022 to 1700 tons per month in 2023.
- EPS particle size concentration was improved by modifying the agitator blade settings in the suspension polymerization reaction, increasing the concentration from 88% to 90-92%.

4 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 2023, 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.

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 159 companies.

In 2023, the average customer satisfaction rate was 96%. Due to the disruptions caused by the COVID-19 pandemic, shipping schedules became unstable.

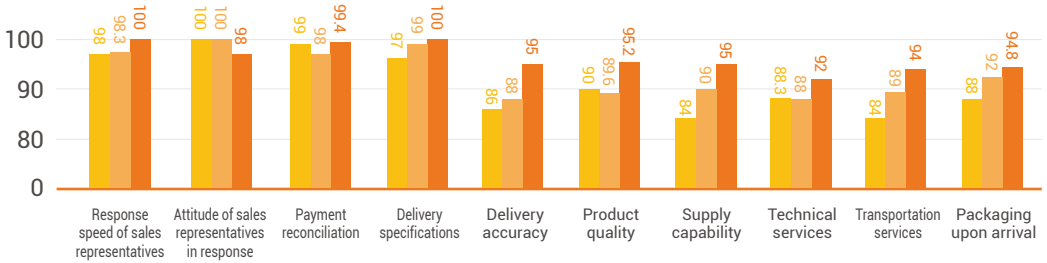
EPS produced by the Zhongshan plant

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 (155 companies in total). The average satisfaction in 2023 was 88%, achieving the set target. While product quality satisfaction remained stable, the primary reason was the minimal real improvement in particle size concentration, with occasional occurrences of uneven particle sizes being 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, stabilize product quality, increase our competitive edge in the industry, and continually enhance transportation services to uplift the overall service quality.

Glass wool and curve printing products from the Toufen plant

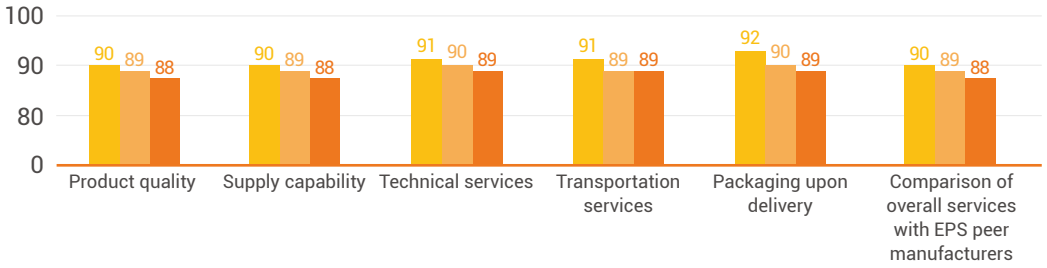
In 2023, the customer satisfaction survey for fiberglass insulation reached 95%, achieving the set goal of 90%. The customer satisfaction survey covers areas such as service attitude, delivery scheduling cooperation, speed of dispute resolution, quality status, and shipment cooperation. We conduct the customer satisfaction survey once a year, targeting the main customers who contributed to the highest 70% of the previous year's revenue (with 30 companies surveyed in 2023). After collating customer feedback, we draft a customer satisfaction report that proposes improvement plans and their outcomes. In 2023, 1 improvement plan was 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.

2021~2023 EPS Customer satisfaction survey for Zhongshan Plant ■ 2021 ■ 2022 ■ 2023



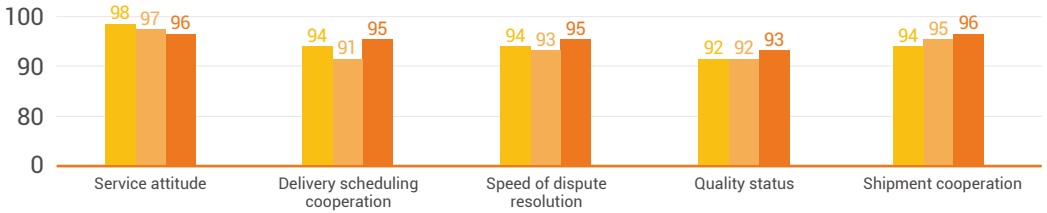
Unit: Percentage

2021~2023 EPS Customer Satisfaction Survey of Zhongshan plant ■ 2021 ■ 2022 ■ 2023



Unit: Percentage

2021~2023 EPS Customer satisfaction survey for Toufen plant ■ 2021 ■ 2022 ■ 2023



*Key customers are defined as those who account for 70% of total sales, both domestically and internationally

Unit: Percentage

2.2 Technology R&D

GRI 3-3

Material Topic Technical R&D

Material 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 The technical R&D capability affects product competitiveness, directly impacting company operations/profit growth and customer development requirements.

Impact Boundary Employees, customers, investors

Sustainability Principles and SDGs Alignment Building an innovative supply chain/ correlating with SDG 9 - Industry, Innovation, and Infrastructure

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.		
	Objective	**2023 Goals** 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 2. Development of heat-resistant ABS with client quality validation 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 4. Development of high molecular weight, high fluidity GPPS	**Short-term Goals in 2024** 1. Continuous promotion and development visits to construction companies for the Wood Flooring Fiberglass Insulation Soundproofing System. Goal: Visit potential clients to promote the Wood Flooring Fiberglass Insulation Soundproofing System 2. Control of particle size and concentration in the emulsion polymerization of general-grade ABS 3. Enhancement of the shelf life and optimization of the molding cycle for EPS products	**Medium- & Long-term Goals in 2030** 1. The wooden floor glass wool sound insulation system is applied to new collective residential buildings by construction companies 2. Control of particle size in the rubber and graft emulsion polymerization of ABS, aimed at developing specialized-grade ABS products 3. Development of specialized-grade EPS foam materials (high impact resistance and high thermal conductivity)
	Management Plan	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.		
	Evaluation of the Management	1. Monthly development meeting reports and review of R&D progress 2. New product development progress is included in key performance indicator evaluations		
	Assessment Mechanism	1. Promotion and Development of Wood Flooring Fiberglass Insulation Soundproofing System for Construction Companies 2. Development of heat-resistant ABS to meet client quality requirements or equivalent industry standards 3. Installed an extrusion dewatering machine to control the moisture content of rubber powder < 15% 4. Melt flow index of high molecular weight, high fluidity GPPS		
	Assessment Result	Completion in 2023 ✓ Visit 18 potential clients per month to promote the Wood Flooring Fiberglass Insulation Soundproofing System. Potter Pavilion - Taichung's National Taiwan Museum of Fine Arts and customer plant machine rooms in Kaohsiung. Wood Flooring - collaborate with a guest house in Miaoli and a design company in Kaohsiung and conduct residential implementations at a shop in Hualien Beibin ✓ The quality of ABS heat-resistant complies with a heat deflection temperature of >100°C ✓ High-rubber powder extrusion dewatering machine reduces the moisture content of the rubber powder to <15%, with an estimated capacity increase of about 40% ✓ The melt flow index (MFI) of high molecular weight, high fluidity GPPS meets the target (3.5g/10min)		
	Policy Adjustment	Gather comprehensive market information and leverage group/industry-academia R&D resources to shorten market promotion timelines and enhance market competitiveness.		

Status and Description for Goal Achievement

Management Plan	2023 Goals	2023 Achievements	Explanation (including reasons for non-achievement)
Technical R&D Progress Tracking	Visited 18 potential clients per month to promote the Wood Flooring Fiberglass Insulation Soundproofing System.	Provided wood flooring fiberglass to a Kaohsiung engineering company and a guest house operator in Miaoli's Zaozhuang, applied in their office spaces and guest houses as a demonstration system for the wood flooring fiberglass insulation soundproofing, facilitating introduction and promotion	✓ The goal has been achieved
	Heat-resistant ABS development	Development of traditional PMI (phenyl maleimide) copolymer formulations and cost-effective ABS alloys, both capable of meeting a heat deflection temperature of 100°C	✓ The goal has been achieved
	Equipment of high-rubber powder extrusion dewatering machine	ABS coagulation and dewatering process line batch testing results in a reduction of the rubber powder moisture content to 15%, which is expected to increase the extruder's production capacity by 40%	✓ The goal has been achieved
	High molecular weight, high fluidity polystyrene	Development of high-speed injection grade, high molecular weight, high fluidity GPPS with MFI >3.0g/10min	✓ 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 2021, 2022, and 2023 were NT$18.54 million, NT$15.31 million, and NT$15.83 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 continued 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%
4. High molecular weight, high fluidity injection grade GPPS

2.2.3 Ongoing R&D Projects

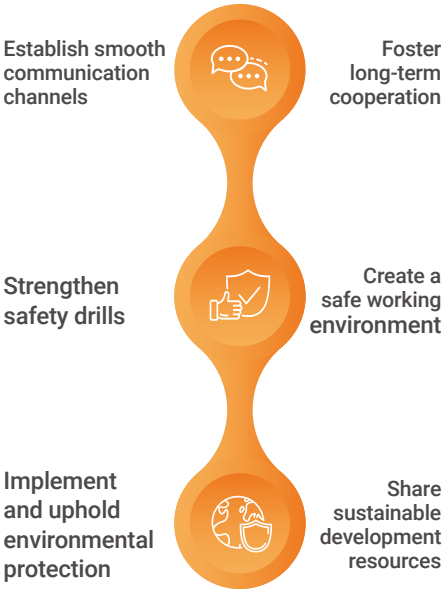
1. Continuous promotion and development visits to construction companies for the Wood Flooring Fiberglass Insulation Soundproofing System. Goal: Visit potential clients to promote the Wood Flooring Fiberglass Insulation Soundproofing System
2. Control of particle size and concentration in the emulsion polymerization of general-grade ABS
3. Enhancement of the shelf life and optimization of the molding cycle for EPS products
4. Process optimization and product development, compliance with the goal of safety and environmental five zeros (zero pollution, zero emissions, zero occupational hazards, zero accidents, and zero failures)

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.

Objectives and strategies for sustainable supply chain development



Implementation and planning for sustainable development of supply chain

TTC is committed to promoting sustainable operational development. Since 2018, they've introduced the "Supplier Social Responsibility Commitment Letter" for long-term raw material suppliers, requiring commitments on human rights, workplace safety, hygiene, environmental protection, and conflict minerals. The signing rate for these commitments reached 100% in 2023. Starting in 2023, TTC also implemented audit evaluation form for plant visits and began searches on environmental protection administration, local environmental bureaus, and public information websites to check whether suppliers had violated local environmental laws. Based on the search results, these will be used for subsequent risk assessments, the related execution and future plans are as follows:

Short-term plan (one year/2024)	Medium-term plan (three years/2025-2026)	Long-term plan (five years/2027)
Both existing and new suppliers with the past two years transaction records have all signed the Supplier Social Responsibility Commitment Letter by 2023, achieving a 100% signing rate.	Starting in 2023, TTC initially conducted on-site audits for major raw material suppliers and special auxiliary material suppliers, and require suppliers to complete Supplier Code of Conduct and Quality Requirements Self-Assessment Form. Starting in 2024, the scope of supplier plant audits will be expanded, and the content of these audits will be gradually adjusted to ensure that all suppliers working with TTC meet social and environmental assessment standards.	Based on the results of the plant audits, if deficiencies are identified with suppliers, relevant professionals from the Company will be appointed to provide recommendations and assist with improvements. It is expected that all suppliers will comply with the social and environmental assessment standards set by TTC.

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.

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:

Risk Prevention

- Establish long-term, favorable cooperation with suppliers, with most items being supplied by two or more suppliers to reduce the risk of sole-source procurement.
- Increase the flexibility of internal safety stock mechanisms to adapt to significant market fluctuations.
- Purchasers implement education/training for the sustainable supply chain.
- HSE education/training for contractors.
- Implement the "Supplier Code of Conduct and Quality Requirements Self-Assessment Form" to investigate potential environmental and social negative impacts.

Impact Response

- Adjust the supply proportion of suppliers, timely supplement or dispatch from other suppliers. Increase local procurement to mitigate risks arising from international transportation delays.
- For construction projects, the ESH unit immediately investigates personnel safety, equipment damage, and environmental impact. After consolidation, the ESH unit will hand over the results to related units to address and understand the situations.

Future Planning

- An assessment mechanism will be established based on the purchasing amount, project outsourcing amount, or project importance, and the onsite audit results of the abovementioned sustainable development strategy.

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 the Materials Planning Department 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 certify suppliers with accreditation bodies, 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 director and the president, 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 qualifying threshold for the annual evaluation of raw material suppliers is set at 75 or above. Apart from the suppliers with scores above 85 for three consecutive years may be exempt from evaluation. In 2023, the qualification rate for raw material supplier evaluations at all plants exceeded 100%, with the evaluated suppliers representing 100% of the year's transactional suppliers.

Note 1: The primary reference points for assessing environmental and occupational safety are ISO 14001 and ISO 45001.
Note 2: (E), (S), (G) represent respectively environmental, social, and governance aspects.

Supplier Cultivation

Suppliers' sample test and qualification review

1

Qualification Certification

Registration of qualified suppliers using the "Group Supplier Application Form/Qualified Supplier Application Form".

2

Ongoing Evaluation

Annual supplier assessment using the "Supplier Evaluation Form".

3

Results of Raw Materials Supplier Evaluation 2021-2023

Year	2021	2022	2023
Number of Evaluations (Including Zhongshan plant)	233	256	250
Pass Rate	100%	100%	100%

Note: Supplier scores below 59 in the evaluation, the transactions with this supplier will be suspended or terminated as per regulations.

(2) Contractor Evaluation Management

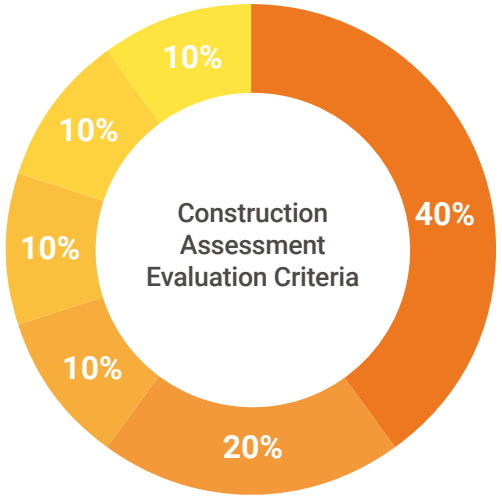
Subcontracting policy primarily focuses on local contractors. Register qualified contractors' information and classified after being evaluated based on their capability and quality. This classification serves as a recommendation and reference for soliciting project bids. During the construction process, 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.

Contractor Cultivation — Selection of new contractors - Distributing the "Contractor Survey Form". 1

Qualification Certification — Register qualified contractors - "Contractor Classification Directory". 2

Constant Update — Periodically updating contractor files - Adjustments for equipment, capabilities, expertise, etc. 3

Evaluation — Construction assessment - "Construction Evaluation Form". 4



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

Construction Assessment Results from 2021 to 2023

Year	2021	2022	2023
Projects Evaluated	137	63	60
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 2023, the proportion of local procurement from the Taiwan factory was 91% of the total procurement amount, while the Zhongshan factory in China maintained a 99% 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 2023, the procurement of these bulk raw materials accounted for 92% of TTC's annual procurement total. There were 9 suppliers for these raw materials, of which 7 were Taiwanese.

Breakdown of 2023 Procurement for Key Raw Materials in Taiwan

Locations/Materials	Styrene	Acrylonitrile	Butadiene
Taiwan	50%	100%	100%
Foreign	50%	0%	0%
Source	2 Local Suppliers	2 Local Suppliers	3 Local Suppliers
	2 Foreign Suppliers	0 Foreign Suppliers	0 Foreign Suppliers

Breakdown of 2023 Procurement for Key Raw Materials in Zhongshan Plant

Locations/Materials	Styrene (Zhongshan)
China	100%
Non-China	0%
Source	8 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.