

# Status of Supplier Management

Suppliers are our partners, and we create value together. TSRC focuses on our partners' environmental, social, and governance performance. We require our suppliers to adhere to the "[TSRC Group Supplier Code of Conduct](#)" and the "[Code of Business Conduct](#)", and the "[TSRC ESG Procurement Policy](#)" to comply with business ethics. Suppliers are requested to provide high-quality products and reducing the risk of business interruption not at the expense of human rights and labor rights, safe working environment, and environmental impact. TSRC closely engages with suppliers by reviewing and evaluating their operational status to manage the supply chain sustainability risks.

## 1. Supplier Sustainability Risk Control and Management

Based on the Responsible Business Alliance (RBA) Code of Conduct, TSRC follows the International Labor Organization (ILO) Convention and the United Nations Convention on the Rights of the Child (UNCRC) 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. Suppliers can file complaints or report concerns via the whistleblower mailbox on TSRC's website.

TSRC requires suppliers to sign the "TSRC Group Supplier Code of Conduct", and requires existing suppliers to re-sign when the Code is updated. Suppliers are required to respond to the "Sustainability Assessment Form" to self-evaluate their compliance with key issues such as business integrity, human rights, environmental protection, and occupational safety and health, while the Operations and Supply Department is responsible for assessing suppliers' sustainability risks. Each year, suppliers are selected for annual written and on-site evaluations, and follow-ups are conducted based on the audit results. We also report the evaluation results to the relevant department heads for follow-up. TSRC provides ESG training on sustainable supply chain management for employees in charge of procurement to ensure that they have the basic knowledge of sustainability to fulfill TSRC's commitment to sustainable supply chain management in daily operations.

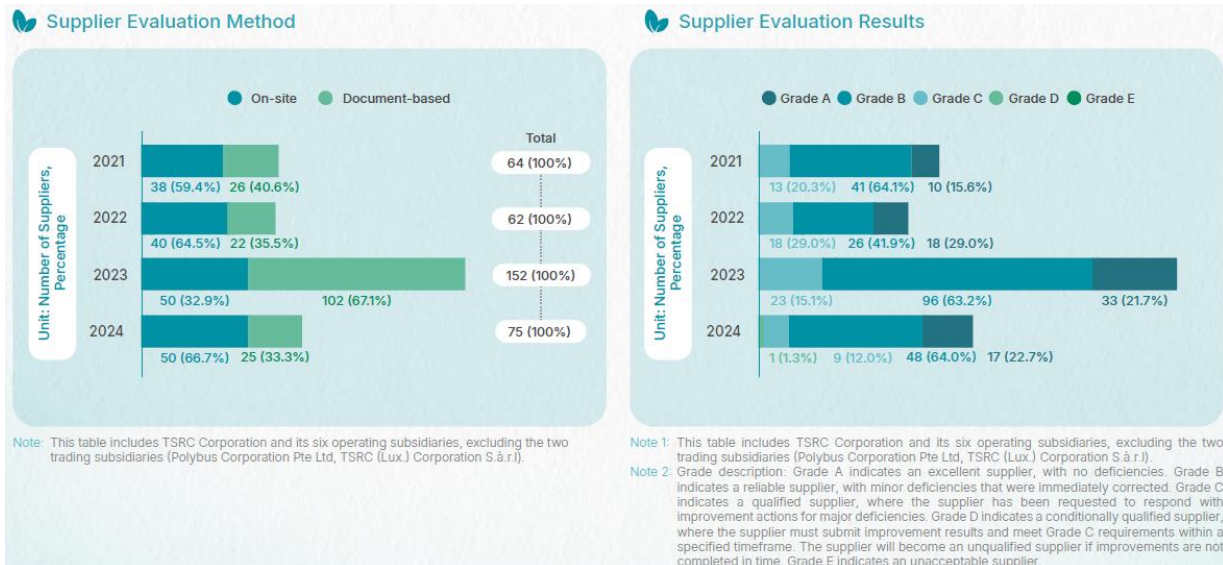
## 2. Sustainable Supply Chain Management Process



To effectively implement supply chain management, TSRC classifies Tier-1 suppliers into raw material suppliers, packaging suppliers, contractors, and general suppliers. Upstream raw material suppliers are TSRC's primary value chain partners. TSRC relies on petrochemical raw materials purchased from suppliers for polymerization. Upon completion of the synthesis, the raw materials are manufactured into chemical materials and rubber material products, which are sold to downstream customers (including tire manufacturers and medical product manufacturers), and then downstream customers use the materials to produce the end-use product. For raw material suppliers, we conduct audits according to our annual audit plan to ensure the suppliers' ability to deliver. We also conduct non-hazardous substance surveys for raw material suppliers and packaging suppliers to ensure that the products provided for use in our manufacturing process do not contain hazardous substances. Contractors are those provide labor services (including cleaning, security, cafeteria, and administrative services) and equipment, construction, civil engineering, and warehousing and logistics. General suppliers are those other than the above three categories. TSRC conducts annual performance evaluations of contractors and general suppliers to ensure the quality and delivery.

## 3. Supplier Evaluation System

TSRC values suppliers that provide stable quality products and services. We also monitor their performance in area of labor human rights, occupational safety and health, environmental impact, Code of Ethics, and social impact. Each year, following the "General Contractor Evaluation Management Regulations," we select suppliers through procurement after excluding low-risk bulk chemicals (such as BD, SM, KOH, NaOH, etc.), general commercially available chemicals (such as KCL, H<sub>2</sub>SO<sub>4</sub>, NaNO<sub>2</sub>, SHS, etc.), raw materials with an annual purchase amount of less than NT\$3 million and less than two purchases per year. An annual supplier audit program is established to evaluate the Group' s suppliers to ensure that the actual performance of suppliers meets the standards. In addition, conduct interviews with suppliers from time to time to understand suppliers' ESG risk management measures and adjust the supplier audit evaluation mechanism.



## 4. Collaborating with Suppliers to Reduce Carbon Emissions

TSRC has developed an ESG strategy plan in 2021 with the ultimate goal of achieving carbon neutrality. Supply chain partners are key to TSRC's carbon reduction journey, and TSRC is committed to promoting greenhouse gas emissions reduction among suppliers to increase operational resilience. TSRC requires our 50 largest suppliers to commit to greenhouse gas reduction targets, develop solutions to improve energy efficiency, and minimize energy consumption and greenhouse gas emissions. According to information disclosed in the sustainability reports published by our primary raw materials suppliers, each supplier has established short and medium-term greenhouse gas reduction targets, and is working towards the long-term goal of achieving net zero carbon emissions. In 2024, a survey of our 50 largest suppliers by procurement amount on their greenhouse gas reduction targets confirmed that 34 suppliers carry out annual greenhouse gas inventories, or have established greenhouse gas reduction targets, plans, and actions. Looking ahead to 2025, this goal will transition towards investigating and tracking the carbon reduction targets set by our primary raw materials suppliers. We hope to reduce our Scope 3 carbon emissions through optimizing our procurement portfolio.

## 5. Supplier human rights surveys

In 2024, Supplier human rights surveys were integrated into the TSRC Group Supplier Sustainability Evaluation Form, allowing us to obtain information on how suppliers have managed human rights issues. Supplier self-evaluation results were used as part of our preliminary investigation, and allowed us to understand the human rights management practices of our suppliers.

2024 TSRC Supplier Human Rights Concerns and Response Measures				
Parties concerned	Human rights issues of concern	Management indicators	Mitigation measures	Remedial measures
Suppliers	Anti-discrimination and Equality Freedom of Speech and Expression Freedom of Assembly and Association Forced Labor	<ul style="list-style-type: none"> <li>Proportion of new suppliers who signed the TSRC Group Supplier's Declaration of Compliance with Corporate Sustainability.</li> <li>Proportion of key suppliers for whom we have completed human rights due diligence once every two years.</li> </ul>	<ul style="list-style-type: none"> <li>Required suppliers to conduct self-assessments and provide explanations based on the TSRC Group Supplier Sustainability Evaluation Form.</li> <li>Regularly conducted supplier audits and evaluations, and provided feedback and suggestions based on the evaluation results.</li> </ul>	<ul style="list-style-type: none"> <li>Should there be a human rights-related violation, improvements are required to be made within a time limit.</li> </ul>