

Summary of Assessment on Material Issues in 2020

1. TSRC classifies the significant issues that stakeholders concerned, and which affects our operations in economic/corporate governance, environmental, and social aspects, and identifies risks or items that may have an impact on operations and assess them. Through various policies and management, and appropriate measures, we can reduce or avoid risks and strengthen company operations.
2. There are thirteen material issues in 2020. Eight significant issues are summarized in the following list. For the remaining five issues, please refer to the 2020 Corporate Social Responsibility Report. The issues are described as follows:

Dimension	Issue	Policy/Strategy/Management Measures
Environment	Compliance with Environmental Protection Laws and Ecological Conservation	<ol style="list-style-type: none"> 1. TSRC's environmental policy is to cherish the earth's resources, fulfill its environmental responsibilities, and continue to improve to sustainability. 2. TSRC is committed to the environmental protection responsibility and emphasizes the compliance with related laws and regulations. All global operational sites review the identification and assessment of the environmental laws and regulations to comply with local government's environmental protection regulations with respect to air pollution prevention, water pollution prevention and waste and toxic substances control. We promote energy saving and waste reduction, prevention of air pollution, and reduction and recycling of waste pursuant to the ISO 14001 Environment Management System. We adopt the comprehensive reviews on a

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		<p>regular basis by developing the environmental management program. If the assessment reveals any potential risk of violation, such as Environmental Protection Administration's "Control Target of Greenhouse Gas Reduction", "Energy Conservation and Emission Reduction in China Area", and "The Management of Existing Industrial Pipelines", we will immediately propose improvement plans.</p> <p>3. In 2020, TSRC continued to implement the maintenance and management of the underground industrial pipelines and regularly submitted the operation and maintenance report and operation and maintenance project according to relevant laws. Also, by the continuous implementation of the cathodic corrosion system testing, on-site survey and supervision of third-party excavation, pipeline inspection, training for operation and maintenance personnel, pipeline drawing update and emergency response drill and practical exercise, the factory ensured the safe operation of the pipeline and protect the public safety of the citizens neighboring the underground industrial pipelines and the operation safety of the laborers</p> <p>4. TSRC's production sites and offices are neither located in the habitats</p>

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		<p>that need protection or have been restored nor in any of the 6 protected areas or biologically diverse areas or genetically diverse areas specified by the IUCN (International Union for Conservation of Nature). None of the species in the industrial park is listed in the “Red List” or “National List of Protected Species in Taiwan.” TSRC Corporation planted trees and turf in the Kaohsiung Factory area to actively green and beautify the environment to reduce the impact on local species. All of TSRC’s factories are located in the industrial parks. Employee commutes have only a limited impact on the local area and the environment of the nearby residents.</p>
	Energy	<ol style="list-style-type: none"> 1. TSRC’s energy policy is to comply with laws and regulations, implement energy check, select high-efficiency equipment, improve energy-saving performance, continue to improve, and reduce greenhouse emissions. 2. TSRC conducts review operations through the energy management system, assists in analyzing energy use and consumption, grasps major energy consumption areas, establishes energy performance indicators, and strives to improve energy efficiency to reduce energy consumption, and continue to

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		<p>improve manufacturing processes, update equipment, and recycle raw materials to achieve energy saving targets and annual energy control.</p> <p>The Kaohsiung Factory is equipped with heat and power station. TSRC is also committed to equipment transformation, site management, office equipment improvement and other aspects to implement energy-conservation measures. By performing the inventory pursuant to the ISO 50001 Energy Management System, we thoroughly check the equipment consuming more energy and create baseline data to establish the energy conservation objectives. Only recognizing our own position and future direction in the global wave of carbon reduction after understanding our own GHG total emissions and energy intensity can we effectively save the energy and reduce emissions.</p> <p>3. In terms of product development, we develop a thermoplastic rubber material to enhance energy conservation during these stages. This product is between traditional rubber and plastic. It is recyclable and has the basic properties for reprocessing and is more effective in reducing environmental pollution and energy consumption.</p> <p>4. To ensure a sustainable environment on the earth, the “clean energy” has become the goal internationally and green energy is being developed to facilitate the circular economy.</p>

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		<p>These policies are in compliance with the TSRC's commitment of clean production. We also participate in the GHG emission check and energy saving programs.</p>
	Water Resource	<ol style="list-style-type: none"> 1. Water is the core of sustainable development and important to the climate system. By combining the experiences in production of synthetic rubber and water treatment, we review every water consuming node in the process and use the recycled water first. We also implement a systematic water saving and recycling plan. In the meantime, we use the data from the continuous motoring meters in the field and the data on the design of tanks to monitor the discharge of wastewater from each plant for the purpose to save water. 2. As the main water source of the Kaohsiung plant is the Kaoping River, resulting in a crisis of water shortage during water shortage periods or storm period. To effectively prevent the operational impact caused by water shortages, TSRC actively promotes water conservation measure through increasing production process waste-water recycle rate, production capacity adjustment and other methods, and discusses water conservation and wastewater reduction

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		<p>objectives in the meeting regularly for improvement. Tap water is the only source of water used by the main TSRC business locations.</p> <p>3. All TSRC production bases are striving for water recycling, mainly used for cooling systems. The Kaohsiung Factory’s wastewater recyclerate in production process reached 34.9% in 2020. All the subsidiaries of the Group continued to implement water-conservation measures and focus on production process wastewater recycling and reuse.</p>
Society	Occupational Health and Safety	<p>1. TSRC’s Core Value is “Human is foundation”, and we strive to pursue the objectives of zero occupational accidents and zero occupational injuries through the following principles</p> <ul style="list-style-type: none"> • Technology: Develop a management strategy and production technology based on the employees’ health and safety. • Safety & Health Culture: Continue to improve safety and health management performance and establish excellent safety and health culture through setting goals and encouraging total participation in organizational safety and health activities. • Responsibility: It is not only the Corporate Social Responsibility but also my responsibility to comply with the applicable safety and health laws and regulations and other requirements to

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		<p>prevent occupational accidents, occupational injury, and occupational disease.</p> <ul style="list-style-type: none"> • Communication: Communicate the need for implementing occupational safety and health tasks to all employees under the authority and management of TSRC through education training and safety and health courses. <p>2. To fulfill our responsibility of environmental protection, ensure the occupational safety and health of employees, and maintain the rights and benefits of stakeholders, TSRC and its subsidiaries in the China Area introduces the ISO45001 and CNS45001 Occupational Safety and Health Management System. By inheriting the spirit of the Responsible Care Committee established by most companies in the chemical industry, TSRC participated in Taiwan Responsible Care Association (TRCA) and Ren Da Association for Promoting Safety and Health to observe and learn from each other's practices in industrial safety, health and environmental protection to promote the safety and health protection of operators. Fire prevention drill and industrial safety education training are regularly held every year to enhance employee's emergency response and self-safety</p>

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		<p>management capability. We have established an emergency response operation procedure for adjusting to the emergency such as raw materials spill brought about by activities as well as fire, explosion and earthquake.</p> <p>3. We establish the control procedure and the “Safety and Health Guidelines” based on the spirit of occupation safety and health management to provide a regulation on the health and safety of all the employees. We explicitly specify the safety standard, educational training, health guidance, first aid and emergency rescue, reporting of accidents, and rights and obligations in relevant procedures and guidelines for employees and contractors. TSRC continues to improve the safety, health, and fire prevention work of “approved operation control, safety observation and inspection tours, chemical management, self-inspection, emergency response, contractor management, work environment tests, and safety health education training” to pursue the goals of zero accidents and injuries.</p>

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	Relationship between labor and employer	<ol style="list-style-type: none"> <li data-bbox="831 315 1351 1391">1. TSRC guarantees employees with equal work opportunities and a reasonable performance evaluation system, provides a better salary and rewarding system than that required by the Laws and Regulations, and pays attention to local employment responsibilities. We truthfully execute the insurance and pension system for employees according to the law and maintain open and smooth communication channels between employers and employees. They can bring up any unfair cases at any time. In addition to pursuing the safe working environment for the employees' physical health, TSRC pays attention to their mental health and provides different recreational venues to help employees' physical and mental health as well as relieve their stress. <li data-bbox="831 1391 1351 1998">2. In addition to the announcement of "TSRCCSR Declaration", TSRC provides employees with Appeal Channels through the "Employees Grievance Appeal Management Regulations" and "Sexual Harassment Prevention Measures, Grievance Appeal and Punishment Regulations" to guarantee the human rights of TSRC employees. In the process of grievance appeal investigation, the case is confidential to safeguard the privacy and other

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		<p>rights of the parties and no names or relevant information which can identify the parties are disclosed. The meaning complies with SA8000 Behavior Guidelines to urge our suppliers to reach the same human rights standards as the Company does.</p> <p>3. We comply with the requirements of inter- nationally recognized labor rights, such as protection legal rights and interests of the employee, prohibition of child labor, and elimination of compulsory labor in any forms. All TSRC's subsidiaries are required to comply with local labor-related laws and regulations and implement the regulations of personal freedom protection and without discriminations, and TSRC has never hired child labor.</p> <p>4. Salary adjustment or hiring, evaluation, promotion and transfer are determined by the competency and annual performance evaluation result of the employee and will not be affected by the factors of their age, gender, area, religion, marital status, and sex orientation.</p>

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	Labor relations	<ol style="list-style-type: none"> <li data-bbox="831 315 1355 1310">1. TSRC Corporation has a Labor Union and we hold labor/management meetings regularly and engage in discussions with employees through official meetings, including communication and coordination of freedom of speech and collective bargaining. All procedures and participation rates comply with the requirements of the laws and regulations. TSRC holds a CEO Communication Meeting and invites all employees to attend it every quarter to communicate the important business directions of the Company. Separately, regarding the lay-off that might significantly affect employees' rights due to the change of business, TSRC follows the labor laws in terms of advance notification. <li data-bbox="831 1310 1355 1617">2. All subsidiaries have open labor/management communication channels. Through these activities, all employees can enjoy the right of collective bargaining with management and their rights are protected.

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Economics/ Governance	Anti-Corruption	<p>1. Since the promotion of CSR, TSRC has expected the voluntary actions that transcend law compliance and sustainable growth by integrating CSR into core operation process. For the compliance of all employees, we establish internal regulations such as “Confidential Information Management Regulations,” “Personal Information Operation Management Regulations” and “Official Business Operation Code of Conduct” to protect the Company’s intellectual property rights, confidential information and the personal information of the customers and employees. Through the new employee training, electronic bulletin board and other publicity means, we clearly request the employees to use the resources and assets effectively, protect the business secrets, prevent insider trading and antitrust regulations, conduct fair trade, avoid conflict of interest between the Company and the individual, eliminate the opportunity to take private interests, prohibit bribery, follow the network access regulations, and comply with part-time job rules when executing relevant internal and external business within the scope of the work assigned by the Company. A corresponding punishment system is also available.</p>

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		<p>2. TSRC has established the “Ethical Code of Conduct” and other regulations and disclosed them on TSRC’s website to provide ethical standards for the directors and all the employees and enable the stakeholders of the Company to understand more about the Company’s ethical standards. Also, this prevents the insider trading, avoids a conflict of interest between the Company and individuals and eliminates the opportunity for personal benefit. Any nonpublic information that may potentially influence the Company’s stock price shall be kept strictly confidential.</p>
	<p>Supply Chain Management</p>	<p>1. TSRC is devoted to creating good partnership. Being a leading company in the synthetic rubber industry, we are committed to the sustainable development of the service value chain in cooperation with the suppliers and dealers. Our supply chain management system is established based on creation of value. Instead of the traditional mode in which the quality, cost, and trading procedure are the core, we select partners carefully and find potential opportunities by identifying and managing the risk they may occur to the supply chain in the governance, environment, and society aspects in the hope to build a supply chain structure that can provide sustainable competitive advantages and create a new business model for sustainable development. Meanwhile, TSRC pays attention to the close</p>

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		<p>partnership with the supplier chain. The completion rate of the supplier audit plan in 2020 was 100% and all the suppliers passed the annual audit.</p> <p>2. In supplier selection, the procurement department implemented “Hazardous SubstanceFree (HSF)” graded management and control measures and request a Chemical Material Safety Data Sheet from the supplier, even for trial chemicals, to ensure the raw materials in the TSRC products are in compliance with the HSF specifications. All departments shall select the suppliers that have passed relevant system certification; all new suppliers are required to pass the TSRC’s CSR evaluation process in all three aspects of environmental, economy and society (e.g. supplier CSR report or CSR evaluation sheet). We uphold the principle of fairness to select suppliers</p>