

Letter from the CEO

While inflation slowed and the global economy stabilized in 2024, the Russo-Ukrainian War and Israeli-Palestinian conflict keep exacerbating geopolitical risks, resulting in greater uncertainty. In terms of industry dynamics, the petrochemicals industry still faces price competition driven by excess production capacity and increased production and operating costs, impacting corporate profits. It is also worth noting that the rise in global temperatures has exceeded the 1.5°C threshold for the first time. Frequent climate disasters, including the floods in Spain, high temperatures in India, drought in South Africa, strong typhoons in Asia, and hurricanes in the United States, have had varying degrees of impact on the environment, human life, and corporations.

In the face of this host of external challenges, TSRC has maintained operations at a steady pace and adopted flexible operating strategies. Through optimizing our production processes and product portfolios, we have been able to mitigate market impacts. In 2024, we achieved outstanding performance in our synthetic rubber business by tapping into demand from the Asian automotive market. While our advanced materials business operations continue to suffer from industry headwinds, performance nevertheless managed to exceed that of the previous year, stabilizing the Group's overall finance performance. Likewise, TSRC has continued to promote important ESG actions in order to lay a solid foundation for sustainable operations, strengthen climate resilience for our production locations, and prioritize employee rights and corporate governance, thereby enhancing the Company's competitiveness.

The following important strategic ESG goals have been achieved in 2024 so far:

Strengthening climate resilience

The Group makes increased efforts to reduce carbon emissions year after year. We have been able to reduce the Group's direct and indirect emissions (Scopes 1 and 2) by using low-carbon fuels, installing solar power generation and cogeneration systems, optimizing our production processes, and increasing renewable energy use. These carbon reduction achievements have exceeded our original goal of reducing GHG emissions by 7.5% in 2024 compared to the base year. At the same time, we have improved water resource usage by enhancing wastewater treatment facilities in factories and increasing the use of reclaimed water. This has allowed the Group to achieve a wastewater recycling rate of 27% and a reclaimed water usage rate of 23%.

Prioritizing employee safety and health

We adhere to the philosophy of "putting people first" and firmly believe that our employees are our most important asset. TSRC has been devoted to ensuring employee safety and health as a key priority, and has for many years striven to establish a culture of safety. We have taken action to improve safety awareness and habits across the Company, and the concrete results of our efforts are reflected in the Group's 2024 Total Recordable Incident Rate (TRIR). Additionally, we have also provided opportunities for improving employee cohesion through establishing interactive platforms, gatherings, training and education sources, and community environmental protection activities, allowing employees to better understand the Company's key values and participate in corporate activities. Through employee engagement surveys, we have been able to confirm that employees feel a growing sense of belonging at the Company, and that this trend continues to improve.

Enhancing product competitiveness

We are committed to developing sustainable products, and as part of this commitment we have obtained the ISCC Plus sustainable product certification for our Kaohsiung Dashe Plant, launched customer products made from renewable raw materials, expanded production of products used in the manufacture of high-efficiency green tires, accelerated the sale of new medical purpose products, developed the use of medical grade post-consumer recycled (PCR) raw materials, and manufactured rTPE products. In terms of operational management, we have responded to the importance of corporate cyber security by not only continuing to strengthen information security protection measures, but also obtaining ISO 27001 certification, increasing customers' trust in our operations and products.

Looking towards the future, in the face of economic uncertainty, frequent climate disasters, and industry challenges, TSRC will not only continue to improve production capacity and utilization, but also actively develop new product markets and focus on high-value transformation, achieving sustainable development strategic goals, and mitigating the impact of climate risks. In like manner, we hope to join hands with partners across the value chain to foster mutually beneficial relationships with the environment and society, fulfilling our commitment towards corporate sustainable management.

CEO of TSRC *Joseph Chai*