

Status of Health, Safety, and Environment Management

Employees are the core for TSRC competitiveness. TSRC devotes efforts to provide a “safe working environment” , “protect human rights and harmony between labor and the Management” , and “enhance employee engagement” . TSRC develops the TSRC Safety Culture to enhance employees' awareness and attention to workplace health and safety, reduce the occupational injury rate, and achieve zero accidents and zero injuries. We are committed to protecting employees' human rights and respecting fundamental freedoms, supporting the Universal Declaration of Human Rights (UDHR) and other relevant international human rights concepts, and implementing TSRC's human rights policy. We value employees' opinions and rights and establish a channel for feedback and communication. We organize activities to improve health and provide competitive remuneration and benefits to enhance employee engagement.

1. Safety Core Values and Policies

To increase the awareness and attention to workplace health and safety at all levels, TSRC has promoted the TSRC Safety Culture and TSRC HSE Core Value since April 2021. It consists of five core elements: people-centric, zero incidents, commitment, discipline, and compliance. We further formulated the TSRC safety and health policies and convert into the safety culture: we pursue zero accidents and zero injuries with a people centric approach through technology, safety and health culture, responsibility, and communication.

Safety Core Values

	People Centric People we work with will be valued, respected, listened to, while creating a friendly workplace.
	Zero Incidents Commit to achieve and sustain zero incidents through continuous improvement.
	Commitment Determined to operate without compromising the health, safety, and environment.
	Discipline Be self-disciplined, build safe habits, and a safety-first mindset to demonstrate HSE practices.
	Compliance Full compliance with laws, company policies, and standards are minimum requirements.

Safety and Health Policy Principles

	People Centric Allow employees and representatives are able to participate, and continue to care for and protect employees.
	Technology Develop management strategies and production technology with the consideration of the employees' health and safety.
	Safety & Health Culture Continue to improve safety management and establish excellent safety culture through setting goals and encouraging all employees to participate in organizational safety activities.
	Responsibility It is not only the Corporate Social Responsibility but also everyone's responsibility to comply with the applicable safety and health regulations and other requirements to prevent occupational accidents, injuries, and disease.
	Communication Communicate with all employees about the need for occupational safety and health measures through education training and safety and health meetings.

2. Occupational Safety and Health Management System

TSRC has established an occupational safety and health management system at all factories and is continuously improving according to the Plan, Do, Check, and Act (P-D-C-A). In accordance with

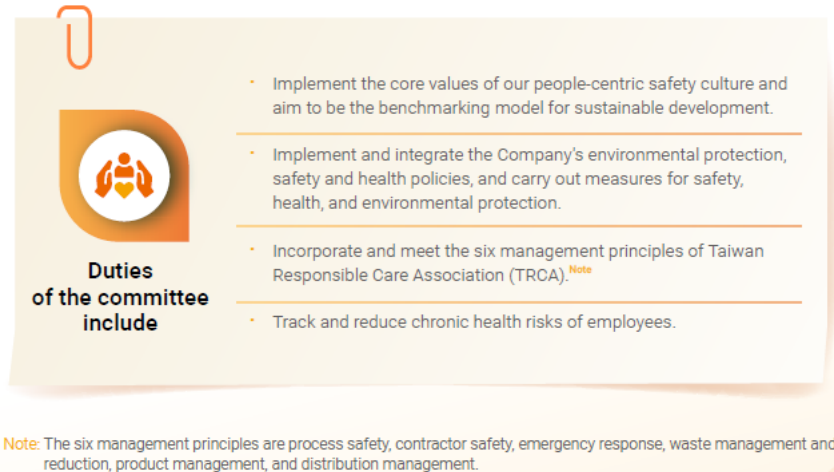
Taiwan's Occupational Safety and Health Management Act, TSRC's global corporate headquarters has set up the Occupational Safety and Health Division (TSRC Global HSE) as the dedicated occupational safety and health management unit, which is responsible for implementing the safety culture, conducting compliance audits every three years for all the Group's factories (whether or not ISO 45001 is implemented), developing promoting activities (such as Safety Culture Initiatives), and supporting employees and contractor to embed the culture in daily operations. TSRC establishes a unified HSE management mechanism with standardized definition and a platform for event reporting, investigation, and correction to prevent recurrence, to achieve the goal of "Disaster-free and harm-free".

In accordance with the provisions of the ISO45001 management system and local laws and regulations, the Taiwan and China plants have established comprehensive occupational safety and health hazard identification and risk assessment procedures. The assessment results are managed in a hierarchical manner using matrix, which are categorized into acceptable risks (1-acceptable, 2-low, 3-medium) and unacceptable risks (4-high, 5-unacceptable). Acceptable risks are managed and operated in accordance with established procedures, and the effectiveness of existing protective measures is regularly reviewed. Management plans are formulated for unacceptable risks and reviewed at management meetings to achieve continuous improvement through the PDCA cycle. Although the US and Vietnamese subsidiaries have not yet adopted the ISO45001 management system, and their occupational safety and health management work is currently being effectively managed according to local occupational safety and health regulations, as well as the Group' s policies, procedures, and requirements.

In 2022, TSRC officially launched its Health, Safety and Environment (HSE) incident reporting and database system, which allows for more efficient collection, analysis, and review of related incident data. The system enables more effective reporting and investigation of incidents, as well as the formulation of corresponding strategies. In 2023, TSRC reported a total of 36 incidents (including incidents, potential penalties and penalties) and 117 false alarms (including unsafe conditions and behaviors). In response to these incidents, TSRC will continue to compile and analyze statistics and formulate relevant preventive measures to avoid recurrence. Additionally, since 2022, TSRC established the Global HSE Annual Award. Sites which have excellent HSE performance are recognized and rewarded. The peer competition improves the HSE culture and implementing outcomes.

TSRC has Responsible Care Committee, which is established for the safety and health of all employees and contractors, and is the highest management committee for TSRC's environmental, safety, and health. The Responsible Care Committee is composed of the Product Specification and Distribution Safety Sub-committee, Process Safety and Energy-saving Management Sub-committee, Regulation and Contractor Safety Management Sub-committee, and Emergency Response Sub-committee. It is responsible for the management and review of the ISO45001 Occupational Safety

and Health Management System. The Responsible Care Committee convenes quarterly meetings and is chaired by the vice president of the Operational Division. The Committee members include labor representatives, who participate in discussions on the planning and implementation of occupational safety and health policies.



Duties of the committee include

- Implement the core values of our people-centric safety culture and aim to be the benchmarking model for sustainable development.
- Implement and integrate the Company's environmental protection, safety and health policies, and carry out measures for safety, health, and environmental protection.
- Incorporate and meet the six management principles of Taiwan Responsible Care Association (TRCA).^{Note}
- Track and reduce chronic health risks of employees.

Note: The six management principles are process safety, contractor safety, emergency response, waste management and reduction, product management, and distribution management.

With the people-centric approach, TSRC not only focuses on employee safety but also values operational safety for contractors. Therefore, TSRC has established the "Contractor Management Procedures" to regulate contractors' qualification inspection, training, hazard notification, construction safety precautions, penalties, and assessments for contractors. The engineering contractors must apply for a construction permit before starting work, and a toolbox meeting is held with the functional unit and contractors to ensure that all contractors understand the steps, hazards, and control measures. The engineering contracting unit conducts on-site inspections to ensure that contractors comply with occupational safety and health regulations and safety precautions.

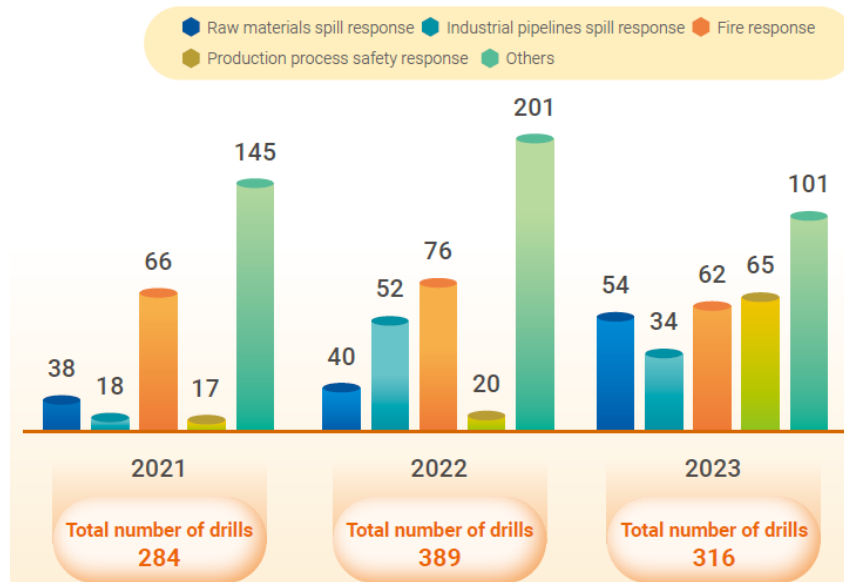
Considering that the year-end repair period is the period when contractors face the highest construction risk, each factory organizes safety seminars before the year-end repair period. There were a total of six seminars in 2023, with the construction safety management implemented, resulting in an annual yearend repair result of zero injuries. In addition, TSRC Kaohsiung Factory's top management regularly conducts safety interviews with contractors' employers on a monthly basis, with a total of 20 interviews conducted in 2023. In addition to informing contractors of TSRC's regulations, the interviews also provide them with feedback on the factory's regulations.

3. Training and Emergency Response Drills

TSRC defines the types of training necessary for each level and operation according to local laws and regulations, such as hazard awareness, confined space, hot work, and high-altitude work. TSRC sets up annual education and training programs and conducts occupational safety and health training according to these programs to ensure that all employees have the knowledge and ability to recognize hazards of the work environment and prevent disasters.

TSRC sets emergency response procedures for raw material leaks, industrial pipeline leaks, fire accidents, and process safety incidents that may result from operating activities. It has also specified the rights and obligations of employees and contractors in terms of safety standards, education and training, health guidance, first aid and rescue, and incident reporting in the relevant regulations. TSRC conducts annual drills and labor safety education and training.

Number of Emergency Response Drills



4. Occupational Injury Prevention

TSRC follows the ISO 45001 management system and schedules annual health examinations for employees facing potential long-term health risks. We value the confidentiality of employee health examination information, and the results are provided to factory nurses and physicians for the purposes of labor selection, labor allocation, occupational disease prevention, and occupational health management. Medical staff will provide health guidance to the employees who have any abnormality in the examination. In some cases, the physician may recommend changing the workplace, changing the position, or shortening the working hours, while health management measures should be adopted. TSRC adopts early warning system to identify occupational hazard factors and carry out preparations to reduce hazards through better management, process changes, methods improvement, work hours adjustment, separation, and personal protection measures.

TSRC particularly manages five occupational hazard factors: noise, carbon disulfide, benzene, dust, and butadiene. Employees that expose to the five factors are classified into four levels and periodically examined by a doctor to determine if they have any abnormal health conditions. As all sites have noise as an occupational hazard factor, TSRC requires employees to properly use PPE to effectively manage the impact of noise on the health.

TSRC does not use chemicals such as hepatotoxins, nephrotoxins, neurotoxins, and sensitizers. TSRC focuses on the potential hazards to employees from corrosive substances and suspected carcinogens. The Company conducts monitoring twice a year to identify actual risks, ensure that the operating environment meets the standards for permissible concentrations of chemicals to minimize the exposure of employees to chemicals. TSRC actively improves the operating environment and changes employees' behavior to reduce exposure to chemicals by requiring employees to comply with the Personal Protective Equipment Matrix (PPE Matrix). In addition, through annual special health examinations, TSRC regularly assesses the potential hazards to employees; with monthly visits from physicians dedicated to work-related illness and long-term health check, the impact and potential for disease are well monitored.

Improvement Measures to Reduce Exposure of Employees to Chemical Hazards

	Kaohsiung Factory	Nantong Industries, TSRC-UBE	Shanghai Industries	Shen Hua Chemical
<p>2023 Improvement Measures</p>	<p>Updating Chemical Safety Information</p> <p>Update the safety data sheet for chemicals in the plant every three years to ensure that chemical information is the latest.</p>	<p>Process Improvement - Reduce Fugitive Emissions</p> <p>The AO dosage extraction method was changed from open type to closed type to reduce VOCs fugitive emissions and reduce the risk of employee exposure.</p>	<p>Process Improvement - Reduce Fugitive Emissions</p> <p>Optimized the film extrusion line by changing the original in-line feeding system to a loss-in-weight feeding system to improve system sealing.</p>	<p>New Equipment Setup</p> <p>Temporary suction devices are added to pump the fugitive VOCs to the storage-heat incinerator (RTO) for disposal, and control measures are implemented to reduce the hazards of VOCs emissions to personnel.</p>
	<p>Process Improvement - Reduce Fugitive Emissions</p> <p>Improvement of the BR plant by enclosing the screw elevator to eliminate odor and VOCs from escaping and reduce the risk of employee exposure.</p>		<p>New Equipment Setup</p> <p>Added one set of suction feeding system to the application film extrusion line, so that the main material and powder material can be sucked in separately, and the powder material will not be affected when mixing in the middle of the main material, which effectively reduces the contact between the powder material and the staff.</p>	

In the event of any injury or illness related to an occupational cause, TSRC all employees are required to report the incident through the TSRC HSE Incident Reporting and Database System, and the information and data will be analyzed by TSRC Global HSE. For more information on TSRC' s occupational injuries and diseases in 2023, please refer to the following data :

2023 Occupational Injuries and Illness of TSRC Non-employee Workers (by Subsidiaries)

Occupational Injuries and Illness of TSRC Employees			Unit	TSRC Kaohsiung Factory	TSRC Gangshan Factory	Global Business Headquarter	TSRC Corporation	Shen Hua Chemical	Nantong Industries	TSRC-UBE	Shanghai Industries	TSRC (Vietnam) Company Limited	TSRC Specialty Materials LLC	TSRC (USA)	Polybus	TSRC (Lux.)	TSRC Group
Total working hours of non-employee workers			hours	480,890	14,263	576	495,729	266,536	250,011	100,644	26,467	35,140	109,618	N/A	N/A	N/A	1,284,145
Occupational Injury Rate (Total recordable incidence rate, TRIR)	Non-employee workers	Number of recordable occupational injury cases among non-employee workers	Cases	4	0	0	4	2	0	0	0	0	1	N/A	N/A	N/A	7
		Number of non-employee workers involved in the recordable occupational injury cases	People	4	0	0	4	2	0	0	0	0	1	N/A	N/A	N/A	7
		Total recordable incidence rate (TRIR)		1.66	0.00	0.00	1.61	1.50	0.00	0.00	0.00	0.00	1.82	N/A	N/A	N/A	1.09
Severe Occupational Injury (excluding fatalities)	Non-employee workers	Number of severe recordable occupational injury cases among non-employee workers	Cases	1	0	0	1	0	0	0	0	0	0	N/A	N/A	N/A	1
		Number of non-employee workers involved in the severe recordable occupational injury cases	people	1	0	0	1	0	0	0	0	0	0	N/A	N/A	N/A	1
		The severe occupational injury rate of nonemployees		0.42	0.00	0.00	0.40	0.00	0.00	0.00	0.00	0.00	0.00	N/A	N/A	N/A	0.16

Note:

- Non-employee workers are defined as those whose job content is monitored by TSRC Group alone or jointly with other organizations, but who are not directly employed by TSRC Group.
- The total working hours of non-employee workers at TSRC Group is the sum of the working hours at the TSRC Kaohsiung and Gangshan plant, and the Global Business Headquarters. The Total Recordable Incidence Rate (TRIR) is calculated as the total number of recordable occupational injuries among non-employee workers at the TSRC Kaohsiung and Gangshan plant, and the Global Business Headquarters, divided by the total working hours of nonemployee workers, multiplied by 200,000.
- The Total Recordable Incidence Rate (TRIR) is calculated as "Total number of recordable occupational injuries divided by the total working hours, multiplied by 200,000." The definition of recordable occupational incidence includes: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, loss of consciousness, or a significant injury or illness diagnosed by a physician or other licensed healthcare professional (even if it does not result in death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness).
- The Severe Occupational Injury Rate is calculated as "Number of severe recordable occupational injury cases divided by the total working hours, multiplied by 200,000." The definition of severe recordable occupational injury includes: death, an injury that renders it impossible or difficult for the worker to return to his pre-injury state of health within six months.
- In 2023, there were no reports of occupational fatalities, occupational illnesses, occupational disease fatalities, or work-related deaths among non-employee workers at TSRC Group. However, Polybus and TSRC (Lux.) did not employ any non-employee workers, so the data is marked as N/A.

2023 Occupational Injuries and Illness of TSRC Employees (by Subsidiaries)

Occupational Injuries and Illness of TSRC Employees			Unit	TSRC Kaohsiung Factory	TSRC Gangshan Factory	Global Business Headquarter	TSRC Corporation	Shen Hua Chemical	Nantong Industries	TSRC-UBE	Shanghai Industries	TSRC (Vietnam) Company Limited	TSRC Specialty Materials LLC	TSRC (USA)	Polybus	TSRC (Lux.)	TSRC Group	
Total working hours of employees			hours	986,229	139,312	147,374	1,272,915	784,391	752,667	272,522	167,992	57,599	159,588	1,936	3,792	25,112	3,498,514	
Total recordable incidence rate (TRIR)	TSRC Employees	Number of recordable occupational injury cases among employees	Cases	3	0	0	3	1	0	1	1	0	0	0	0	0	6	
		Number of employees involved in the recordable occupational injury cases	Persons	3	0	0	3	1	0	1	1	0	0	0	0	0	0	6
		Total recordable incidence rate (TRIR)		0.61	0.00	0.00	0.47	0.25	0.00	0.73	1.19	0.00	0.00	0.00	0.00	0.00	0.00	0.34

Note:

- The employee in this table refers to permanent full-time employees. 2023 TSRC employs one full-time temporary employee as visually impaired masseur, and no permanent part-time employees and employees without guaranteed hours.
- The total working hours of TSRC employees are the sum of the working hours of employees at the TSRC Kaohsiung and Gangshan Factory, and the Global Business Headquarters. The Total Recordable Incidence Rate (TRIR) is calculated as the total number of recordable occupational injuries among TSRC Kaohsiung and Gangshan Factory, and the Global Business Headquarters employees divided by the total working hours and multiplied by 200,000.
- The Total Recordable Incidence Rate (TRIR) is calculated as "Total number of recordable occupational injuries divided by the total working hours, multiplied by 200,000." The definition of recordable occupational incidence includes death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, loss of consciousness, or a significant injury or illness diagnosed by a physician or other licensed healthcare professional (even if it does not result in death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness).
- In 2023, there were no reports of occupational fatalities, severe occupational injuries, occupational illnesses, occupational disease fatalities, or work-related deaths among employees.

TSRC Process safety Incidents, Process Safety Total Incident Rate, and Process Safety Incident Severity Rate in 2023

	TSRC Kaohsiung Factory	TSRC Gangshan Factory	Global Business Headquarter	TSRC Corporation	Shen Hua Chemical	Nantong Industries	TSRC-UBE	Shanghai Industries	TSRC (Vietnam) Company Limited	TSRC Specialty Materials LLC	Polybus	TSRC (Lux.)
Process safety incidents count (PSIC)	0	0	0	0	0	0	0	0	0	0	0	0
Process safety total incident rate (PSTIR)	0	0	0	0	0	0	0	0	0	0	0	0
Process safety incident severity rate (PSISR)	0	0	0	0	0	0	0	0	0	0	0	0

Note:

- The data of TSRC Corporation is the sum of TSRC Kaohsiung Factory, Gangshan Factory, and Global Business Headquarters.
- TSRC Group did not have any transportation accidents during production in 2023.
- The Process safety incidents, Process safety total incident rate and Process safety incident severity rate counted in this table are in accordance with the definition of American Petroleum Institute (API) and RP 754 Tier 1 of American National Standards Institute, ANSI.