

Status of Water Usage and Wastewater Recycling

Given its essential role in our manufacturing process, TSRC recognizes the paramount importance of water quality and quantity. We are committed to continually optimizing our use of this precious resource. TSRC incorporated water-related risks into our overall risk management system, with particular attention to the risk resulting from and resulting in climate change. We conduct annual assessments of water-related risk at each site and review our response measures accordingly. TSRC has set up three major focuses for water resource management: efficient water use, circulation and recycling, and clean emissions.

TSRC continues to increase the recycling rate of process wastewater, increase the proportion of recycled water used, reduce water withdrawal from surrounding areas of locations. We also try to reduce the amount of process wastewater that enters wastewater treatment plants of industrial parks as much as possible. TSRC has set a wastewater recycling target of 36% of the Group's total wastewater recycled by 2025, and a recycling rate of 40% by 2030. In 2025, the recycling rate was 36%, achieving the target. In addition to condensed water and processing wastewater recycling, TSRC has planned to build reclaimed water facilities or increase the purchase of reclaimed water at a number of production locations to enhance water resource stability. We expect Group-wide recycled water use to reach 34% of its total water consumption in 2025 and 40% in 2030. In 2025, the reclaimed water utilization rate was 29%. 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.

	Achievements in 2025	2025 Goals	2026 Goals	2030 Goals
 Goals and Achievement	✓ Increase wastewater recycling to 36% of total volume of wastewater ✓ Increase reclaimed water utilization to 29% of total water consumption	• Increase wastewater recycling to 36% of total volume of wastewater • Increase reclaimed water utilization to 34% of total water consumption	• Increase wastewater recycling to 37% of total volume of wastewater • Increase reclaimed water utilization to 35% of total water consumption	• Increase wastewater recycling to 40% of total volume of wastewater • Increase reclaimed water utilization to 40% of total water consumption

1. Water Resource Risks and Management

Based on the Aqueduct Water Risk Atlas published by the World Resources Institute, the US TSRC Specialty Materials factory in Louisiana and our trading-based subsidiary Polybus, based in Singapore, face low water stress risk (<10%). TSRC (Lux.) in Luxembourg, the holding company for the trading business, TSRC Specialty Materials in Texas, USA, where the office is located, and the global business headquarters are subject to low to medium water stress (10%-20%). TSRC (Vietnam) located in Vietnam, as well as Shen Hua Chemical, Nantong Industries, and TSRC-UBE located Jiangsu Province, and Shanghai Industries located in Shanghai, China, are subject to high water stress (40-80%). If considered based on city, the TSRC Kaohsiung Factory is located in a region at high risk of drought both in the past and for the future (2015 to 2039), regardless of whether it is the dry or rainy season.

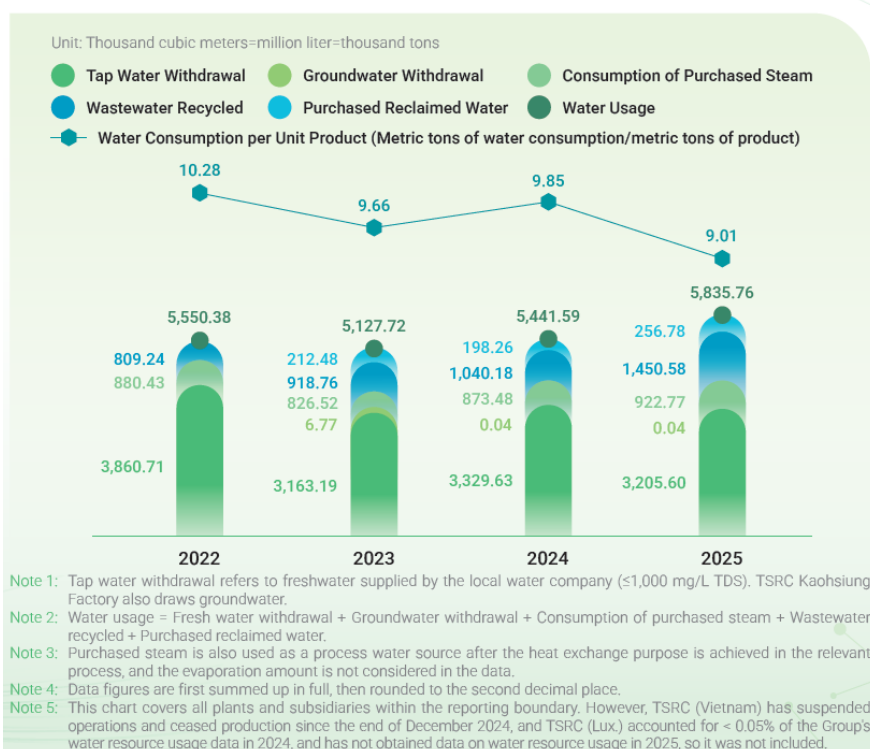
Drought is identified as TSRC climate-related risk. Accordingly, TSRC has set four major response actions, including the implementation of water conservation measures, the enhancement of process wastewater recycling and water resource efficiency, the increased use of reclaimed water, and the increase of water supply sources. The ESG Task Force reports quarterly to the management team on the implementation of water resource management and the achievement of water management goals to ELT, and discusses from time to time the improvement of water resources management, the increase of wastewater recycling, and other programs and implementation status.

2. Water Resource Usage (Water Withdrawal, Discharge and Usage Volume)

TSRC's production volume increased by 17.34% compared to 2024, leading to an increase in water consumption. In 2025, we withdrew a total of 3,205.64 thousand cubic meters of water (groundwater and tap water), a decrease of 3.72% compared to 2024. TSRC Group's total water consumption in 2025 was 3,293.86 cubic meters, an increase of 22.52% compared to 2024. TSRC's total water usage in 2025 was 5,835.76 thousand cubic meters, an increase of 7.24% compared to 2024. Water consumption per unit product was 9.01 metric tons per metric ton of production, a decrease of 8.60% compared to 2024.

In 2025, the Kaohsiung Factory, Nantong Industries, and TSRC-UBE each optimized their factory facilities to reduce reliance on fresh water. In particular, the Kaohsiung Factory recycled and reused process wastewater, while Nantong Industries and TSRC-UBE reduced reliance on fresh water by increasing their wastewater recycling rate.

Water Withdrawal and Use Volume



Water Consumption

Unit: Thousand cubic meters=million liter=thousand tons



Note 1: Water usage = Tap water withdrawal + Groundwater withdrawal + Purchased steam + Wastewater recycled + Purchased reclaimed water volume-Water discharge. Data figures are first summed up in full, then rounded to the second decimal place.

Note 2: TSRC does not have a permanent water storage facility but makes risk response preparations during water restriction periods according to the conditions of each facility.

Note 3: This chart covers all plants and subsidiaries within the reporting boundary. However, TSRC (Vietnam) has suspended operations and ceased production since the end of December 2024, and TSRC (Lux.) accounted for < 0.05% of the Group's water resource usage data in 2024, and has not obtained data on water resource usage in 2025, so it was not included.

2025 Water Withdrawal, Discharge, and Consumption (by Water-stressed Areas)

Unit: Thousand cubic meters = million liter = thousand tons

Categorized at the Province, County/City Level	Regions with High Water Stress							Regions With Low to Moderate Water Stress			Regions with Low Water Stress		TSRC Group
	TSRC Corporation		Shen Hua Chemical	Nantong Industries	TSRC-UBE	Shanghai Industries	TSRC (Vietnam)	TSRC Corporation	TSRC Specialty Materials (office)	TSRC(Lux.)	TSRC Specialty Materials (factory)	Polybus	
	Kaohsiung Factory	Gangshan Factory						Global Business Headquarters					
Tap Water Withdrawal	1,604.87	3.17	1,032.18	255.00	192.95	7.22	N/A	2.36	2.13	N/A	105.69	0.04	3,205.60
Groundwater Withdrawal	0.04	0.00	0.00	0.00	0.00	0.00	N/A	0.00	0.00	N/A	0.00	0.00	0.04
Consumption of Purchased Steam	0.18	0.00	234.74	306.04	225.24	0.00	N/A	0.00	0.00	N/A	156.57	0.00	922.77
Wastewater Recycled	604.35	0.00	325.12	322.63	198.48	0.00	N/A	0.00	0.00	N/A	0.00	0.00	1,450.58
Purchased Reclaimed Water	0.00	0.00	0.00	0.00	0.00	0.00	N/A	0.00	0.00	N/A	256.78	0.00	256.78
Total water withdrawal	1,604.91	3.17	1,032.18	255.00	192.95	7.22	N/A	2.36	2.13	N/A	105.69	0.04	3,205.64
Water Usage	2,209.44	3.17	1,592.04	883.67	616.66	7.22	N/A	2.36	2.13	N/A	519.03	0.04	5,835.76
Water Discharged	899.54	1.41	845.49	153.53	192.95	7.22	N/A	2.36	2.13	N/A	437.25	0.04	2,541.90
Water Consumption ^{Note3} (Water Usage Basis)	1,309.90	1.76	746.56	730.14	423.72	0.00	N/A	0.00	0.00	N/A	81.78	0.00	3,293.86
Water Consumption ^{Note4} (Water Withdrawal and Purchased Water Basis)	705.55	1.76	421.44	407.51	225.24	0.00	N/A	0.00	0.00	N/A	81.78	0.00	1,843.28

Note 1: Total water withdrawal = Tap water withdrawal + Groundwater withdrawal. Tap water withdrawal refers to freshwater supplied by the local water company ($\leq 1,000$ mg/L TDS). TSRC Kaohsiung Factory also draws groundwater.

Note 2: Water usage = Fresh water withdrawal + Groundwater withdrawal + Consumption of purchased steam + Wastewater recycled + Purchased reclaimed water.

Note 3: Water consumption (Water Usage Basis) = Water usage - Water discharge.

Note 4: Water consumption (Water Withdrawal and Purchased Water Basis) = (Total water withdrawal + Consumption of Purchased Steam + Purchased Reclaimed Water) - Water discharge.

Note 5: Purchased steam is also used as a process water source after the heat exchange purpose is achieved in the relevant process, and the evaporation amount is not considered in the data.

Note 6: Data figures are first summed up in full, then rounded to the second decimal place.

Note 7: TSRC (Vietnam) suspended operations and ceased production since the end of December 2024. Therefore, there are no data for 2025.

Note 8: In 2024, TSRC (Lux.) accounted for < 0.05% of the Group's water resource usage data, and no data of water resource usage for 2025 was obtained, so it was not included.

Note 9: Regarding water resource risks:

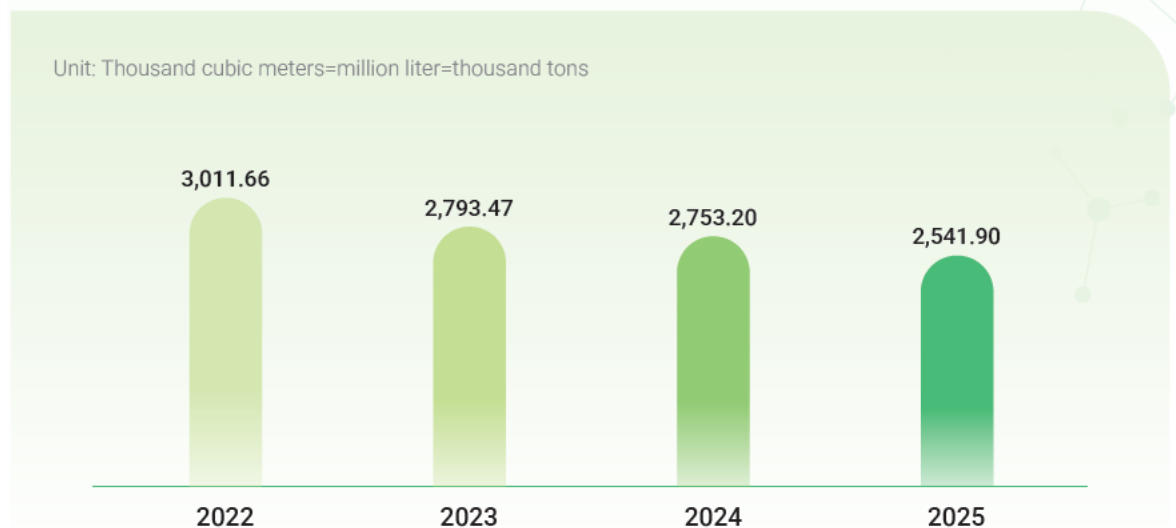
- The TSRC Specialty Materials factory in Louisiana, USA, and the trading-based subsidiary Polybus in Singapore face low water risks (<10%). TSRC (Lux.) in Luxembourg, the holding company for the trading business, TSRC Specialty Materials in Texas, USA, where the office is located, and the global business headquarters are subject to low to medium water stress (10%-20%). TSRC (Vietnam) located in Vietnam, as well as Shen Hua Chemical, Nantong Industries, and TSRC-UBE located Jiangsu Province, and Shanghai Industries located in Shanghai, China, are subject to high water stress (40-80%).
- Regardless of whether it is the dry or rainy season, TSRC's Kaohsiung Factory and Gangshan Factory are at high risk for drought in the past and the future (2015-2039), according to the report published by the National Science and Technology Center for Disaster Reduction.

Note 10: In 2025, fresh water and groundwater withdrawal in areas with high water stress risk (according to regional analysis) accounted for 96.56% of the group's total water withdrawal, and water consumption in areas with high water stress risk accounted for 97.52% of the Group's total water consumption.

3. Treatment of Wastewater and Discharge

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 2025, TSRC did not violate any wastewater regulations or exceed priority-controlled substance emission limits. TSRC factories have installed online COD analyzers, ammonia nitrogen analyzers, pH meters, and flow meters. In addition, interception facilities for torrential rain and online COD monitors have been implemented to timely monitor the quality of discharged water.

Water Discharged



Note 1: Except for the two trading-based subsidiaries, Polybus and TSRC (Lux.), and the Global Business Headquarters, which are mainly office operations, all discharge from factories is treated by the industrial park's wastewater treatment plant.

Note 2: Data figures are first summed up in full, then rounded to the second decimal place.

Note 3: This chart covers all plants and subsidiaries within the reporting boundary. However, TSRC (Vietnam) has suspended operations and ceased production since the end of December 2024, and TSRC (Lux.) accounted for < 0.05% of the Group's water resource usage data in 2024, and has not obtained data on water resource usage in 2025, so it was not included.

4. Water Reuse and Recycling

In order to reduce the water resource risks that TSRC faces due to climate change, increase operational stability, and move towards achieving zero wastewater discharge, TSRC has considered how to efficiently use and treat wastewater, and continued to increase capital expenditures on increasing the circular usage of water resources at our factories. In 2025, we achieved an average 36% wastewater recycling rate across the entire Group. As our Taiwan operating sites are located in areas facing high water stress, we have become even more proactive in implementing wastewater

recycling measures for these locations, achieving a 40% wastewater recycling rate in 2025 at our operating sites in Taiwan.

Wastewater Recycling

TSRC promotes the recycling and reuse of water resources within its factories to enhance the utilization rate of every drop of water and reduce our water footprint.

Shen Hua Chemical

- Set up reclaimed water recycling equipment at the new factory and recycled 270,856 metric tons of wastewater in 2025.

Nantong Industrial

- Transformed wastewater treatment equipment to increase the designed reuse capacity from 30 tons/hour to 40 tons/hour, resulting in a 24.9% increase in wastewater recovery in 2025, compared to 2024.
- Effluents from cooling towers are treated and reused in the factory thereby reducing wastewater discharge by 75%.



**Shen Hua Chemical New Factory
Wastewater Recycling Equipment -
RO Membrane**

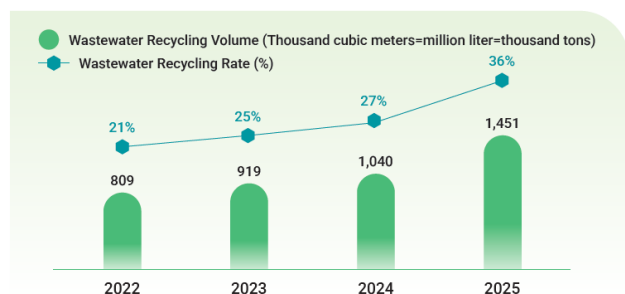
Reclaimed Water Usage

TSRC strives to increase the proportion of reclaimed water use and reduce the amount of water withdrawn from tap water by recycling discharge water.

Shen Hua Chemical

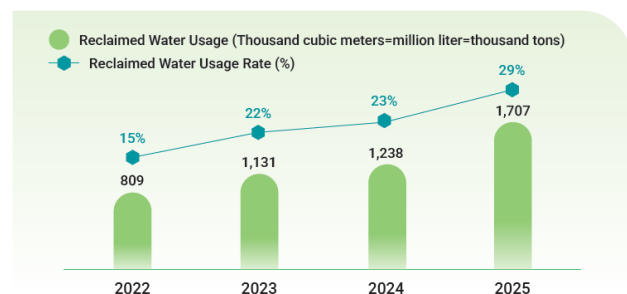
- The reuse of 39,890 metric tons of steam condensate can reduce the withdrawal of fresh water

Wastewater Recycling and Recycling Rate



Note 1: Wastewater recycling rate=Wastewater recycling volume/total wastewater volume.
 Note 2: Data figures are first summed up in full, then rounded to the second decimal place.
 Note 3: This chart covers all plants and subsidiaries within the reporting boundary. However, TSRC (Vietnam) has suspended operations and ceased production since the end of December 2024, and TSRC (Lux.) accounted for < 0.05% of the Group's water resource usage data in 2024, and has not obtained data on water resource usage in 2025, so it was not included.

Reclaimed Water and Usage Rate



Note 1: Reclaimed water usage rate=Reclaimed water usage /total water usage.
 Note 2: Data figures are first summed up in full, then rounded to the second decimal place.
 Note 3: This chart covers all plants and subsidiaries within the reporting boundary. However, TSRC (Vietnam) has suspended operations and ceased production since the end of December 2024, and TSRC (Lux.) accounted for < 0.05% of the Group's water resource usage data in 2024, and has not obtained data on water resource usage in 2025, so it was not included.

5. Water Resource Sharing

In response to water risks at the Kaohsiung Factory and in consideration of the common interests of other local industrial water users, TSRC's Kaohsiung Factory is actively engaged in water resource sharing initiatives with neighboring Dashe industrial park. TSRC also cooperates with major suppliers (such as CPC), which, in addition to maintaining its own water demand in times of poor water conditions, has set up water pipelines with TSRC and provided part of the TSRC's water resources to combat droughts and tide over water restrictions together.