

Climate-Related Risk Financial Disclosure

ESG Strategy

In response to the global trend toward promoting ESG and the increasingly severe climate change, based on global ESG development trends, the United Nations Sustainable Development Goals (SDGs), and benchmarking ESG strategic planning cases and practices from the chemical and related industries, TSRC came up with prioritized SDGs, and focused on 8 SDGs to achieve global sustainable development goals. For climate action, TSRC dedicates our efforts to energy conservation and carbon reduction with the vision of achieving carbon neutrality. TSRC has set short- and medium-term carbon reduction targets in order to actively support and implement global climate change initiatives.



Climate Governance

TSRC refers to the TCFD recommendations to promote transparency in the disclosure of information on climate related risks and opportunities. TSRC has established a climate risk and opportunity management mechanism and integrated it into the company's risk management process. Through the four strategic directions of "governance, strategy, risk management, metrics and targets", TSRC is committed to promoting low-carbon transformation and strengthening operational resilience.



	TSRC Management Based on the TCFD Recommendations	Implementation in 2023
ि Governance	The Board of Directors monitors climate- related risks, opportunities, response strategies, targets, preventive measures, and actual performance.	 The Board of Directors was informed by the ELT about the operational situation and whether the actual operating sites were affected by extreme climate impacts in the quarterly operational report and was informed about the impact of the progress of climate change policies in each country on the company in the regular report and had made recommendations to the ELT. In 2023, the Board of Directors met in July and November to discuss climate change issues.
	The Executive Leadership Team (ELT) assesses climate change issues, establishes response plans, drives risk mitigation, reviews performance and reports regularly to the Board of Directors.	The ELT charged the ESG Task Force with assessing climate-related risks and opportunities and developing response strategies and actions to be implemented upon approval by the ELT. The ESG Task Force reported quarterly to the ELT on the assessment of climate risks and opportunities and the status of implementation through physical meetings. Climate risk objectives were linked to annual management team objectives and performance reviews.
	Identify short-, medium-, and long-term climate risks and opportunities using climate change risk and opportunity assessment methodologies.	TSRC assesses climate risks and opportunities in terms of potential impact level, likelihood of occurrence, and vulnerability, and develop and implement countermeasures. Based on this assessment, developed and implemented countermeasures. Further details can be found in the <u>Appendix</u> "Climate-Related Risks and TSRC Response Measures" and "Climate-Related Opportunities and TSRC Response Measures."
	Analyze the potential operational and financial impact of material climate risks and opportunities for TSRC under the TCFD framework.	TSRC conducted the financial impact assessment of material climate-related risks associated with the increased cost of GHG emissions. Please refer to the <u>TSRC Sustainability Report 2021</u> for details.
Strategy	Perform climate risk analysis under different scenarios and assess short, medium- and long-term carbon reduction and carbon neutral targets and actions.	• 2021: TSRC analyzed the impact of the risk of increased cost of GHG emissions in the International Energy Agency's (IEA) Sustainable Development Scenario (WB2*C) and Net Zero Emissions by 2050 (NZE) Scenario. • 2023: TSRC has addressed the transition risks, and the self-defined cathor reduction tragets of the TSRC ESG Strategy Blueprint (for the SBT below 2* osenario) and the IEA NZE scenario (KB4*C) and to GTM and the IEA NZE scenario (for the SBT below 1.5*C) scenario) and the IEA NZE scenario (for the SBT below 1.5*C) scenario and the IEA NZE scenario (for the SBT below 1.5*C) scenario and the IEA NZE scenario (for the SBT below 1.5*C) scenario and the IEA NZE scenario (for the SBT below 1.5*C) and to formulate a climate change strategy and related mitigation measures. In terms of physical risks, most of the extreme weather events (heavy rainfall, drought, typhoon, average temperature increase, extreme low temperature, sea level rise) were assessed as having a lower risk impact, except for the Kaohsiung Factory, which may be exposed to operational risks due to drought and water restriction measures, and TSRC has conducted a stress test to plan a response to enhance operational risk linea.
tit .	Establish a climate-related risk identification process based on the TCFD framework.	For details on the climate change risk identification process, please refer to the " <u>Climate Risks and Opportunities</u> " section. TSRC conducted a full climate-related risk and opportunity identification process every three years and reassessed the "potential impact level" and "likelihood" of risk factors annually.
Risk management	Develop adaptation and mitigation strategies based on the identified climate-related risks. Integrate the climate risk identification process into the existing risk management process.	 The ELT appointed the ESG Task Force to assess climate-related risks and opportunities based on materiality ranking, develop response strategies and actions for approval by the ELT, and integrate climate risk factors into the company's risk management.
	Establish climate-related indicators to facilitate annual performance tracking.	 Developed "reducing total carbon emissions, increasing the proportion of renewable energy, improving wastewater recycling, increasing the use of reclaimed water, developing products with lower environmental impact" as indicators of climate change adaptation and mitigation.
Metrics and Targets	Conduct annual inventory of Scope 1, 2, and 3 GHG emissions and assess their impact on the company's operations.	Continued to implement carbon reduction measures and increase the use of renewable energy based on the results of various reviews and assessments to effectively reduce GHG emissions. For details, see "GHG emissions and carbon emission intensity per unit product"
	Review climate management targets annually.	 The ELT regularly reviewed the performance of the ESG Task Force in implementing climate-related projects with various functional categories and confirmed the progress against metrics and targets.

Climate Governance Framework and Oversight Mechanism

The Board of Directors is TSRC's highest governance body on climate change and plays an oversight role in promoting climate change and sustainable business strategies. By regularly receiving risk management reports from the ELT, the Board is able to keep abreast of the impact of climate-related risks on the company and its subsidiaries, as well as the measures being taken to manage such impacts. In addition, at the end of each year, the Board discusses and approves significant capital expenditures in connection with the annual budget to achieve GHG reduction and water use targets. Executive Leadership Team (ELT) leads a Climate Risk Project Team composed of members of the ESG Task Force to promote climate risk management projects. During the process of conducting climate change impact assessments, discussions are held according to functional categories.





In July and November of 2023, the Board of Directors of TSRC held meetings on issues related to climate change, which were reported on by the CEO. The topics included transition and physical risk factors, the extent of climate risk, risk response strategies, targets and improvement measures and plans, and TSRC's transformation actions and opportunities. At the same time, the ESG Task Force reported quarterly in person to the ELT on the implementation of climate-related risks, including GHG reduction, use of renewable energy, improvement of water resource use, use of renewable raw materials, reduction of product carbon footprint, development of new products and new businesses, impact of physical risks, and mitigation of physical risks.

In 2023, the Finance Division supervisor, Operational Division supervisor, and the Corporate Development Department supervisor and the ESG Task Force met to discuss the assessment of the impact of Kaohsiung's water restrictions on TSRC and the measures to address the impact; the Operational Division supervisor and the ESG Task Force held several discussions on the implementation of GHG reduction targets, the proportion of renewable energy use, and related significant energy-saving capital expenditure plans; the Corporate Development Department supervisor and the ESG Task Force held multiple discussions on the assessment of climate risks and opportunities, identification of risk factors, mitigation of risk impacts, and the development of new products or businesses, as well as other risk and opportunity assessments; the CEO and the ESG Task Force discussed the implementation of climate strategy and targets, the assessment of the overall impact of risks, and the response and mitigation measures.

Climate-Related Risks and Opportunities Identification

TSRC refers to the TCFD recommendations to promote transparency in the disclosure of information on climate related risks and opportunities. TSRC has established identification process of climate-related risks and opportunities **and will** conduct a full identification process every three years, and reassess the "potential impact level" and "likelihood" of risk factors annually. This is to ensure the effectiveness of mitigation and adaptation planning, and to update the risk content, risk assessment, and countermeasures for risk management and disclosure accordingly. The scope of climate risks and



opportunities identification includes the areas where TSRC's production plants are located, including Taiwan, China, US and Vietnan.

Climate-Related Risks and Opportunities Identification and Management Process



◇ Scenario setting for Climate Change Risks and Opportunities

Risk Type	Scenario	Scenario Description
	IEA Net Zero Emissions by 2050 Scenario (NZE)	Achieve net-zero emissions globally by 2050 and limit global warming to the 1.5°C.
Transition Risk	IEA Sustainable Development Scenario (SDS)	Based on the huge increase in renewable energy policies and investments, the global temperature increase by 2100 will be well below 2°C, and there is a 50% chance of limiting global warming to 1.65°C.
Physical Risk	IPCC - AR6 SSP 2-4.5	Medium greenhouse gas emissions, CO_2 emissions will not start to decline until mid-century, and net zero emissions will not be achieved before 2100.
	IPCC - AR6 SSP5-8.5	Without any climate management actions, the world maintains high greenhouse gas emissions. CO ₂ emissions will double around 2050, and global warming will be close to 4°C by 2100.



2023 Climate- Risk Matrix



TSRC summarized 12 climate-related risks and 5 climate-related opportunities and conducted quantitative analysis of the impact of high risks, and then adjusted the company's business strategies based on the quantitative analysis results. TSRC will continue to expand the scope of quantitative risk impact assessments, analyze the financial impact of medium and low risks, review the company's risk tolerance, and formulate response measures.



Risk		Name of rick	Impact on TSPC	Countermeasures and strategies		
Туре	Category	Name of fisk	impact on TSKC	2022-2023	2024	
		Increased pricing of GHG emissions- Taiwan's carbon emissions fee	 Increase in TSRC's operating costs, and anticipating the GHG-related operating costs to continue to increase until 2030 Carbon fee will indirectly increase TSRC's procurement cost 	 Reduced carbon emissions of the Dashe Factory by adopting low- carbon fuels and replacing with energy-efficient facility at the Factory. Completed the installation of solar panels at the Dashe Factory. Completed the Group's 2023 greenhouse gas inventory with verification. 	Expecting to continue upgrading to energy efficient manufacturing facilities.	
Transition risks	Policy and Regulation	Increased pricing of GHG emissions - EU CBAM	• TSRC's sales in EU may be affected by lower average prices or loss of orders due to lack of competitiveness of carbon footprint	 TSRC Nantong Industries has purchased renewable energy in 2023. Nantong Industries reduced carbon emissions by 3.6% from 2021 through process improvements. Replaced energy-intensive or aging equipment with energy- saving ones at all sites. Calculated and certified product carbon footprint (ISO14067) in accordance with CBAM and customer requirements. 	 Nantong Industries continues to procure more renewable energy. Reduce the carbon footprint in the product supply chain in advance to respond to CBAM. Continue to develop solutions to reduce product carbon footprint. 	



Countermeasures and strategies Category Name of risk Impact on TSRC 2022-2023 Type 2024 TSRC's Kaohsiung Factory solar Nantong Industries Renewable energy Increased mandates and • panels were officially continues to procure regulation for procurement costs are commissioned at the end of 2023. more renewable energy. sustainability - Taiwan rising and expected to Shanghai Industries completed and Nantong Industries continue to grow until self-generation and self-utilization use renewable energy. 2030 Transition Policy and of solar panels. Regulation Completed the establishment of Comply with the risks Increased mandates and **GHG** Inventory Information in verification requirements and Increase regulation for disclose relevant costs System. sustainability - timely Increase in GHG Inventory Completed the Group's GHG information timely and disclosure in response to Information System costs Inventory with certification ahead comprehensively. regulations of government's schedule. Continue to develop Improved Nantong Industries' Increased capital • production process to reduce Cost of low-carbon new carbon reduction expenditure to reduce technology transition steam use by 16% (equivalent to programs. carbon emissions by 2030 availability of 2,100 metric tons of CO₂ Increase in consulting fees • technologies to reduce emissions). for technology carbon emissions Assessed the feasibility of carbon Transition improvement Technology capture and storage. risks 30% of recruitment for process Strengthen employees' . . Cost of low carbon and product optimization. sustainable capabilities. Provided in-house training for technology transition -Continue to develop • Increase in personnel costs ٠ management on carbon market industry-academia New R&D or technical talent and technology development. collaboration opportunities. Changes in customer Signed MOUs with suppliers for Work with customers to • Transition Procurement of bio-based • renewable primary feedstock and reduce product carbon behavior and shifts in Market feedstock increases risks consumer preferences footprint.



Risk	Category	Name of risk	Impact on TSPC	Countermeasures and strategies		
Туре	Category	Name of fisk	impact on TSRC	2022-2023	2024	
		customers demand products with renewable feedstocks or lower carbon footprint	procurement costs by 2-3 times	obtain ISCC Plus certification by Q4 2023.Developed bio-based alternatives.	Improve packaging and logistics to reduce customers' scope 3 emission.	
		Changes in customer behavior and shifts in consumer preferences - customer requests for TSRC ESG ratings or certificates	 Maintain favorable ESG rating scores Increased verification costs 	 Improved international sustainability rating scores for EcoVadis, DJSI, and CDP. Completed GHG inventory and carbon footprint certification. 	Enhance ESG rating compared to peers.	
		Increased cost of raw materials	• Procurement of bio-based feedstock increases procurement costs by 2-3 times	 Continuously assessed market demand. Established marketing and sales strategy for renewable raw material products. 	 Evaluate market demand for renewable raw materials. 	
Transition risks	Reputation	Stigmatization of sector	 Ongoing disclosure to stakeholders and proactive actions to reduce carbon emissions and prevent pollution 	 Disclosed ESG sustainability strategy, targets and results in Investor conference and corporate website. Communicated ESG improvement and action plans with customers and banks. 	 Continuously communicate with stakeholders and maintain good relationships. 	
Physical risks	Acute	Drought	 If there is not enough water reserve during drought, water will have to be purchased by trucks If water restrictions are enforced and the water 	 Established more water supply pipelines between the Kaohsiung Dashe Factory and other enterprises. 	 Explore to increase water recycling and fresh water supply. Develop a plan for stable operation of the Dashe Factory with 	

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Risk	Catanami	Name of vield		Countermeasures and strategies		
Туре	Category	Name of risk	Impact on TSRC	2022-2023	2024	
			supply is suspended 2 days per week, the reserve capacity will need to be increased in order to avoid interruption to the operation of the Dashe Factory	• Improved the wastewater recycling system of the Dashe Factory.	water cut-off 2 days a week.	
Physical risks	Acute	Increased severity of extreme weather events – flooding due to heavy rains	 Disruption of production lines and services Damage to production equipment due to flooding Employee commute disruption due to flooding 	-	 Strengthen drills to improve response capability and precautionary measures at all sites. Strengthen drainage systems at all sites. 	
Physical risks	Acute	Increased number of extreme weather events - losses due to heavy rainfall are not fully covered by insurance	Losses not covered by insurance	-	Track the coverage of insurance.	



Climate-Related Opportunities and TSRC's Countermeasures

Category	Name of opportunity	Meaning of opportunity to TSRC	Countermeasures and strategies
Products and Services	Develop products and services with low carbon emissions or environmental impact, in order to improve profitability Development of climate adaptation solutions	Evaluate the development of low carbon markets and market demand of each country, provide low carbon solutions to help customers produce low carbon products and expand their market share, and continue to maintain the Company's competitiveness by meeting customers' needs As extreme weather events continue to occur, provide customers with products for responding to extreme weather events	 Researching market needs to understand customer demand for low carbon footprint products and sustainable products. Improving the performance of medical SEBS to meet customer needs. Developing bio-based alternatives. Continue to develop foaming products applications. Continuously evaluate and develop new business.
Market	Increase the willingness of stakeholders to make investments Positive reputation	Better ESG performance ratings from international investment and rating institutions, or the TSRC's investment in low-carbon related capital expenditures, will attract financial capital to TSRC In-depth connection with SDGs and gaining a good business reputation will have a positive impact on the Company	 Combine loan sources with energy-saving and carbon reduction initiatives to support TSRC's major ESG-related capital expenditures, such as funding for solar panels at TSRC's Kaohsiung Dashe Factory in 2023. Expand stakeholder communication in climate issues Disclose the Company's connection to the SDGs and results of efforts
Resource Efficiency	Use of more efficient production and distribution processes	 Work with value chain partners and adopt highly efficient transportation processes to increase resource efficiency and lower operating costs. Adopt highly efficient processes to reduce resource use and lower operating costs 	 Equipment replacement Implement energy conservation and carbon reduction plans Establish water-saving processes or increase recycled water processes Increase renewable energy use and take energy conservation measures Promotion of waste recycling and reuse Select low carbon transportation to deliver products



Climate Risk Financial Impact Assessment

Taking into account the Company's business strategies and international carbon reduction trends and efforts, TSRC first assessed the financial impact of two transition risks: "Increased cost of GHG emissions" and "Increased sustainability requirements and regulations," after referring to examples of climate risk disclosures by domestic and overseas benchmark companies, as well as the urgency and clarity of the policy.

Increased Cost of GHG Emissions

1. Climate-Related Risks Pathways

As climate change continues to worsen, governments around the world continue to implement climate-related policies, such as the EU's Carbon Border Adjustment Mechanism (CBAM) and the expected domestic carbon emission fee. TSRC expects that the emission of greenhouse gases will have a financial impact in the short term.



2. Financial Impact Assessment

Related policies and regulations will affect not only TSRC but also upstream suppliers, and the cost of raw materials, equipment and electricity may gradually increase. Therefore, TSRC has studied "the increase in upstream costs", "climate-related draft policies", and "customers shifting or reducing orders", and assessed the corresponding financial impact. For more details, please refer to the <u>TSRC 2021 Sustainability Report</u>.

Risk	Potential Financial Impact	TSRC's response
		In response to the continued increase in
The increase of	TSRC will increases procurement	upstream costs, ISRC is actively implementing
The increase of	costs due to climate factors in	energy transformation and plans to work with
upstream costs	2023-2030.	new suppliers that have completed climate
		response measures, establishing a supply chain



Risk	Potential Financial Impact	TSRC's response
		with climate resilience. We will also periodically examine upstream costs to lower the financial impact of this risk.
Climate-related draft policies	The cost of carbon emissions that our business sites need to pay until 2030 will increase each year along with the carbon pricing	TSRC will continue to monitor the progress of climate-related legislation in Taiwan and overseas, and periodically examine if the direction of TSRC internal carbon reduction strategies meets the requirements of authorities. We will make corresponding improvements and adjustments to business strategies, in order to minimize the financial impact of climate-related policies.
Customers shifting or reducing orders	Since customers may need to bear the cost of carbon tariffs when they import TSRC's products, it may cause customers to shift or reduce purchase orders.	TSRC's main strategy is to reduce carbon emissions from its operations or reduce the carbon footprint of its products, and thereby provide customers with more competitive products and services with respect to carbon reduction, continuing to lower business or market risks.

Increased Mandates and Regulation of Sustainability

1. Climate-Related Risks Pathways

As the world focuses more on sustainable development, TSRC is faced with sustainability and lowcarbon regulations for rubber products proposed by various governments, as well as the need to meet the climate-related goals of existing and potential customers. In addition, TSRC needs to comply with the global shift to low-carbon energy sources and the disclosure of climate information.





2. Financial Impact Assessment

TSRC considers international sustainability regulations and continues to strengthen its carbon management, conduct low-carbon energy procurement and plant optimization measures in Taiwan, China, the U.S. and Vietnam. For more details, please refer to the <u>TSRC 2023 Sustainability</u> <u>Report.</u>



Sustainability Regulations	Potential Financial Impact	TSRC's
Increasing number of sustainable and low-carbon regulations for rubber products	 TSRC must continue to develop products with low rolling resistance coefficients, which will increase TSRC's R&D costs TSRC needs to research and develop products with recycling characteristics and increase the proportion of recycled materials and bio-based raw materials used, which will increase TSRC's R&D and procurement costs 	Strengthen energy management and increase renewable energy use
Adherence to climate-related goals of current and potential customers	 Use low-carbon fuels and steam: Replacing fossil fuel- based steam with electrically generated steam will result in higher capital expenditures Optimization of existing processes and equipment: TSRC will invest in process and equipment improvements on an annual basis, resulting in increased capital expenditures Adopt low-carbon transportation and logistics: Result in changes in TSRC's procurement costs Apply for third-party sustainable product certification: Increased demand for sustainable product certification will result in an increase in the number of TSRC sites requiring certification by 2030, which will increase TSRC's overhead costs and lead to an increase in operating costs. 	 Plan to work with suppliers that have completed climate adaptation measures Continually monitor the progress of domestic and international climate- related regulations
Low-carbon energy transition trend	• The purchase of renewable energy and certificates from TSRC's facilities in China, Taiwan and the United States increases TSRC's energy costs and results in higher manufacturing costs. In addition, the construction of renewable energy facilities in China and Taiwan has resulted in increased capital expenditures	 Promote low- carbon manufacturing plans Reduce carbon
Increased disclosure requirements for climate information	• Improve the accuracy, timeliness, and completeness of TSRC's internal climate-related information: Increases in carbon consulting fees, carbon footprint verification fees, and carbon footprint software licenses will increase TSRC's carbon management costs, resulting in higher operating expenses	 Develop suppliers of renewable raw materials



Metrics and Targets

In response to the impacts and challenges of climate change, TSRC has formulated short- and mediumterm goals related to climate risk mitigation. The climate risk objectives are combined with the annual work goals of the operational team and linked through annual performance appraisals to effectively achieve them, and performance is driven by regular oversight by the Board of Directors.

Caslo	Indicators	Corresponding Climate Risks and Opportunities Risks Opportunities	2022 Ashievements	Milestones		
Goals			2023 Achievements	2023	2025	2030
Towards	Reduce total carbon emissions (scope 1+2; base year: 2021)	 Increased cost of GHG emissions Stigmatization of sector Adoption of more efficient manufacturing and transportation processes 	Total emissions reduced by 8.3% from base year (regional basis)	Total carbon emissions reduced by 5% from base year	Total carbon emissions reduced by 10% from base year	Total carbon emissions reduced by 22.5% from base year
Carbon Neutrality	Increase the percentage of renewable energy	 Increased cost of GHG emissions Increased sustainability requirements and regulations 	Renewables accounted for 6.1% of total electricity consumption	Renewables accounted for 5% of total electricity consumption	Renewables account for 10% of total electricity consumption	Renewables account for 30% of total electricity consumption
Optimize	Improve wastewater recycling	 Increased sustainability requirements and regulations Stigmatization of sector Drought Rising average temperature 	Recycled wastewater accounted for 25% of the total wastewater	Recycled wastewater accounted for 25% of the total wastewater	Recycled wastewater accounts for 36% of the total wastewater	Recycled wastewater accounts for 40% of the total wastewater
Water Resource Usage	Increase use of reclaimed water	 Adoption of more efficient manufacturing and transportation processes 	Reclaimed water accounted for 22% of total water consumption	Reclaimed water accounted for 15% of total water consumption	Reclaimed water accounts for 34% of total water consumption	Reclaimed water accounts for 40% of total water consumption
Reduce the carbon footprint of products	Develop products that reduce environmental impact	 Increased sustainability requirements and regulations Changing customer behavior Developing products and services with low carbon emissions or low environmental impact Develop products related to climate adaptation 	Developed a new generation of synthetic rubber for green tire/shoe materials, reducing environmental carbon emissions by 200,000 tons based on sales contribution	Developed a new generation of synthetic rubber for green and electric vehicle tires/ shoes, reducing carbon emissions by 150,000 tons based on sales contribution	Develops a new generation of synthetic rubber for green and electric vehicle tires/shoes, reducing carbon emission by 300,000 tons based on sales contribution	Develops a new generation of synthetic rubber for green and electric vehicle tires/ shoes, reducing carbon emission by 1.5 million tons based on sales contribution
Reduce the carbon footprint of products		 Increased sustainability requirements and regulations Changing customer behavior Developing products and services with low carbon emissions or low environmental impact Develop products related to climate adaptation 	Evaluated green foam product options and developed products for more applications	Developed green foam products that reduce environmental impact	Develops green foam products with reduced environmental impact and recyclability	Develops green foam products using renewable resources to reduce environmental impact and increase recycling rates
	Develop products that reduce environmental impact		Specialty styrene block copolymers (SBCs) have been developed and successfully marketed for medical treatment, footwear materials and plastic modification	Development of specialty styrene block copolymers (SBCs) used in medical devices, footwear materials and plastic modification that are recyclable and reduce medical waste	Develops a new type of SBC to help customers reduce process energy consumption and eliminate the use of organic solvents	Develops TPE products for medical use and, depending on the sales contribution, reduce the amount of medical waste by 10% compared to the previous generation of products
	Product process optimization	 Cost of transition to lower emission technology Use of more efficient production and transportation processes 	Optimized TPE product manufacturing process to reduce steam consumption and carbon emissions by 3,185 metric tons in 2023 compared to the previous year	Optimize TPE product manufacturing process to reduce steam usage (to reduce carbon emissions by 1,800 metric tons per year)	Optimize the manufacturing process of TPE products to reduce process performance and energy consumption	Reduce power and energy consumption in the TPE product manufacturing process (reduce carbon emissions by 9,000 metric tons per year)
	Use of renewable raw materials ^{Note 1}	 ▲ Increased sustainability requirements and regulations ▲ Increased raw materials costs 	Signed Memorandums of Understanding with two renewable feedstock suppliers to collaborate on renewable feedstocks	Develop renewable raw materials suppliers	Renewable raw materials account for 5% of total raw material purchases	Renewable raw materials account for 15% of total raw material purchases

Note 1: Renewable raw materials: (1) Crops (2) Raw materials (3) Waste of other products