

TSRC ESG

FAQ

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## ESG Strategy & Targets

### Q1 : Does TSRC have an ESG strategy and targets ?

1. TSRC's ESG strategy and targets are planned by the ESG Steering Committee and approved by the Board of Directors. The strategy includes directions about environmental, social, and governance and formulates short, medium and long-term targets to promote operational growth and strengthen the company's operational resilience.
2. For ESG strategy and targets, please refer to the Company's website [ESG strategy and targets](#) .

### Q2 : Does TSRC have a Net Zero target ?

1. TSRC has set a short & medium-term target for group based on SBTi guideline and take 2021 as base year of the Group's GHG emissions (Scope 1 and Scope 2). TSRC expects to reduce its GHG emissions by 10% in 2025 and 22.5% in 2030 compared to the base year.
2. TSRC will comply with national policies and continue to evaluate the company's long-term development to reduce GHG and move toward carbon neutral operations.
3. In response to the Scope 3 target, TSRC is conducting analysis by aggregating raw material carbon footprint data and plans to carry out supply chain carbon reduction actions after the target is set.

### Q3 : Are the compensation of TSRC's executive leadership linked to ESG Targets & Performance ?

1. The compensation policy for senior executives (including CEO and highest-level functional unit heads - Vice Presidents or Associate Vice Presidents) is based on evaluating their individual experience, capabilities, scope of responsibilities, and contribution to operational objectives. The policy also considers market salary levels and internal equity factors to provide reasonable compensation packages. Executive compensation design needs to balance sustainable business operations and operational performance requirements, adopting a performance-oriented compensation policy.
2. TSRC senior executive compensation includes fixed salary and variable bonuses. Fixed salary is paid monthly, while variable bonuses are determined based on annual organizational performance and individual performance evaluation results. Organizational and individual performance indicators include annual group operational performance, operational function performance, and individual performance goal achievement.
3. Considering the importance of ESG goals to company sustainability, TSRC incorporates key ESG objectives or actions into organizational performance goals and executive annual performance

targets to motivate executives to achieve individual and organizational goals, thereby strengthening ESG performance.

4. Senior executives' performance target settings are explained as follows:

Executive Title	Performance Metrics	%	Goals linked to ESG key targets	ESG target % of Personal performance
CEO	Financial Goals	60%	1. Annual carbon reduction rate 2. Annual wastewater recycling rate	10%
	Strategic goals	40%	3. TRIR 4. Developing new business	

Executive Title	Performance Metrics		%	Goals linked to ESG key targets	ESG target % of Personal performance
Functional Head (including Business Unit, RD, HR, Legal, Finance, Corporate development, operation manufacturing)	Organizational performance: Scorecards (Operation、Corporate、SRD、AMD)	Financial goals	70%	1. The progress of developing new products 2. Sales Vol. of new products 3. Sales revenue of new products	Takes different proportions across the four perspectives
		Strategic goals	30%	1. Annual carbon reduction rate 2. TRIR	
	Individual KPI	Standards customized according to functional type	Standards customized according to functional type	1. Annual carbon reduction rate 2. Annual wastewater recycling rate 3. Sales of new products 4. Development of new products 5. Enhance corporate governance 6. Enhance ESG implementation	Standards customized according to functional type

## Corporate Policy

### Q1 : Does TSRC have an environmental, safety and health policy ?

1. TSRC has formulated the Group's environmental policy with reference to the United Nations Global Compact and government regulations. In response to climate change and environmental challenges, TSRC takes a proactive approach to carbon reduction, emphasizes environmental responsibility, and devotes itself to the development of products and services that mitigate the impact on the environment. For more detail information, please refer to the company's website – [Environment Policy](#).
2. To continuously strengthen the environmental safety management and product responsibility, in addition to the environmental policy, we have formulated the "No Hazardous Substance Policy", "Safety and Health Policy", "Energy Policy", and "Quality Policy", and the details of these policies can be found on the Company's website- [Policy](#).
3. For more information on environmental management, environmental safety and health system and status of management , please refer to the company's website – [Environmental](#), [Social](#).

### Q2 : Does TSRC have a corporate governance policy ?

1. TSRC has established internal policy related to corporate governance to enhance the effectiveness of corporate governance and operational stability, including the "[Corporate Governance Guidelines](#)" , "[Code of Ethics](#)" , "[Code of Business Conduct](#)" , "[Management Procedure for Insider Trading](#)" , and "[Management Procedure for Antitrust Compliance](#)" .

### Q3 : Is there a whistleblower mechanism at TSRC ?

1. TSRC has constituted internal rules and a "[Management Procedure for whistleblowing](#)" to deal with unlawful, dishonest, or unethical behavior of its personnel, as well as a "[whistleblowing mailbox](#)" on our website for internal and external reporting.

### Q4 : Is there a sustainable supplier or procurement policy at TSRC ?

1. Based on the Responsible Business Alliance (RBA) Code of Conduct, TSRC follows relevant international standards to develop the "[TSRC Group Supplier Code of Conduct](#)" . This code regulates suppliers' ethical management, human rights and labor policies, occupational safety and health, and environmental protection. TSRC requires suppliers to comply with the requirements, and the supplier' s compliance status influences TSRC' s procurement decisions.

### Q5 : Does TSRC have cyber security policy ?

1. TSRC has formulated the "[Cyber security Policy and Management](#)" and continues to strengthen the Group's information security prevention mechanism in response to changes in the external environment. For the annual implementation status, please refer to the [Cyber security implementation status](#).

## GHG Emissions & Energy Efficiency

### Q1 : Does TSRC have a greenhouse gas reduction target?

1. In response to global climate action, TSRC has adopted the vision of moving toward carbon neutrality. Considering the boundaries of the organization's scope of work and production capacity, TSRC has set the carbon reduction target with the base year in 2021, taking into account the SBTi recommendation of using the most recent year of available data as the base year. Because the group begin to consistently adopt the ISO14064-1:2018 for conducting inventories in 2021, TSRC has set the carbon reduction target with the base year in 2021. TSRC aims to reduce greenhouse gas emissions in scope 1 & 2 by 5% in 2023, 10% in 2025, and 22.5% in 2030. We will continue to invest in green process technologies and increase the use of renewable energy, and actively implement measures related to energy conservation and carbon reduction.
2. The Company is currently in the process of evaluating scope3's reduction and will disclose the targets once they are confirmed.

### Q2 : Does TSRC Group conduct greenhouse gas emission inventories ?

1. In response to global Net Zero action, we actively manage greenhouse gas emissions at all production sites, invest in the energy-saving technologies and increase the use of renewable energy sources, and do the filing in accordance with the requirements after completing an organizational inventory and verification at each site annually.
2. TSRC group's GHG emissions management please refer to the link [Status of GHG Emissions](#).
3. TSRC Group (including its subsidiaries) conducts annual greenhouse gas inventories and has obtained [ISO14064 certification](#).

### Q3 : Does TSRC plan to accelerate energy efficiency or renewable energy use ?

1. TSRC has set a vision to achieve carbon neutrality. As a manufacturer of specialty chemicals, TSRC prioritizes the reduction of Scope 1 and Scope 2 GHG emissions. With the year 2021 as the base year, TSRC aims to reduce Scope 1 and 2 greenhouse gas emissions by 5% in 2023, 10% in 2025, and 22.5% in 2030, and to achieve a renewable energy ratio of 5% by 2023, 10% by 2025 and 30% by 2030.
2. TSRC's energy efficiency program includes the promotion of low-carbon manufacturing processes. TSRC is committed to promoting energy saving in manufacturing processes, continuously optimizing process operations and utility systems in all of plants and investing in higher efficiency equipment as the main direction for carbon reduction. Through annual

replacement of energy-consuming equipment, installment of energy-saving devices, and new stripper heat recovery technology, TSRC has been able to reduce the use of electricity and steam. In addition to lowering the use of purchased steam in Scope 2, it has also been able to lower the amount of natural gas used because of the reduction in the amount of steam used in its manufacturing processes. TSRC plans to build its own solar power, purchase green power contracts, renewable energy certificates or other means to gradually increase the proportion of renewable energy in its production sites in Taiwan and China to achieve carbon reduction.

3. Please refer [Sustainability Report](#) 2.1.2 Energy management for the detailed description of the annual greenhouse gas and energy efficiency improvements at TSRC.



## Enhancement of Water Usage

### Q1 : Does TSRC have water resource management policies or guidelines?

1. The water resources used by TSRC at each location mainly come from the tap water provided by water companies, TSRC has set up three major focuses for water resource management: efficient water use, circulation and recycling, and clean emissions to reduce the total amount of water withdrawn from outside the plant and to reduce the burden of pressure on local water resources.
2. TSRC continues to increase the recycling rate of process wastewater to reduce the total amount of water withdrawn from outside the plant, and TSRC has set a wastewater recycling target of 25% of the Group' s total wastewater recycled by 2023, a recycling rate of 36% by 2025 and a recycling rate of 40% by 2030.
3. TSRC publicly discloses its water resources management data and strategies every year and conducts a stakeholder survey to understand the views and feedback on TSRC's actions.

### Q2 : Does TSRC have water resource risks management plan?

1. According to the Aqueduct Water Risk Atlas of the World Resources Institute (WRI), on a county or city basis, regardless of the dry and abundant water period, TSRC' s Kaohsiung Factory is in a high risk area for drought in the past and in the future (2015-2039), while the water resource risk of China' s Shen Hua Chemical, Nantong Industries, and TSRC-UBE located in Nantong in Jiangsu Province, the U.S. TSRC Specialty Materials LLC factory located in Louisiana State, and Polybus, a trading-oriented subsidiary in Singapore, are at low risk (<10%). TSRC (Vietnam) Co., Ltd.' s in Vietnam is at low to medium risk (10%-20%) of water stress. TSRC (Lux.) in Luxembourg, the holding company for the trading business, and TSRC Specialty Materials LLC in Texas, USA, where the office is located, are subject to medium to high water stress (20%-40%). Shanghai Industries, located in the Shanghai area of China, has an extremely high risk of water stress (>80%).
2. TSRC is proactively managing its water resources. For more information on the Group's water resources, please refer to the link [Status of Water Usage and Wastewater Recycling](#).

### Q3 : Does TSRC have a wastewater recycling target or management mechanism?

1. After holistically considering the usage efficiency and discharge of water, TSRC has strengthened water recycling measures and increased the circulation of water resources in factories in recent years to lower the impact of water resources on operations and move forward to zero wastewater discharge. TSRC has set a wastewater recycling target of 25% of the

Group' s total wastewater recycled by 2023, a recycling rate of 36% by 2025 and a recycling rate of 40% by 2030. TSRC is increasing capital expenditures to strengthen the Group' s wastewater recycling rate. In 2023, wastewater recycling equipment was installed in Nantong Industries and TSRC-UBE to increase the wastewater recycling rate to 38% and 39%, respectively. In 2023, the Kaohsiung Factory increased its daily recycling capacity by 51 metric tons through the optimization of the wastewater recycling system. In response to the water restrictions in Kaohsiung, measures are taken in advance, such as installing additional water pipelines and inquiring about the availability of recycled water.

2. For wastewater management mechanism, TSRC' s main production sites are all located in local industrial parks and are subject to management and supervision by the competent authority of the industrial parks. For wastewater from manufacturing processes and operations, TSRC takes recycling within the plant as the main consideration to reduce wastewater discharge. Wastewater that cannot be recycled and reused is pre-treated by factories until it meets local effluent monitoring standards and priority-controlled substance emission limits, and is then discharged into the industrial park' s wastewater treatment system. TSRC' s wastewater discharge has not caused any direct ecological impacts to the surrounding areas. In 2023, TSRC did not violate any wastewater regulations or exceed priority-controlled substance emission limits. For more information about the annual wastewater recycling and treatment data, please refer to the link [Status of Water Usage and Wastewater Recycling](#).

# Reinforcement of Environmental Management

## Q1 : Does TSRC have an environmental management policy or targets?

1. TSRC takes its social responsibility for environmental protection seriously, and has adopted high standards of environmental management at all of its operating locations, including: air pollution, waste/scraps, soil and groundwater contamination, and other substances that may have an impact on the environment. TSRC continues to promote energy conservation and waste reduction, air pollution prevention, and wastewater reduction and recycling through ISO 14001 Environmental Management Systems. We periodically conduct comprehensive reviews, and use technology to monitor factories and surrounding areas, so as to comply with regulations. TSRC's environmental management strategy focuses on "process improvement" and "environment monitoring" .

## Q2 : Does TSRC have any investment to mitigate environmental impact?

1. TSRC invests in facilities and equipment to improve the efficiency of manufacturing resources utilization and increase energy saving and carbon reduction, air pollution prevention, waste management, and water resource management to mitigate environmental impacts.
2. In 2023, TSRC spent NT\$239,102,616 on environment-related projects such as energy-saving and carbon reduction, air pollution prevention, waste management, and water resources management, representing an increase of 71.39% from 2022. The largest increase (533%) was for water resource management projects, followed by waste reduction related expenditures (161%). Please refer to the [Sustainability Report](#) 2.5 Environmental Management for details.

## Q3 : Does TSRC have an air pollution prevention and management plan?

1. For air pollution prevention and management, TSRC will strengthen the management of volatile organic compounds (VOCs) at each site to reduce VOCs emission by equipment upgrade, regular inspection process improvement measures. Please refer to the [Sustainability Report](#) 2.5.1 Air Pollution Prevention and Management for details.
2. Shen Hua Chemical, Nantong Industries, and TSRC-UBE have all been awarded the "Odor Free" Enterprise government award, with Shen Hua Chemical being recognized as an "A" rated enterprise in the 2023 provincial air pollution performance rating. TSRC continues to upgrade equipment and optimize processes, reduces air pollutants released in the production process, such as VOCs, which have been declining over the past three years, and reduces hazards to the environment and health.

3. Please refer to the link for [Status of Environmental Management](#).

## Diversity & Human Right

### Q1 : Does TSRC has a human rights policy and guidelines ?

1. TSRC upholds the rights and interests of our employees and develops TSRC's Employee Rights Protection Policy with reference to the international human rights conventions and standards such as the United Nations' Universal Declaration of Human Rights, the Global Compact, and the International Labor Office Tripartite Declaration of Principles. We prohibit any behavior that violates and abuses human rights. We forbid any form of discrimination, forced labor, and child labor. We practice this policy in our internal operations management to protect the rights of our employees and the employees of long-term contractors. TSRC ensures that all employees receive fair and dignified treatment and to provide a safe, and healthy working environment for their work safety and physical and mental health.
2. Regarding the implementation of personnel protection policies, including the prevention of harassment and the provision of channels for complaint mechanisms, the prohibition of child labor, the prohibition of forced labor, and the protection of women, etc., please refer to the [measures for mitigating risks to the rights and interests of personnel](#).

### Q2 : Does TSRC have diversity plan ?

1. TSRC creates a diverse and equal working environment, emphasizing labor rights and gender equality. We recruited professional and talents without regard to age, gender, region, religion, marital status, sexual orientation, etc. We continue to attract talented people from all over the world to join TSRC through various channels such as industry academia cooperation and corporate internships. We continue to attract talented people from all over the world to join TSRC through industry-academia cooperation, internships, and other channels to create a culture of diversity and integration, capitalize on the differences and uniqueness of our employees, and motivate and support each other's innovations.
2. In adhering to the principle of equal opportunity, TSRC selects professionals through a public process based on professional competence and work experience.
3. TSRC provides good salary and benefits and has humanized management and sound promotion and development system to actively retain excellent talents.

### Q3 : Does TSRC have an employee benefit system ?

1. TSRC emphasizes employee benefits in compliance with local laws and regulations and provides employee benefit beyond regulations like insurance, meal subsidies, year-end

dinners, health check subsidies, travel subsidies, as well as wedding gifts, maternity gifts, and condolences for injuries and illnesses. Please refer to website [Employee Benefits](#) for detail.

# Climate-related Risks and Opportunities

## Q1 : Does TSRC have an assessment for climate related risk and opportunities ?

1. In response to the impact of climate risk, TSRC follows the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to identify and assess risks, manage and take countermeasures in the four dimensions of governance, strategy, risk management, index and targets, and disclose TSRC's climate-related risks and opportunities to the public.
2. For more information on TSRC's climate risks and opportunities, please refer to TSRC's Financial Disclosure of Climate-related Risks and [2023 Sustainability Report](#) 2.1.1 Climate-related Strategy and Management.

## Management System & Certification

### Q1 : Does TSRC have an environmental, safety and health management system?

1. In response to the international trend of carbon reduction and the pressure of scarcity of energy resources, TSRC cherishes the earth resources. To move toward carbon neutral operations, TSRC has set carbon reduction targets, increased the use of renewable energy, increased the proportion of recycled water, and recycled raw materials, and has developed products and services that can assist customers in reducing the use of energy resources. TSRC has enabled it to downstream partners and jointly drive the industry toward a low carbon era.
2. At the same time, TSRC is committed to environmental protection and manages its operations based on international standards. We minimize the impact on the environment by carefully handling air pollution, waste, soil and groundwater contamination during the manufacturing process.
3. TSRC manages its operations in accordance with the international standard ISO14001 environmental management system, and we have obtained the ISO14001 certificate, which can be found as linked [ISO 14001:2015](#).
4. TSRC manages its operations in accordance with the ISO45001 Occupational Safety and Health Management System and has obtained the ISO45001 certificate, which can be found as linked [ISO 45001](#).

### Q2 : Does TSRC have an energy system ?

1. In response to the international trend of carbon reduction and the pressure of scarcity of energy resources, TSRC cherishes the earth resources to move toward carbon neutral operations, TSRC has set carbon reduction targets, increased the use of renewable energy, and worked together to promote the industry toward a low-carbon era.
2. TSRC is managed in comply with ISO50001 energy management system. Kaohsiung Factory, Nantong Industries and TSRC-UBE have obtained ISO 50001 certification, which can be found as linked [ISO 50001](#).

### Q3 : Has TSRC's greenhouse gas emission been verified by an external institution ?

1. TSRC Group (including its subsidiaries) conducts greenhouse gas inventory every year and has obtained ISO14064 greenhouse gas inventory certificate, which can found as linked [ISO 14064](#).



**Q4 : Does TSRC have a management system for managing products ?**

1. TSRC is committed to the spirit of "Do it right at the first time" and "Practice what you preach" to continuously improve the quality of our products and services to provide customers with satisfactory products and services. Please refer to related certificates are linked to the [ISO 9001](#) and [IATF 16949](#).
2. TSRC meets the environmental requirements of customers' products and continuously improves the environmental standard of products in comply with HSF (Hazardous Substance Free) related laws and regulations and produces HSF (Hazardous Substance Free) products with certificates of [QC080000](#).

**Q5 : Does TSRC have carbon footprint of Product (CFP) ?**

1. TSRC has completed product carbon footprint (CFP) based on product lifecycle and nature and has obtained ISO 14067 certificates. For data and certificates, please contact our sales window or email to ESG Sustainability Team (Email:[esg.admin@tsrc-global.com](mailto:esg.admin@tsrc-global.com)) .