

Message from CEO

2022 was a challenging year. TSRC's overall profitability was affected by the decline in global consumer demand and inflation. Still, TSRC leveraged its flexibility and product portfolio to mitigate the impact and stabilize its operations. For the year, consolidated sales reached NT\$33.841 billion, gross profit reached NT\$5.513 billion, and net operating profit was NT\$2.675 billion.

TSRC has formulated a comprehensive Environmental, Social, and Governance (ESG) strategy for sustainable management, with "Promoting Environmental Protection," "Enhancing Positive Social Impact," and "Strengthening Governance" as the main axes of the strategy. TSRC has developed nine strategic directions to improve the company's ESG performance with short-, medium and long-term goals. In response to climate change, TSRC assesses climate risks and opportunities, sets targets, implements specific action plans, and discloses climate risks in accordance with the Taskforce on Climate-related Financial Disclosures (TCFD).

TSRC's key environmental, social and governance initiatives and annual achievements are as follows.



Environment

TSRC has set targets to reduce GHG emissions by 2.5% per year and increase the use of renewable energy. In 2023, TSRC will gradually finalize the installation of solar power facilities and increase the use of renewable energy to achieve our GHG reduction goal.



Social

Emphasizing talent development and employee safety and health, TSRC has set the goal of increasing employee diversity and reducing occupational hazard, and continues to promote talent development through functional training. To plant the seeds of ESG in the organization, we have conducted global ESG education and training for employees, and organized ESG green innovation activities to accelerate the Company's ESG program. Despite the epidemic, TSRC promoted the Employee Assistance Program (EAP) and provided physical and mental health seminars and a life coach hotline to support employees' health, and continued to participate in social engagement and industry-academia exchange activities.



Governance

Corporate governance is at the core of TSRC's operations. In 2022, TSRC has strengthened its systems and improved organizational management by revising policies and conducting training about integrity. In view of the ever-changing environment, TSRC will continue to strengthen its risk management mechanism. In addition to operational risks, cyber security is an important point of strengthening for TSRC, and through the establishment of protective measures and simulation drills, TSRC will improve its protection against cyber security risk.

TSRC continues to innovate new and sustainable products, develop renewable raw materials to meet the market demand for electric vehicles and green tires. TSRC develops new-generation rubbers such as Solution Styrene-Butadiene Rubber (SSBR) to improve tire wear resistance, promote vehicle fuel efficiency, and help reduce greenhouse gas emissions from driving. Meanwhile, TSRC is developing materials with recyclable properties for medical devices and footwear, as well as specialty styrene block copolymers (SBC) for plastics modification. In the future, TSRC will pursue the integration of the upstream and downstream value chains to create sustainable value for the environment and people.

Looking forward to the future, TSRC will continue to develop new products and markets with cutting-edge chemical technology to enhance business growth, and work with business partners to achieve coexistence with the environment and society.

Joseph Chai

CEO of TSRC Corporation