Corporate Sustainability Vision

1. Sustainable Vision and Business Strategy   GRI 2-16, GRI 2-22, GRI 2-23, GRI 2-24
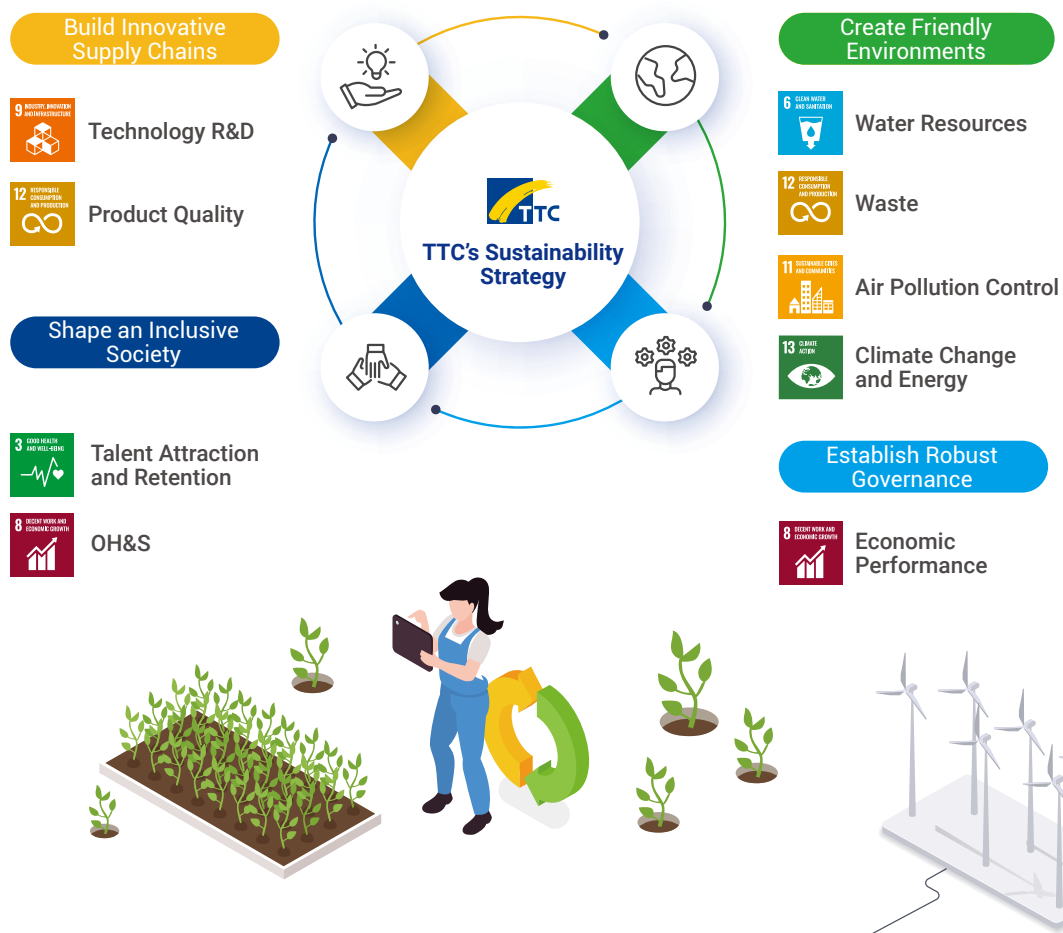
Based on the USIG vision to "create and cohere sustainable value for a sustainable society," we hope to constantly create and cohere sustainable value to contribute to social sustainability. Based on the sustainable vision, we have developed three core strategies: "R&D and innovation," "steady operations," and "social inclusion," hoping to create value with stakeholders together. We extend the contents of the core strategies into seven key topics as the foundation for TTC's Sustainability Strategy

As a member of the USI Group (USIG), TTC will strive to uphold the group's vision and establish four main sustainability principles: establish robust governance, creating an innovative supply chain, fostering a friendly environment, and fostering an inclusive society. We will link issues, and each year we review the consistency between the results of analyzing major issues and sustainable principles, as well as reviewing the status of annual progress achievements. TTC's sustainability strategy and its plans to promote economic, environmental, and social aspects are as mentioned below:

USIG Sustainable Vision

Create sustainable value for a sustainable society

Core Strategy

R&D and Innovation	Solid Operational	Social Inclusion

Key Topics

Product Innovation and Process Optimization	Circular Economy	Management Governance	Climate Change and Energy Management	Health, Safety, and Environmental Management	Talent Cultivation and Development	Social Engagement

Honest and Reasonable Partners (employees and supply chain)

TTC's Sustainability Strategy

Build Innovative Supply Chains
- 9 Technology R&D
- 12 Product Quality

Shape an Inclusive Society
- 3 Talent Attraction and Retention
- 8 OH&S

Create Friendly Environments
- 6 Water Resources
- 12 Waste
- 11 Air Pollution Control
- 13 Climate Change and Energy

Establish Robust Governance
- 8 Economic Performance

TTC

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Sustainability Strategy and Short/Medium to Long-term Plan

	Short-term (2024)		Mid to Long-term (2025 ~ 2030)
	Plan	**Objective**	
Governance	• Conduct production and sales budgeting • Continually plan for capacity expansion • Ongoing planning for bottleneck elimination • Retain strong and eliminate weak sales to enhance market competitiveness and maintain profitability • Improve the basic performance of general-grade ABS products • Obtain BIS certification for ABS products in India • Improve particle size concentration of EPS products	• 85% total production and total sales of ABS/SAN, 100% of GPS, 100% of EPS, 85% of Zhongshan EPS, and 100% of GW • ABS+12,000 tons, EPS+4,200 tons • Maintain profitability annually • Improve glossiness up to 99 GD • Comply with Indian BIS standards • Three-layer concentration > 90%	• Understand customer needs for the product, integrate USIG's functional technology, and develop products that meet customer requirements • Retain strong and eliminate weak sales, adjust sales strategy, and strengthen sales of advantageous products • Market development and expansion of product applications are jointly carried out by R&D personnel and business units • Optimize EPS process • Enhancement of general-grade ABS product quality (heat resistance and ABS graft polymer aggregation) • Southeast Asian market demand - Enhancement of rapid prototyping grade EPS quality (processing and molding efficiency) • Enhancement of general-grade ABS quality (impact strength, appearance/coloration)
Environmental	• Environmental laws are becoming increasingly stringent, so work on industrial safety and environmental production can never be relaxed, with each Plant's head acting as the person in charge of the plant area • The Taipei head office and mainland companies have introduced the ISO 14064-1 greenhouse gas inventory • Reduce the environmental impact of energy consumption • Set energy-saving and carbon-reducing targets • Reduce the impact of air pollution emissions on the environment and the health of residents • Reduce the harm of waste to the environment and human health	• Assign responsibilities for industrial safety and environmental production at different levels • The greenhouse gas inventory of the Taipei head office and mainland companies will complete external verification and certification before 3Q 2024 • Reduce energy consumption per unit of product by 3% • Electricity saving rate of 1%, the annual carbon reduction target achievement rate of 100% • The number of fines for exceeding air pollutant emission limits is 0 • The proper waste handling rate is 100%	• Energy consumption per unit of product is reduced by 5% compared to the 2017 baseline year • The number of fines for exceeding air pollutant emission limits is 0 • The proper waste handling rate is 100%
Social	• Guidance and training for Process Safety Management (PSM) • Create a happy workplace, providing employees with a safe and enjoyable work environment • Provide employees with comprehensive education and training • Reduce occupational accidents • Equal pay regardless of gender • Sponsorship of social welfare	• Scheduled to complete the PSM system by February 2024 for Linyuan and Qianzhen factories • Reduce the turnover rate to below 7.5% • Average training goal is 18.5 hours per person • Zero industrial accidents, zero incidents of disabling injuries • No violations of labor laws and human rights	• Linyuan and Qianzhen plants continue to promote PSM • Reduce the turnover rate to below 7.5% • Average training goal is 20 hours per person • Strengthen industrial safety inspections, zero industrial accidents • Care for vulnerable groups, fulfill social responsibilities • 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)

2. Operating Philosophy and Strategic Goals:

As part of the USIG, TTC has inherited the group's operating philosophy of "prudence, professional management, pursuit of excellence, and service to society", and the corporate cultural characteristics of "pursuing rationalization, pragmatism, continuous improvement, honesty and fairness, harmony as the most precious, respect and care". By integrating efficient management methods of modern enterprises, TTC uses "knowledge", "innovation", "integration", and "development" as pillars to build its corporate territory, to achieve the goals of sustainable operation and continuous growth of the enterprise.

Preservation of Corporate Culture
- Pursuit of Rationality
- Pragmatism
- Continuously Strive for Perfection
- Honesty and Clarity
- Harmony is Precious
- Respect and Care

Build Support of Corporate Empire
- Knowledge
- Innovation
- Integration
- Development

Operating Philosophy
- Solid Operations
- Professional Management
- Seeking Excellence
- Serving Society

Operating goal: Provide customers with satisfactory operational quality

2023 Strategic Focus: Resilience + Flexibility

1. Production and Sales Budget: ABS/SAN all produced and sold 85%. GPS all produced and sold 100%. Qianzhen EPS all produced and sold 100%. Zhongshan EPS all produced and sold 85%. GW all produced and sold 100%.
2. ABS/GPS developing non-mainland market
3. Continually plan for capacity expansion
4. Continuous planning for bottlenecks: ABS + 12,000 tons; EPS +4,200 tons

Short-term Goals

- Develop dominant markets, adjust sales strategies, and enhance sales of dominant products
- Implement the management of raw materials/finished products and supply chain
- Improve operational efficiency
- Improve customer service quality

Medium & Long-term Goals

- Collect information from the market in-depth, provide technical services to customers, conduct market development and expand product application fields
- Understand the current situation of global bulk raw materials, optimize supply chain management and profit opportunities from product sales
- Set target markets and customers, leveraging the existing market advantages of TTC to enhance overall operational efficiency and profitability
- Research and develop new and niche products that are friendly to the environment and customers, meet market and customer needs, improve technical research and development capabilities, and enhance company profits

Our Value Chain   GRI 2-6

1. Main Products and Value Chain

The main products of TTC are ABS resin, AS resin, GPS, EPS, High Impact Polystyrene (referred to as IPS), and glass wool.

Industry Scale	
ABS	ABS: Production volume 100,000 tons/year; SAN products: Production volume 20,000 tons/year, exploring export markets in Southeast Asia/South America
GPS	GPS: Production volume 100,000 tons/year, mainly exported to South Africa/Egypt/Southeast Asia
EPS	EPS (including mainland China): Production volume 240,000 tons/year, applied to the packaging material market and anti-static packaging market, mainly exported to Central and South America/Southeast Asia/Canada/Australia

Upstream

Raw material suppliers

Butadiene

Propylene

Styrene

Window glass, silica sand, metal oxides

Midstream

Taita Chemical Co., Ltd.
(Polymerization and blending granulation process)

• **Linyuan Plant**
TAITALAC® ABS Resin

• **Linyuan Plant**
TAITALAC® SAN Resin

• **Qianzhen Plant**
TAITAREX® GPPS Resin

• **Qianzhen Plant/Zhongshan Plant**
TAITACELL® EPS foam

• **Qianzhen Plant**
TAITAREX® HIPS Resin

• **Toufen Plant**
High temperature melting/spinning forming process

Downstream

Processing plants/Clients

ABS
Battery cases, safety helmets, pipes, bathroom accessories, and applications requiring flame retardant, etc.

AS
Bathroom, packaging, fruit and vegetable boxes, and building materials, etc.

GPS
Home appliances, 3C accessories, light guide plates, food containers, and packaging boxes, etc.

EPS
Packaging, food containers, and building materials, etc.

IPS
Computer peripheral products, household appliances, pressing board products, wire reels, and floats, etc.

Glass wool
Rolls, boards, sheets, ceiling panels, insulation pipes, and covered glass wool, etc.

2. Company History and Operational Site Distribution   GRI 2-1

2010 - 2023

- In April 2022, the curved surface printing at Toufen plant was temporarily suspended due to market factors, and production was halted.
- In April 2019, the Tianjin plant in China temporarily ceased production because the expected contraction of the northern market made it impossible to continue making a profit. Staff were subsequently legally dismissed.
- In the first quarter of 2014, the Linyuan plant completed the ABS debottlenecking project, increasing its annual production capacity to 100,000 tons.
- In 2012, the Tianjin plant completed the EPS debottlenecking project, enhancing its annual production capacity to 134,000 tons.

2000 - 2009

- In the third quarter of 2008, the Qianzhen and Zhongshan factories completed production line debottlenecking, increasing their annual production capacities to 66,000 tons and 180,000 tons, respectively.
- In September 2005, the Tianjin plant in China was established, initiating two EPS production lines with an annual capacity of 100,000 tons.
- In October 2004, the Zhongshan plant in China completed the third EPS production line, expanding its annual capacity to 150,000 tons.
- In November 2003, Taita Chemical (Tianjin) Co., Ltd. was established.
- In May 2001, the Qianzhen plant successfully launched the GPS/IPS NOVA new process with an annual capacity of 100,000 tons.
- In May 2000, the Zhongshan plant in China completed its first EPS production line and successfully launched production of 50,000 tons. In the same year, in October, it completed its second production line, expanding its annual capacity to 100,000 tons.

1990 - 1999

- In March 1999, Taita Chemical (Zhongshan) Co., Ltd. was established.
- In March 1997, BTRN Asia transferred all of its 51% stake in our company to an overseas holding company jointly indirectly invested by USI Corporation and UPC Corporation
- In March 1991, a glass wool plant was established in Toufen.

1960 - 1989

- In June 1987, a curved surface printing plant was established in Toufen.
- In December 1983, the production of Formica and phenolic resin ceased.
- In August 1979, an ABS resin plant was constructed in the Linyuan Industrial Area in Kaohsiung.
- In March 1967, polystyrene and phenolic resin production equipment were added, both were firsts in the country.
- In April 1960, the company was established and set up a plant in Qianzhen, Kaohsiung, becoming the first plant in the country to produce Formica chemical raw materials.

CHINA

Tianjin Plant

Toufen Plant

Taipei Headquarter

Zhongshan Plant

Qianzhen Plant

TAIWAN

Linyuan Plant

Kaohsiung Branch

Company Profile	
Name of Company	TAITA CHEMICAL CO., LTD.
Industry	Plastic Industry/Glass Wool/Curved Surface Printing
Headquarters location	12F, No. 37, Jihu Road, Neihu District, Taipei City
Capital	NT$3.976 billion
Net income	NT$15.2 billion
Numbers of employees	496 people

Note: The above data is as of December 31, 2023.

3. Participation in External Organizations `GRI 2-28`

Communication is one of the proactive actions to promote professional growth. TTC participates in various professional groups, combining external forces to strengthen influence, and promoting technical and capability improvements in various fields through interactive sharing among public associations. We support public associations to compile publications and organizing activities, jointly dedicated to promoting industry development.

TTC Participation in Major External Organizations in 2023			
Name of Organization	Member	Committee member	Supervisor/ Director
Petrochemical Industry Association of Taiwan	●	●	●
Taiwan Synthetic Resins Manufacturers Association	●		●
Taiwan Plastics Industry Association	●		
Taiwan Responsible Care Association (TRCA)	●	●	
Taiwan Fire Safety & Material Association	●		

Stakeholder Engagement
`GRI 2-29`

1. Stakeholder Communication and Participation

Stakeholders are those who affect or are affected by an organization's operations or whom the company is responsible and of which it is obliged to respond. Through pro-active and extensive communication with stakeholders, we can adequately understand and respond timely to the concerns and topics raised by them. These can help us sustain our improvement and growth. The trust and support of the stakeholders make TTC push even more for sustainable development.

2. Categories of Stakeholders

Employees
Current employees and contracted staff.

Partners
Corporate allies.

Community residents
Neighborhood communities, local groups, and local schools.

Non-profit organizations
Industry associations, local representatives, environmental groups, labor rights groups, and others.

Investors
General shareholders and corporate shareholders.

Academic institutions
Academic groups.

Government agencies
Local government authorities.

Suppliers/Contracts
Existing suppliers, existing contractors, potential suppliers, and potential contractor.

Customers
Existing customers and potential customers.

Peers
Industry peers.

Media
Newspapers, radio stations, and magazines.

Every two years, a survey is conducted with the ESG Committee's working groups, plant managers, and USIG's common service department managers. The survey assesses stakeholders that they interact with or influence, such as the aforementioned 11 types of group organizations, based on the principles of responsibility, influence, dependence, tension, and diversity outlined in the AA 1000 SES (2015) (Stakeholder Engagement Standards, abbreviated as SES).

3. Core Stakeholder Identification Assessment

In December 2022, 61 evaluation questionnaires were collected and discussed by the ESG Committee's Project Secretary and three group leaders. According to the assessment score, six types of stakeholders were identified as core: (1) Customers, (2) Employees, (3) Suppliers/Contractors, (4) Government Agencies, (5) Investors, and (6) Community Residents. These core stakeholders are the basis for prioritizing communication with stakeholders at our company.

4. Stakeholder Communication Channels

Core Stakeholders	Contact Stakeholders	Phone No.
Employees	Administrative Department, Mr. Tsai	07-7040988 ext. 1308
Customers	Sales Department, Ms. Wu	07-7040988 ext. 6214
Investors	Spokesperson, Director Huang	07-7040988 ext. 3278
Government agencies	Safety Office, Mr. Yeh	07-7040988 ext. 1328
Suppliers/Contractors	Procurement Division, Ms. Shih	07-7040988 ext. 6725
Residents of local communities	Manager's Office, Mr. Li	07-7040988 ext. 1322

5. Key Stakeholder Concerns, Communication Channels and Implementation Status

TTC uncovers the concerned topics raised by stakeholders through various communication channels and use these as major references for the content of our ESG reports and future ESG development. We also rely on the ESG reports to communicate with core stakeholders and promote exchange between the company and stakeholders to pursue mutual progress and growth.

The communication status with each key stakeholder will be reported annually at the ESG Committee meeting, and simultaneously reported to the Board of Directors.

Stakeholders	Significance	Concerned Topic	Communication Methods and Frequency	Our Company's Response	Communication Results
Employees	Employees are the most important assets of a company and are one of the key factors for successful operations. Our company employs people based on their talent and suitability, allowing employees to work with peace of mind, fully showcasing their expertise, and exerting their abilities to achieve the company's sustainability goals.	• Recruitment and Retention • Occupational Health and Safety • Labor-management Relations • Employee Benefits	• HSE Management Committee meeting: Once every two months • Process Safety Management (PSM) meeting: Once a month • Union Board/ Occupational Safety and Health Committee/ Welfare Committee: Once per quarter • Union Representative Conference: Once a year • Employee Retirement Fund Committee: Once every half year • Performance Review: Once a year • Health Check-up Feedback Session and Group Insurance Information Session (including employees' families): Once a year • Signing of Personal Data Protection/ Confidentiality: New employees sign upon arrival • Educational Training (Specialized Training, Safety Training, and Job Instruction) Scheduled according to the needs • Gender Equality Complaint Mailbox/ Employee Complaint Mailbox/ Suggestion System: Available anytime • Club Activities: Irregularly	**Response Department: Administrative Department, Safety Office** • We aim to create a happy workplace by establishing comprehensive welfare measures to create a joyful and harmonious work environment. This allows employees to work peacefully, maintain employee stability, and reduces turnover. • We continue to implement the ISO 45001 occupational health and safety management system and PSM system to reduce safety and health risks and prevent and reduce occupational accidents through systematic management. Every year, all our employees are entrusted to major qualified hospitals for health check-ups to protect their health. • All factories in Taiwan have regular meetings of the Union Supervisory Board, and related company managers attend, communicating face-to-face with union leaders. There is also annual membership training, which union members enthusiastically participate in, to build mutual consensus and improve labor-management cooperation. • The company allocates 0.15% of the monthly turnover as the activity fund for the Employee Welfare Committee, to reward the daily hard work of employees. We also periodically hold employee travel activities to relieve work pressure and enhance physical health, thereby increasing cohesion.	• Union board meetings: 4 times a year • Union general meetings: Once a year • Labor-Management Meeting: 4 times a year • Employee Welfare Committee Meeting: 4 times a year • Employee Retirement Fund Committee Meeting: 4 times a year • Group Insurance Explanation Session: Once a year • HSE Management Committee meeting: 6 times a year • OHS Committee meeting: 4 times a year • PSM meeting: 12 times a year • Post-health check-up feedback session Once per year
Customers	Customers are crucial partners for the operation and development of our company. We aim to satisfy our customers through order fulfillment and product improvement. Customer quality requirements also impact our company's technological R&D and quality management.	• Product and Service Quality • Technology R&D • Business Performance	• Credit visit loan amount: On-demand • Professional institution evaluation: When setting loan amount • Legal regulation/ Quality Assurance meeting review: Once a month • International exhibitions and product explanation sessions: At least once a year • Technical service/ Customer factory visits/ Customer visits: As needed or irregularly • Customer satisfaction survey: At least once a year • Execution of joint development of customized products: As needed • Company website: Updating domestic and foreign product certification information anytime	**Response Department: Sales, Technical Service, and Quality Control Department** • Our company values the opinions and suggestions of customers, which serve as a reference for internal operational improvement. We also conduct customer satisfaction surveys for our domestic and international customers at least once a year, carry out necessary corrective measures, and present review reports in management meetings to provide good customer service and gain customers' trust in our company. • The Company 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. • Our company focuses on product functions and features, conducting quality improvement, performance enhancement, new product development and verification, and developing high value-added products. And 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, to keep surplus profits every year	• Legal regulation/ Quality Assurance meeting review: 12 times • Customer satisfaction survey: 1 time • International exhibitions and product explanation sessions: 3 times

Stakeholders	Significance	Concerned Topic	Communication Methods and Frequency	Our Company's Response	Communication Results
Investors	Investors are important supporters of a company's survival and development. By providing financial investments and participating in corporate governance supervision to ensure sustainable development and its operations growth	• Business Performance • Product and Service Quality • Technology R&D	• Public Information Observing Station: Immediate/ regular/ disclosure updates as required • Annual Shareholders' Meeting: Once a year • Corporate governance evaluation: Once a year • Company website "Investor Services"/ Group joint stock affairs website: Disclosure at any time • Hold shareholders' interim meetings: Irregularly	**Response Department: Shareholder Affairs, President's Office** • Our company focuses on product functions and features, conducting quality improvement, performance enhancement, new product development and verification, and developing high value-added products. 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, to keep surplus profits every year. • The company values the opinions and suggestions of customers, using them as a reference for internal operation improvement. At least once a year, a customer satisfaction survey is conducted for both domestic and foreign customers, necessary corrective measures are implemented, and review reports are presented at management meetings to provide good customer service. • The Company collects information on market development and customer needs to continue developing environmentally friendly new products and niche products that satisfy the market and customer needs, enhancing our technological R&D capability and company profit	• Hold Annual Shareholders' Meeting: 1 time on November 17, 2023 • Convey the legal explanatory meeting: 1 time on May 16, 2023
Suppliers/ Contractors	Excellent suppliers can provide quality and stable raw materials, while engineering contractors can provide professional construction or supplement the lack of plant construction manpower. TTC hopes to assist each other with vendors, work together, pay attention to quality, schedule, and sustainable management, and jointly complete the entrusted tasks	• Supply Chain Management • Strategic Procurement • Legal Compliance	• Quality abnormality (supply & construction quality) tracking review meetings: Raised at any time • Visits and interviews, communication review meetings: As needed • Agreement organization meeting/issue hazard notice: Before work starts • Contractor communication record/ contractor/supplier evaluation: At least once a year • Arrangement of safety training courses for workers entering the factory: Held regularly • Occupational safety and health and environmental information collection/ communication handling record/supplier questionnaire survey/provision of product substance data: Recorded at all times	**Response Department: Procurement Division** • The primary selection of suppliers for TTC are those with credibility or a good reputation, certified and registered as qualified suppliers, or those with a good track record of supply quality or delivery. For sustainable development, the company carries out supplier and contractor evaluations every year to reduce and prevent potential risks. • TTC's purchasing strategy prioritizes sourcing from local Taiwanese suppliers to promote stable economic development in Taiwan. The bulk raw materials, such as styrene, acrylonitrile, and butadiene, are under fixed contracts with local Taiwanese suppliers. According to market conditions, a portion is imported from abroad to maintain a steady supply of quality. • TTC has drawn up a "Supplier Social Responsibility Commitment Letter" for long-term raw material suppliers and is gradually promoting the signing process. The execution mainly focuses on soliciting supplier's willingness to sign in four aspects: labor rights, worker health and safety, environmental and ethical norms, with the aim of growing together.	• Evaluated 250 suppliers, 60 contractor construction assessment and evaluation cases • Conduct on-site audits for major raw material suppliers and special auxiliary material suppliers, and also require suppliers to complete Supplier Code of Conduct and Quality Requirements Self-Assessment Form.

Stakeholders	Significance	Concerned Topic	Communication Methods and Frequency	Our Company's Response	Communication Results
Residents of local communities	TTC adheres to the spirit of taking from society and giving back to the community, making every effort to care for community neighbors, local groups, and local schools, and provides job opportunities and continuous interaction with local community neighbors to maintain friendly relations, and to prosper the local economy	• Air Pollution Control • Waste Management • Environmental Impact Complaint Mechanism	• Company website: Always Disclosed • Visiting local groups / moderately sponsoring local event expenses: Irregular • Environmental pollution monitoring station of the service center: Available anytime for inquiries • Friendly competition: Occasionally held or co-hosted • Phone contact or visit: Irregular	**Response Department: Safety Office, Environmental Protection Department, and Administrative Department** • In compliance with governmental regulations and the Group's "Five Zeros" goal, a safe production environment is established to ensure the health and safety of both the workplace and the community residents • Establish sound interactive relationships with community residents through participation in community activities and visits • External entities can make environmental, health and safety-related complaints by phone (07-7040988), verbally, or in writing.	• In 2023, 69% of new hires at Taiwan's plant were local talents • The company donated NT$1.44 million to care for the local community in Linyuan District • Assisted Linyuan District in promoting local customs and marketing agricultural and fishery specialties • Assistance repairs to various public facilities in Linyuan District • Participated in the Southern Public Welfare Softball Game of the group, sponsored the charity activity of ordering meals from the Children Are Us Foundation • Conduct irregular visits to community leaders and participate in local neighborhood care events and social gatherings, including lectures with the Community Development Association and various association workshops • Participate in the Group's afforestation activities in collaborated with the Experimental Forest of the College of Bio-Resources and Agriculture at National Taiwan University, committing to a 20-year afforestation project to create 5 hectares of afforestation land
Government agencies	Government agencies are important indicators for business development and market expansion. Complying with and responding to the regulations of government agencies is a basic principle of business operations	• Legal Compliance • Energy Consumption and Management • Air Pollution Control • Waste Management	• City/County Government Departments: Official document correspondence • Inspection as needed, on-site inspection, announcement • Government department briefings, public hearings, etc.: Participate irregularly • Public Information Observation Station: Disclosure as required	**Response Department: Environmental Protection Department** • Regularly review the latest legal information and assess the compliance of the Company Act. If any non-compliance is identified, immediate review and improvement are carried out. • Implement energy conservation and carbon reduction plans in accordance with the latest energy management policies of the government, and establish and plan the energy management system. • Follow legal regulations, report and record in accordance with the law, implement inspection and patrol of air pollution control facilities and measures. • Properly handle waste disposal.	• Participate in Kaohsiung City Environmental Protection Bureau's promote operations in "2023 Air Purification Zone Management Plan" and "Kaohsiung City Cross-Departmental Greenhouse Gas Cooperation Reduction Plan" • Promote operations in ISO 14001 Environmental management systems, ISO 50001 Energy management systems, and ISO 14064 Verification and validation of greenhouse gas • Participate in public hearings and regulatory briefing meetings organized by relevant government departments

Material Topics Management

1. Process Determining Material Topics   GRI 3-1, GRI 3-2

Step.1   **Identification of key stakeholders**

According to the five aspects of the AA1000SES Stakeholder Engagement Principle: **Responsibility, Influence, Dependency, Diverse Perspectives, and Tension**, the questionnaire for stakeholder identification is sent to the supervisor of the ESG Working Group. The results are validated by the project secretary of the ESG Committee and the group leaders, and based on the scoring, 6 types of core stakeholder groups are determined: employees, customers, investors, suppliers/contractors, government agencies, and community residents.

Step.2   **Collection of ESG issues**

Referencing international sustainability norms and standards (GRI Standards, SASB, SDGs, TCFD) as well as the company's operational goals and vision, the working group compiled 35 actual and potential sustainability issues with positive and negative impacts, including: actual negative impact issues (9), potential negative impact issues (9), actual positive impact issues (9), and potential positive impact issues (8).

Step.3   **Survey of the positive/negative impacts of ESG issues**

A questionnaire survey on 35 ESG issues is conducted among the 6 types of core stakeholders of the company, with scores based on the positive and negative impacts of the issues. A total of 61 valid responses were received.

Step.4   **Survey of the positive/negative impacts and probabilities of ESG issues**

A questionnaire survey on 35 ESG issues is conducted among the company's internal department heads and directors, with scores based on the positive and negative impacts of the issues and the likelihood of their occurrence. A total of 27 valid responses were received for statistical analysis.

Step.5   **Determining major issues**

The questionnaire results are graphed, and with the advice of the ESG Working Group, a significant threshold is set. ESG issues are identified as "Significant Issues", and classified these issues into environmental, social, and governance categories and are converted into six major issues. In continuation of the short, medium and long-term goal setting and management tracking of major issues in 2021- 2022, air pollution control, waste management and product quality are included in the major issues for 2023, making a total of nine issues. The results are submitted to the ESG Committee for approval and reported to the Board of Directors.
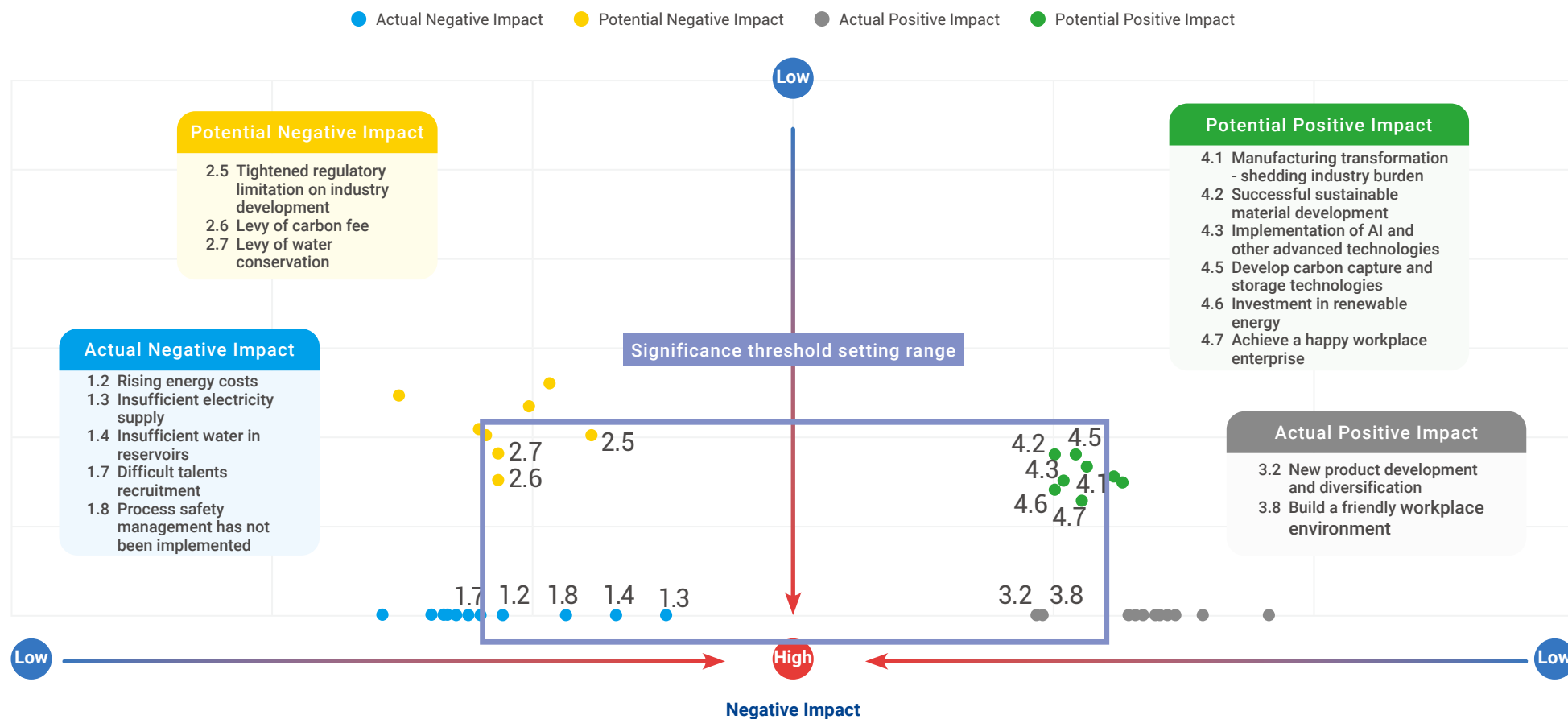
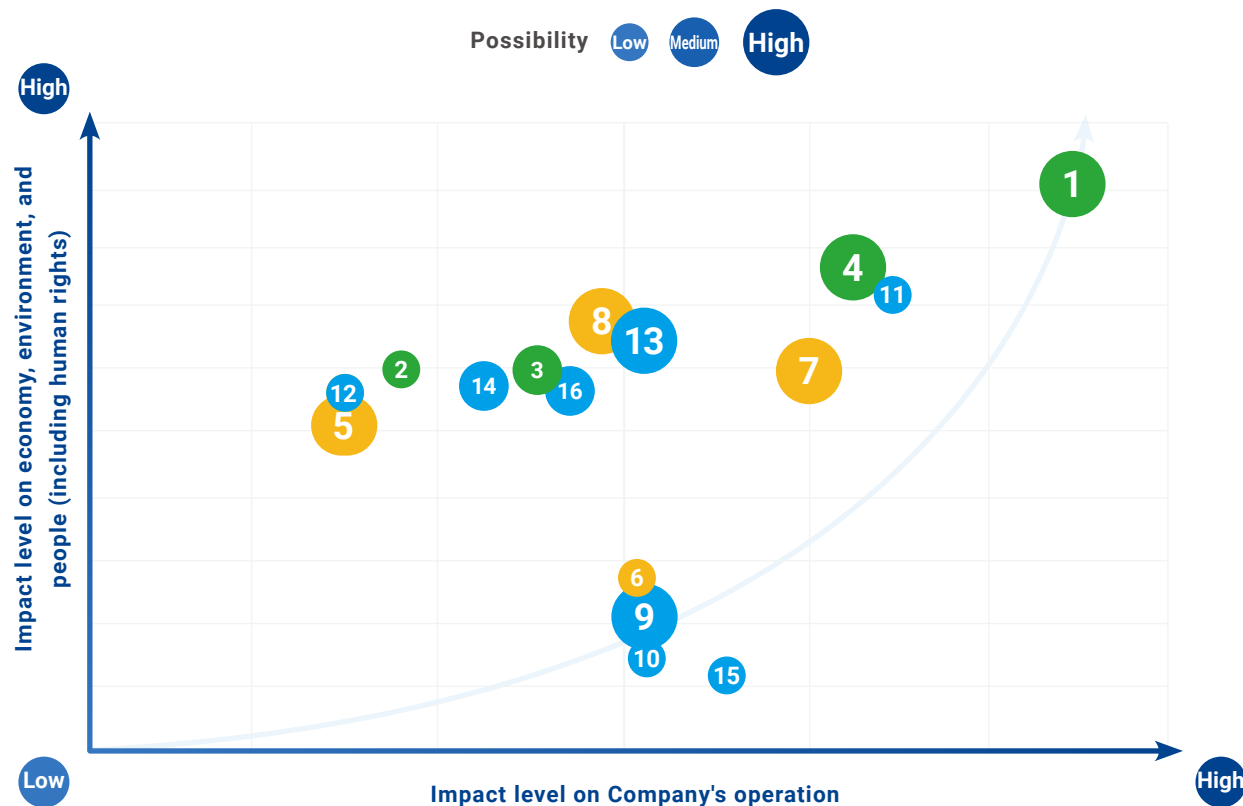**Step.6**   **Confirmation of the order of major issues and disclosure content**

The ESG Working Group ranks the nine major issues based on the impact intensity and likelihood of relevant operating activities on the economy, environment, and population, and understands the impact boundaries and involvement levels of major issues in the value chain.
The response strategy for major issues is explained according to the reporting requirements of each theme, and short, medium, and long-term performance goals and management policies are drafted. The nine major issues correspond to seven GRI-specific themes.

Materiality Analysis

To ensure the completeness of coverage on ESG issues, we reference the requirements of the GRI Universal Standards 2021, chemical industry indicators from SASB, SDGs, and trends in sustainability issues both domestically and internationally. In addition, we also use various communication channels to collect "Stakeholder Concerns", totaling 35 items. Based on the "Impact Level" and "Probability of Occurrence" to created consecutive diagram and with the advice of the ESG Working Group, stakeholders, and internal and external experts, a significance threshold (impact score above 3.7 and probability above 3.0) is set. Consequently, 16 ESG issues are designated as "Significant Issues."

- ● Actual Negative Impact
- ● Potential Negative Impact
- ● Actual Positive Impact
- ● Potential Positive Impact

Potential Negative Impact

2.5 Tightened regulatory limitation on industry development
2.6 Levy of carbon fee
2.7 Levy of water conservation

Potential Positive Impact

4.1 Manufacturing transformation - shedding industry burden
4.2 Successful sustainable material development
4.3 Implementation of AI and other advanced technologies
4.5 Develop carbon capture and storage technologies
4.6 Investment in renewable energy
4.7 Achieve a happy workplace enterprise

Significance threshold setting range

Actual Negative Impact

1.2 Rising energy costs
1.3 Insufficient electricity supply
1.4 Insufficient water in reservoirs
1.7 Difficult talents recruitment
1.8 Process safety management has not been implemented

Actual Positive Impact

3.2 New product development and diversification
3.8 Build a friendly workplace environment

Negative Impact

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Categorized the 16 significant issues based on the environmental, social, and governance aspects. We performed a dual materiality analysis based on the "level of impact on Company's Operational" and "level of impact on the economy, environment, and people (included human rights)", which led to convergence into 6 material topics. Additionally, to continue the management and tracking of material topics from 2021-2022, the Working Group has integrated "Air Pollution Control," "Waste Management," and "Product Quality" into the 2023 material topics, totaling nine items. The results will be submitted for approval to the ESG Committee and reported to the Board of Directors.

Possibility — Low — Medium — High

Impact level on economy, environment, and people (including human rights) (vertical axis, Low to High)

Impact level on Company's operation (horizontal axis, Low to High)

(E) Environmental

1. Insufficient electricity supply
2. Develop carbon capture and storage technologies
3. Investment in renewable energy
4. Insufficient water in reservoirs

(S) Social

5. Difficult talents recruitment
6. Achieve a happy workplace enterprise
7. Process safety management has not been implemented
8. Build a friendly workplace environment

(G) Governance

9. Rising energy costs
10. Levy of carbon fee
11. Tightened regulatory limitation on industry development
12. Levy of water conservation
13. New product development and diversification
14. Implementation of AI and other advanced technologies
15. Manufacturing transformation - shedding industry burden
16. Successful sustainable material development

2023 List of Material Topics GRI 3-2

16 Significant Topics

9 Material Topics

Environmental

Actual Negative	1	Insufficient electricity supply - Production disruption
Potential Positive	2	Development of carbon capture and storage technologies - Accomplished the carbon neutrality goal.
Potential Positive	3	Investment in renewables - Accomplished the green electricity goal.
Actual Negative	4	Insufficient water in reservoirs - Production disruption

Continuation of ongoing management tracking for material topics in 2021

9 Material Topics (Environmental):

Climate Change and Energy Management
(GRI 302 Energy) (GRIS 305 Emissions)

Water Resource Management (GRI 303 Water and Effluents)

Air Pollution Prevention (GRI 305 Emissions)

Waste Management (GRI 306 Waste)

Social

Actual Negative	5	Difficult talents recruitment - Insufficient workforces
Potential Positive	6	Achievement of a happy workplace business - Enhanced the organizational commitment of employees.
Actual Negative	7	Inexact safety management of manufacturing process - Causing accidents
Actual Positive	8	Building a friendly workplace environment - Reduced employee turnover rate and the occurrence rate of work-related accidents.

9 Material Topics (Social):

Talent Attraction and Retention (GRI 401 Employment)
(GRI 404 Training and Education)

Occupational Safety and Health
(GRI 403 Occupational Health and Safety)

Governance

Actual Negative	9	Rising energy costs - Increased electricity bills
Potential Negative	10	Levy of carbon fee - Increased production costs
Potential Negative	11	Tightened regulatory limitation on industry development - -Plant shutdown
Potential Negative	12	Levy of water conservation charge - Increased production costs
Actual Positive	13	New product development and product diversity - Eco-friendly materials and entry into new industries.
Potential Positive	14	Implementation of AI and other advanced technologies - Enhanced efficiency and improved quality
Potential Positive	15	Manufacturing transformation - Ridded industry burdens towards the development of a high-quality, low-pollution industry.
Potential Positive	16	Success in the development of sustainable materials - Increased revenues.

Continuation of ongoing management tracking for material topics in 2021

9 Material Topics (Governance):

Economic Performance
(GRI 201 Economic Performance)

Technology R&D

Product Quality

3. Material Topics and Value Chain

Direct Impact 🔴 Indirect Impact 🟡

Through the evaluation of the ESG Committee, major issues highly impacting corporate governance, environment, and society, and highly concerning stakeholders were identified. The corresponding GRI specific standard topics were identified, with priority given for response and explanation in the report.

| Sustainable Principles	Material Topics	Significance and Major Reasons	GRI Standards Topic	Value Chain				Response
				Supply Chain	Operational	Product	Social	
Establish Robust Governance	Economic Performance	The company's operational performance is a significant factor supporting sustainable business development	GRI 201 Economic Performance: 2016	🟡	🔴	🔴		1.2 Financial Performance
Build Innovative Supply Chains	Product Quality	Improve quality through efforts and innovative technologies to ensure that all product quality meets customer requirements and expectations	Self-defined Topics	🟡	🔴	🔴		2.1 Product Quality
	Technology R&D	The ability to develop new product technologies can grasp market trends and enhance market competitiveness, creating high value and sustainable operation for the company	Self-defined Topics	🟡	🔴	🔴		2.2 Technology R&D
Create Friendly Environments	Climate Change and Energy Management	The dramatic climate changes caused by climate change and the increasing probability of extreme weather have a significant impact on operations	GRI 302 Energy: 2016 GRI 305 Emissions: 2016	🟡	🔴	🔴	🟡	3.2 Climate Change and Energy Management
	Water Management	In recent years, due to global climate change, the risks of water shortage and flooding have increased. The use of water resources also involves the impact of production costs and wastewater emissions on the environment	GRI 303 Water and Effluents: 2018		🔴	🟡	🔴	3.3 Water Resources Management
	Air Pollution Control	1. Total air pollutant control has been implemented in the Kaohsiung and Pingtung areas, directly affecting Linyuan and Qianzhen factories 2. After the "Greenhouse Gas Reduction and Management Act" was implemented, it directly impacts each factory's energy-saving and carbon reduction planning and compliance with government regulations	GRI 305 Emissions: 2016		🔴	🔴	🔴	3.4 Air Pollution Control
	Waste Management	Existing waste landfill sites are becoming saturated, and it is not easy to find qualified waste treatment companies, impacting the treatment of industrial waste in various factories	GRI 306 Waste: 2020		🔴	🟡	🔴	3.3 Water Resource Management 3.5 Waste Management
Foster an Inclusive Society	Talent Attraction and Retention	Quality human assets are one of the key success factors for a company. Utilizing talent appropriately and providing a reassuring work environment allows employees to fully demonstrate their expertise and achieve their potential	GRI 401 Employment: 2016			🟡		4.1 Talent Attraction and Retention
	OH&S	A healthy and safe working environment is the primary labor condition requirement for workers	GRI 403 Occupational Health and Safety:2018		🔴	🟡	🔴	4.3 Occupational Safety and Health

United Nations Sustainable Development Goals (SDGs)

TTC believes that as a member of the global community, sustainable development needs to start from core values and be combined with the United Nations Sustainable Development Goals. We have conducted SDGs relevance identification in three stages and have set related goals incorporated into our operational plan.

1. SDGs Identification Process

Stage 1

**Understanding SDGs and Discussing Operation Development**
- Implementing SDGs education and training and discussing their impacts on business operations
- Consider the priority of sustainable development goals

Stage 2

Identifying Impact and Opportunities
- Connecting SDGs with material topics
- Identifying key opportunities and allocating resources

Stage 3

Addressing SDG Targets and Actions
- Discussing target feasibility
- Setting short-term, mid-term, and long-term plans and discussing integration with the business plan

2. Linking Major Issues and SDGs

Aspects	Material Topics	SDG Targets	Detailed Indicators
Governance	Economic Performance	8 DECENT WORK AND ECONOMIC GROWTH	8.1, 8.3
	Technology R&D	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9.4
	Product Quality	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.2, 12.4
Environmental	Climate Change and Energy Management	13 CLIMATE ACTION	13.2, 13.3
	Water Management	6 CLEAN WATER AND SANITATION	6.3, 6.4
	Air Pollution Control	11 SUSTAINABLE CITIES AND COMMUNITIES	11.6
	Waste Management	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.4, 12.5
Social	Talent Attraction and Retention	8 DECENT WORK AND ECONOMIC GROWTH	8.5
	OH&S	3 GOOD HEALTH AND WELL-BEING	3.9, 3.d

TTC

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3. Linking SDGs and Corporate Sustainability Goals:

SDGs	Detailed Indicators	2030 Goals	2023 Goals	2023 Goal Completion Status	Corresponding Section
3 GOOD HEALTH AND WELL-BEING	3.9	Number of disabling injuries: 0	Number of disabling injuries: 0	✓ In 2023, the total number of disabling injuries in Taipei and all factories was 0, achieving the goal	Chapter 4.3
6 CLEAN WATER AND SANITATION	6.3, 6.4	1. Reduce water consumption per unit product by 10% 2. Discharge water quality meets the standard	1. Reduce water consumption per unit product by 3% 2. Discharge water quality meets the standard	✓ In 2023, the water consumption per unit product was reduced by 26.5% or less, achieving the goal 2. ✓ In 2023, no water quality exceedance events occurred in all factories, achieving the goal	Chapter 3.3
8 DECENT WORK AND ECONOMIC GROWTH	8.5, 8.6	Maintain profitability annually	Maintain profitability annually	In 2023, a net operating loss of NT$270 million was incurred, not achieving the goal	Chapter 1.2
		Reduce turnover rate, goal below 7.0%	Reduce turnover rate, goal below 7.5%	The actual turnover rate in 2023 was 8.46%, not achieving the goal. In 2023, with a total of 42 employees resigned or retired and actual retirement of these were 18 employees. Excluding retirees, the turnover rate was 4.83%, achieving the goal	Chapter 4.1
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9.4	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)	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%)	**In 2023, all goals were achieved:** ✓ Enhancement of basic properties of standard ABS products (Enhancement in glossiness) glossiness increased from 95 GD to 99 GD ✓ Achieve the certification for ABS products by the Bureau of Indian Standards (BIS): Obtained the Indian BIS certificate, allowing ABS products to be imported into the Indian market ✓ Enhancement in the concentration consistency of EPS products achieved, with the highest consistency in the three-layer sieve > 90%	Chapter 2.2
11 SUSTAINABLE CITIES AND COMMUNITIES	11.6	The number of fines for exceeding air pollutant emission limits is 0	The number of fines for exceeding air pollutant emission limits is 0	In 2023, the number of fines for air pollution was 3, Linyuan plant had 3, and the goal was not achieved	Chapter 3.4
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.5	The customer satisfaction of Linyuan plant and Qianzhen plant products is ≥93%, the customer satisfaction of Zhongshan plant EPS is ≥89%, and the customer satisfaction of Toufen Plant glass wool is ≥ 92%	The customer satisfaction of Linyuan plant and Qianzhen plant products is ≥96%, achieving the goal The customer satisfaction of Zhongshan plant EPS is ≥88%, achieving the goal The customer satisfaction of Toufen plant glass wool is ≥ 90%, achieving the goal	✓ In 2023, the product customer satisfaction of Linyuan plant and Qianzhen plant was 96%; Zhongshan Plant was 88%; Toufen Plant glass wool was 90%, all meeting the target	Chapter 2.1
		Implementing waste reduction	Strengthen the waste patrol inspection system; The proper treatment rate of waste is 100%	✓ In 2023, the waste patrol inspection system was strengthened, a total of 17 inspections were conducted, and the generation and proper treatment rate of waste counted by each plant was 100%, achieving the goal	Chapter 3.5
13 CLIMATE ACTION	13.3	1. Reduce energy consumption per unit of product by 5% 2. Reduce greenhouse gas emissions by 27%	1. Reduce energy consumption per unit product by 3% 2. Greenhouse gas emissions reduced by 7.16% compared to the base year	✓ In 2023, the energy consumption per unit product was reduced by 4.33%, achieving the goal ✓ In 2023, greenhouse gas emissions were reduced by 17.9% compared to the base year, achieving the goal	Chapter 3.2