



2022
SAN FU CHEMICAL CO., LTD.



ESG REPORT

- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Content

Message from the Chairman	2
About the Report	3
Overview of the Report	4
Corporate Sustainability Committee	6
Identification of Stakeholders and Major Topics	7
Sustainability Development Management Indicators	14
2022 Sustainability Performance Highlights	19
Chapter 1	
About Us	
1.1 Company Profile	22
1.2 Introduction to Industry	24
1.3 R&D Technology	27
1.4 Corporate Governance	29
1.5 Risk Control	33
Chapter 2	
Economic Performance	
2.1 Consolidated Net Profit	38
2.2 Future Revenue Growth Momentum	39
2.3 Sustainable Circular Economy	40
Chapter 3	
Sustainable Environment	
3.1 Implementing Environmental Protection and Management	46
3.2 Raw Material Management	47
3.3 Energy Management	50
3.4 Greenhouse Gas Emissions Management	51
3.5 Water Resources Management	53
3.6 Proper Disposal of Waste	54

Chapter 4

Customer Commitment and Supply Chain Management

4.1 Customer Commitment	58
4.2 Supply Chain Management	60

Chapter 5

Creating Employee Enthusiasm

5.1 Manpower Employment	65
5.2 Employee Care	67
5.3 Labor-Management Communication	74
5.4 Career Development	75

Chapter 6

Occupational Safety and Health Management

6.1 Implementation of Occupational Safety and Health Management	79
6.2 Chemical Hazard Emergency Response Drill	83

Chapter 7

Social Public Welfare Action

7.1 Respond to Public Welfare with Practical Actions	89
--	----

Appendix

GRI content index	91
Industry Standards of SASB: Chemicals	94
Disclosed Items for the "Practices of Listed Companies in Preparing and Reporting Corporate Social Responsibility Reports"	95



- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Message from the Chairman

The economic situation in 2022 continues to be affected by Covid-19, coupled with the Russia-Ukraine War begun on February 24, 2022, inflation, interest rates raised by the U.S. Federal Reserve, blooming economy in the first half of the year, gradual shrinkage of economy in the second half of the year, so far, most industries except the information and communications, AI, electric vehicles, military and a few other industries reduce production and adjust inventory, Taiwan's GDP grew negatively by 0.86% in the fourth quarter, and the economic growth rate for the whole year was 2.43%, which is 3.85% lower than that of 2021.

Our company performed very well and achieved a revenue growth of 18% and a profit growth of 26% in 2022. We are grateful for the hard work of our colleagues and hope that we will continue to work hard together and create better results. This year's newcomers, San Fu (Vietnam) Air Separation Plant and Materials Plant, Nitto's TMAH Recycling Plant, and Liuying's N₂O Plant, all need to quickly get on track in production and sales to achieve a balance between production and sales as well as a smooth operation.

In terms of ESG sustainability and net zero carbon emissions, we regularly conduct annual inventories of each factory's GHG emissions and complete external verification, and gradually assist our subsidiaries in completing GHG inventories and external verification from 2023 to 2029. The company continues to promote energy saving and carbon reduction in each plant. In 2022, the greenhouse gas emissions were reduced by 3.42% in Shanhua Factory, 2.79% in Liuying Factory, and 32.14% in Kaohsiung Factory, and the total reduction was 6.14%. The goal is to reduce 20% by 2030. At present, each factory has begun to implement ISO 50001 energy management system, and all factories that have not yet installed rooftop solar panels for power generation will be installed. In terms of recycling economy, the amount of TMAH-R removed in 2022 was 22,749 tons, an increase of 22.22% from 18,613 tons in 2021.

Recycling greenhouse gases and utilizing CO₂ to produce petrochemical raw materials, circular economy, energy saving and carbon reduction are the main focuses of the company's promotion of net-zero carbon emissions. In addition to the efforts of the company's employees, the company has also cooperated in research and development with the Department of Chemical and Materials Engineering of Tunghai University in the hope of achieving better results. I also donated 600,000 RMB to the Department of Chemical Engineering of Tunghai University for a master lecture.

We continue to give back to the community in the same way as in previous years, donating to students at National Taiwan University, National Cheng Kung University, and Tunghai University, making friends with our neighbors in the Shanhua factory, supporting the baseball team of Shanhua Junior High School, and donating to the Fu Lu Culture Foundation, the KT Wang Bio-Organic Chemistry Foundation, and many others.

The company upholds the spirit of philanthropy and social service of Mr. Zhang, Fu-Lu, the founder of the company, and Mr. Zhang Chun-Ming, the honorary chairman of the board and continues to work hard with colleagues, hoping to be responsible and contribute to the society, mankind, and the earth.

2023.05.11
San Fu Chemical Co., Ltd., Chairman **Simon Wu**



- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

About the Report

Overview of the Report	4
Corporate Sustainability Committee	6
Identification of Stakeholders and Major Topics	7
Sustainable Development Management Indicators	14
2022 Sustainability Performance Highlights	19



- Content
- Message from the Chairman
- About the Report
 - **Overview of the Report**
 - Corporate Sustainability Committee
 - Identification of Stakeholders and Major Topics
 - Sustainability Development Management Indicators
 - 2022 Sustainability Performance Highlights
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Overview of the Report

This report is the corporate substantiality report of San Fu Chemical Co., Ltd. (hereinafter referred to as San Fu Chemical), which presents San Fu Chemical's Environment, Social and Governance (ESG) performance in 2022, and the information disclosure period of the 2022 ESG Report is from January 1, 2022 to December 31, 2022. The report released last time was in June 2022. The ESG report is to be released once a year and we will continue to release the report in the future to regularly disclose our operating results other than non-financial performance to the public and practice the vision of corporate sustainable management with actions.

About Information Revision:

There is no information revision for 2022.

Compilation Guide

This report is compiled in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards (GRI Standards) and AA1000 AP Account Ability Principles: 2018 and Sustainability Accounting Standards Board. At the same time, this report follows GRI 2021 accompanied by a GRI content index.

Third Party Confirmation

Financial Data

- The financial data disclosed in this report come from the consolidated financial statements audited and certified by Deloitte Taiwan according to the International Financial Reporting Standards (IFRS).

Product and Service Quality

- The company establishes and maintains an ISO 9001 quality management system, which has passed the certification by the British Standards Institution (BSI) Taiwan branch.
- ISO 22000 / HACCP food safety management system has passed the certification by Intertek Testing Service Taiwan Ltd.
- The quality control laboratory has passed the ISO 17025 Laboratory Quality Management System certification of Taiwan Accreditation Foundation (TAF).

Environmental Protection and Occupational Safety and Health Management

- The company establishes and maintains ISO 14001 Environmental Management System and ISO 45001 Occupational Safety and Health Management System, which have been certified by the British Standards Institution (BSI) Taiwan Branch.
- The GHG performance data of the Shanhua, Liuying and Kaohsiung Factories disclosed in this report have passed the verification of ISO 14064-1 Greenhouse Gas Inventory Standard by SGS Taiwan Technology Inspection Co., Ltd.

Sustainability Report

- The GRI Sustainability Reporting Guidelines disclosed in this report have been approved by The British Standards Institution (BSI) Taiwan branch.
- The report has passed the third-party verification with the Type 1 Moderate Assurance Level of the AA1000AS v3 Assurance Standard.
- In accordance with the Standards on Assurance Engagements (TWSAE) Bulletin No. 1 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", the limited assurance report made by the accountants of PwC Taiwan was obtained.



Content

Message from the Chairman

About the Report

- **Overview of the Report**
- Corporate Sustainability Committee
- Identification of Stakeholders and Major Topics
- Sustainability Development Management Indicators
- 2022 Sustainability Performance Highlights

About Us

Economic Performance

Sustainable Environment

Customer Commitment and Supply Chain Management

Creating Employee Enthusiasm

Occupational Safety and Health Management

Social Public Welfare Action

Appendix

Scope and Boundaries

The data source for the economic and social categories of this report is the consolidated financial statement published in the “2022 San Fu Chemical Annual Report”, and the scope of disclosure covers five operation locations: the Taipei Head Office, Chupei Office, Tainan Shanhua Factory, Liuying Factory, and Kaohsiung Factory. In the environmental category, the product manufacturing factories: Tainan Shanhua Factory, Liuying Factory, and Kaohsiung Factory are the main disclosed boundaries; the Taipei Headquarters and Chupei Office mainly use water-saving measures for domestic water and indoor use of LED fluorescent lamps to reduce greenhouse gas emissions.

Operating Bases and Report Information Disclosure Boundaries

Name	Address	No. of Employees	In Charge of	Scope of Disclosure,		
				Economy	Environment	Society
Taipei Headquarters	7F, No. 21, Section 2, Zhongshan North Road, Zhongshan District, Taipei City	39	Decision Making Center	●	●	●
Chupei Office	6F-2, No. 251, Fuxing 1st St., Chupei City, Hsinchu County	33	Sales Unit	●	●	●
Tainan Shanhua Factory	No.340, Xiaoxinying, Shanhua District, Tainan	215	Product Manufacturing	●	●	●
Tainan Liuying Factory	No. 1 Huanyuan E. Rd. Sec. 1, Liaoying District, Tainan	77	Product Manufacturing	●	●	●
Kaohsiung Factory	45 Zhongheng St., Xiaogang District, Kaohsiung City	19	Product Manufacturing	●	●	●

Contact Information

If you have any suggestions or information consultation about the “San Fu Chemical Co., Ltd. 2022 ESG Report”, you are welcome to contact us through the following methods. For the convenience of inquiries, we also publish the report on the official website at the same time.

San Fu Chemical Co., Ltd.
 Address: 7th Floor, No. 21, Section 2, Zhongshan North Road, Taipei City
 Contact person's title and name: Spokesperson Xie Ming-Zhi
 Contact Phone: +886-2-2542-6789 #223
 Contact Person's E-mail: MZXIE@sfchem.com.tw



Content

Message from the Chairman

About the Report

- Overview of the Report
- **Corporate Sustainability Committee**
- Identification of Stakeholders and Major Topics
- Sustainability Development Management Indicators
- 2022 Sustainability Performance Highlights

About Us

Economic Performance

Sustainable Environment

Customer Commitment and Supply Chain Management

Creating Employee Enthusiasm

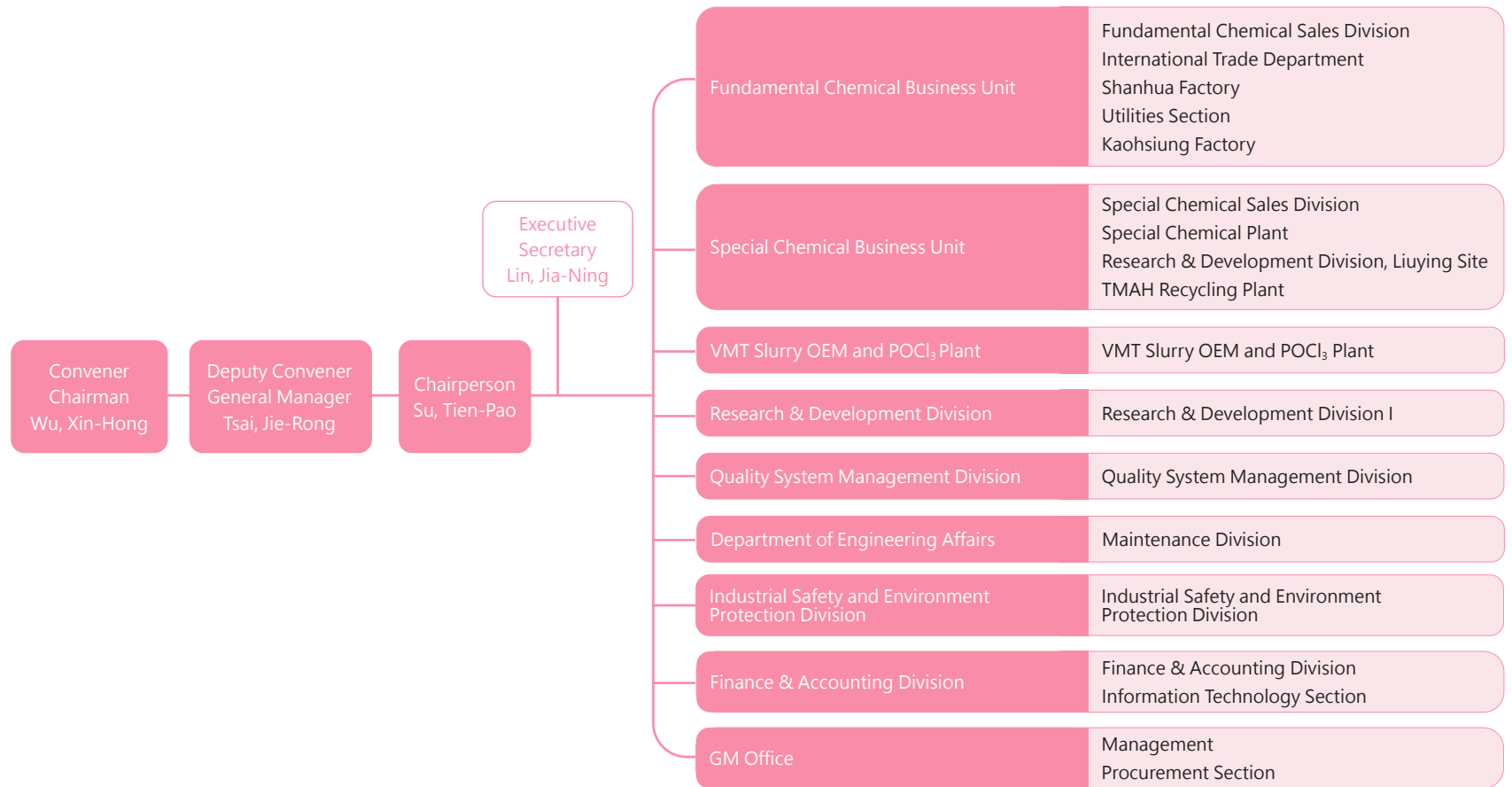
Occupational Safety and Health Management

Social Public Welfare Action

Appendix

Corporate Sustainability Committee

Organization Chart of Corporate Sustainability Committee



Formation of Corporate Sustainability Committee

In order to compile this report, we follow the company's organizational structure to form a corporate sustainability committee, with the chairman as the highest level, and the quality assurance division is responsible for promotion and coordination, each major department has separate implementation committee members and executive committee members, with a total of 30 members.

- Information collection**

The executive committee member is responsible for promoting relevant issues and compiling data. The implementation committee member assists in checking the correctness and completeness of the information on each issue, and finally provides the information to the quality assurance department for analysis and integration.
- Communication and negotiation**

The members of the committee are distributed in different positions, and the communication on weekdays is mostly conducted by telephone and email.
- Periodic reporting**

The Corporate Sustainability Committee is represented by the head of each unit, and the deputy convener of the committee, President Cai Jie-Rong, and regularly reports to the board of directors on the sustainability performance and strategic goals.

- Content
- Message from the Chairman
- About the Report
 - Overview of the Report
 - Corporate Sustainability Committee
 - **Identification of Stakeholders and Major Topics**
 - Sustainability Development Management Indicators
 - 2022 Sustainability Performance Highlights
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Identification of Stakeholders and Major Topics

Communication with Stakeholders

The Corporate Sustainability Committee identifies the types of stakeholders based on six aspects: the responsibility, influence, intimacy, policies and strategies, representativeness, and dependence of various stakeholders, implements the evaluation process of stakeholders and major issues, and carries out internal and external stakeholder engagements to respond positively to the issues and considerations of their concerns



5 steps to identify major topics

Step 1 : Identification of Stakeholders

5 Groups
San Fu Corporate Sustainability Committee refers to the six major identification principles of stakeholders to identify five types of stakeholders including customers, employees, government agencies, suppliers/contractors/outsourcers and shareholders through internal meetings.

Step 2 : Collection of Relevant Issues

24 Substantiality Issues

- Relevant issues are selected from the topics and standard disclosures of the GRI Standards.
- The principles of defining report contents are based on the "GRI Standards", and a total of 24 issues related to sustainability are included.

Step 3 : Analysis of Major Topics

113 Questionnaires
Feedback opinions and discussion results are collected from San Fu's stakeholders, and 13 major topics are compiled with the matrix of major topics.

Step 4 : Review

13 Major Topics
The Corporate Sustainability Committee reconfirms 13 major topics so analyzed, and assesses and identifies the major topics according to the principles of "Completeness" of the GRI Standards. The principles of completeness include scope and topic boundaries for defining the impact boundary of each major topic.

Step 5 : Feedback

35 Countermeasures
For the reviewed major topics, how the company formulates relevant risk management policies or strategies for local or global economic, environmental and social development trends will be disclosed in this report.

* Special Note: The significant impacts mentioned in this report generally refer to positive and negative impacts, long-term and short-term impacts, and direct and indirect impacts.

Content

Message from the Chairman

About the Report

- Overview of the Report
- Corporate Sustainability Committee
- Identification of Stakeholders and Major Topics
- Sustainability Development Management Indicators
- 2022 Sustainability Performance Highlights

About Us

Economic Performance

Sustainable Environment

Customer Commitment and Supply Chain Management

Creating Employee Enthusiasm

Occupational Safety and Health Management

Social Public Welfare Action

Appendix

Extensive Collection of Various International Sustainability Indicators

In addition to the GRI standards, we also incorporate a wide range of external initiatives and international sustainability indicators as a reference for compiling reports and developing corporate sustainability strategies, and they include:

- 17 UN Sustainable Development Goals (SDGs)
- Responsible Business Alliance (RBA) Code of Conduct
- Social Accountability Standard (Social Accountability 8000 , SA 8000)
- ISO 22301 Business Continuity Management
- Recommendations by the Task Force on Climate-Related Financial Disclosure (TCFD)
- Sustainability Accounting Standards Board

For external stakeholders, a general shareholders meeting is held every year for shareholders. Facing various information disclosure regulations of the competent authorities, we also regularly publish information on the Taiwan Stock Exchange’s Market Observation Post System. At the same time, we also fully cooperate with the corporate governance evaluation system advocated by the government, and actively submit the “Corporate Governance Evaluation Report once a year.” In terms of customer maintenance, sales personnel respond to product specifications, special requirements and quotations in real time according to customer needs, and the quality control department submits product quality inspection reports required by customers before shipment.

As for the operational performance that the financial media is concerned about, after receiving the official interview notice, we will hand it over to the accounting department to formally respond to the media’s questions, and issue a public press release on the Taiwan Stock Exchange’s Market Observation Post System or the company’s official website. At the same time, we are also actively communicating closely with our internal stakeholders, including: holding the board of directors at least once a quarter, and holding the labor-management, occupational safety, health and environmental protection committee meeting every quarter, as well as the communications via the company’s internal website. For the form and frequency of communications with major stakeholders during the reporting period, please refer to the table for the engagement method, frequency and specific procedure for the communications with all stakeholders.

Engagement Method, Frequency and Specific Procedures for the Communications with All Stakeholders



Customers

Ways of Communication	Frequency	Concerned Issues
Telephone, e-mail, face to face visit, company website	Irregularly	<ul style="list-style-type: none"> Customer privacy Product and service quality Environmental protection and social economy regulatory compliance
Customer Satisfaction Survey	Yearly	<ul style="list-style-type: none"> Procurement practices, supplier environmental/social assessment Customer health and safety Raw material

San Fu’s Response

San Fu treats customer satisfaction as an important indicator of business performance, and an evaluation criterion for future growth. All suggestions and feedbacks of each customer will be responded and replied according to the factory communication management process

Countermeasures (See the following chapters and sections)

About Us, Economic Performance, Sustainable Environment, Customer Commitment and Supply Chain Management, and Occupational Safety and Health Management



Employees

Ways of Communication	Frequency	Concerned Issues
Announcement platform, employee opinion platform, market observation Post system	Irregularly	<ul style="list-style-type: none"> Product and service quality Customer health and safety Raw material Economic performance Labor-management relationship
Labor-management meeting, welfare committee meeting, safety and environmental protection committee	Yearly	<ul style="list-style-type: none"> Training & education, employee diversity and equal opportunity

San Fu’s Response

San Fu provides equal employment opportunity and spares no effort for employee training and development. Colleagues’ promotion and development in occupational skills and San Fu’s business operation are equally important.

Countermeasures (See the following chapters and sections)

About Us, Economic Performance, Sustainable Environment, Customer Commitment and Supply Chain Management, Creation of Employees’ Enthusiasm and Occupational Safety and Health Management



Government Agencies

Ways of Communication	Frequency	Concerned Issues
Competent authority inspection, e-mail, official documents, Internet, and competent authority policy announcement	Irregularly	<ul style="list-style-type: none"> Labor-management relationship Environmental protection and social economy regulatory compliance
Guidance meeting, market observation post system		<ul style="list-style-type: none"> Training & education, employee diversity and equal opportunity Occupational safety and health

San Fu’s Response

Each of San Fu’s operations abides by domestic and foreign laws and regulations. This rule serves as the basis for the company’s sustainability.

Countermeasures (See the following chapters and sections)

About Us, Sustainable Environment, Customer Commitment and Supply Chain Management, Creation of Employees’ Enthusiasm and Occupational Safety and Health Management

Content

Message from the Chairman

- About the Report
- Overview of the Report
 - Corporate Sustainability Committee
 - Identification of Stakeholders and Major Topics
 - Sustainability Development Management Indicators
 - 2022 Sustainability Performance Highlights

About Us

Economic Performance

Sustainable Environment

Customer Commitment and Supply Chain Management

Creating Employee Enthusiasm

Occupational Safety and Health Management

Social Public Welfare Action

Appendix

Suppliers/Contractors/Outsourcers

Ways of Communication	Frequency	Concerned Issues
Telephone, e-mail, factory audit, written letter	Irregularly	<ul style="list-style-type: none"> Labor-management relationship Environmental protection and social economy regulatory compliance Procurement practices, supplier environmental/social assessment
Supplier audit	Yearly	<ul style="list-style-type: none"> Customer privacy Customer health and safety

San Fu's Response
 San Fu Chemical regards each supplier and contractor as an important partner, and introduces the supplier self-assessment operation to check whether the supplier meets the standards in five aspects including quality, labor, environment, human rights, and economy.

Countermeasures (See the following chapters and sections)
 About Us, Sustainable Environment, Customer Commitment and Supply Chain Management, Creation of Employees' Enthusiasm and Occupational Safety and Health Management

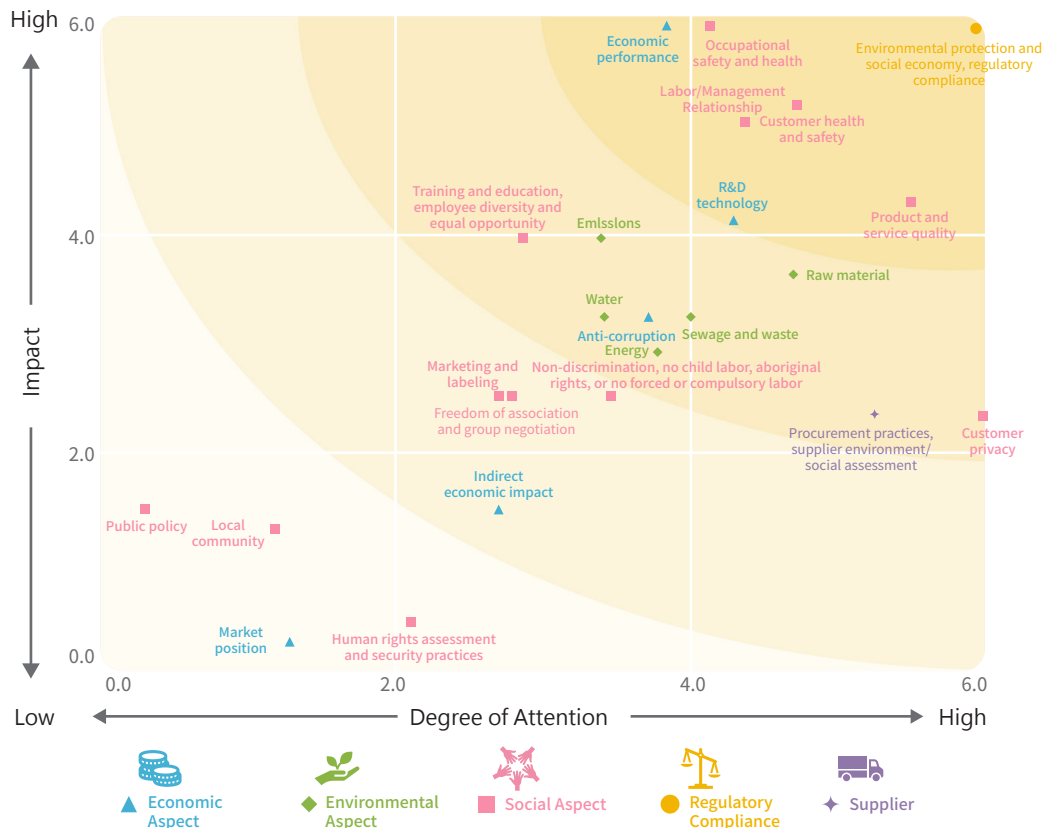
Shareholders

Ways of Communication	Frequency	Concerned Issues
Company website, market observation post system, news release	Irregularly	<ul style="list-style-type: none"> Labor-management relationship Environmental protection and social economy regulatory compliance
Financial report	Quarterly	<ul style="list-style-type: none"> Customer health and safety R&D Technology
Annual report, legal person briefing, shareholders meeting	Yearly	<ul style="list-style-type: none"> Procurement practices, supplier environmental/social assessment Customer privacy

San Fu's Response
 San Fu Chemical implements corporate culture and management based on integrity and upholds a clean, transparent and responsible business attitude, and assigns a dedicated unit to be responsible for promoting the development and supervision of preventive programs.

Countermeasures (See the following chapters and sections)
 About Us, Economic Performance, Sustainable Environment, Customer Commitment and Supply Chain Management and Occupational Safety and Health Management

Analysis of Matrix of Major Topics



The 24 sustainability-related issues in 2021 and 2022 are the same, but due to the different results on the identification of stakeholders, the major topics in 2022 are quite different from those in 2021. There are 13 major topics identified in 2022, and the number of major topics in 2022 increases by 8 compared with the previous year, and the differences in the matrix of major topics are described as follows:

Differences in the matrix of major topics

2022 Sustainability Issues	Year-to-Year Difference	Description
Customer Health and Safety	Improved substantially	2022 Main Topic
R&D Technology	Improved substantially	2022 Main Topic
Customer Privacy	Improved substantially	2022 Main Topic
Raw Material	Improved substantially	2022 Main Topic
Procurement practices, supplier environment/social assessment	Improved substantially	2022 Main Topic
Drainage	Improved substantially	2022 Main Topic
Sewage and Waste	Improved substantially	2022 Main Topic
Training and education, employee diversity and equal opportunity	Improved substantially	2022 Main Topic

Major topic's impact boundary value chain, importance to San Fu and corresponding chapter

+ Positive Impact - Negative Impact ● Direct Impact ○ Indirect Impact ◎ Commercial Impact

Content

Message from the Chairman

About the Report

- Overview of the Report
- Corporate Sustainability Committee
- Identification of Stakeholders and Major Topics
- Sustainability Development Management Indicators
- 2022 Sustainability Performance Highlights

About Us

Economic Performance

Sustainable Environment

Customer Commitment and Supply Chain Management

Creating Employee Enthusiasm

Occupational Safety and Health Management

Social Public Welfare Action

Appendix

Aspect	Echoing SDGs	Major topic	Importance to operation	Response to Positive/Negative Impact	Responding chapter	Responding to GRI indicator	Impact boundary value chain		
							Upstream Supplier/ customer	Midstream San Fu	Downstream Customer
Economy	8 Economic Performance	Economic Performance	Solid financial performance is the driving force behind the sustainable operation of an enterprise. San Fu is committed to creating higher economic value to reward its shareholders, investors and other stakeholders.	+ Stable financial performance to maintain shareholders' and investors' confidence in the company's sustainable operation.	Economic Performance	201-1 201-3		●	
				- Poor financial performance may lead to a loss of investor confidence in the enterprise and affect its long-term operational development.					
	9 Innovation	R&D Technology	Increased demand from customers for recycled inputs, low carbon or waste reduction, and compliance with environmentally prohibited substances will inevitably affect product development.	+ Enterprises developing and investing in environmentally friendly products will help ensure their long-term competitive advantage and market profitability	About Us	Self-defined indicators		●	◎
				- R&D Technology will increase business operating costs.					
	12 Responsible Consumption and Production	Raw Material	In response to the development of sustainability issues, San Fu has been conducting procurement and production activities with the belief of "Environmental Friendliness" as much as possible.	+ Sourcing of locally produced raw materials to reduce the carbon footprint of products.	Sustainable Environment	301-1 301-2 301-3	●	●	◎
				- Delay in importation of raw materials due to epidemic, affecting product delivery time.					
Environment	13 Climate Action	Emission	In view of the global wave of net-zero emissions and the trend of the carbon border adjustment mechanism in Europe and the United States, net-zero transformation is not only an environmental issue, but also an economic issue that has a bearing on the competitiveness of enterprises, and the first thing to do is to conduct a greenhouse gas inventory before drawing up a carbon reduction plan.	+ Responding to the global net-zero strategy to minimize the impact of climate change on the environment and society.	Sustainable Environment	305-1 305-2 305-3 305-5 305-7	○	●	◎
				- In order to meet the requirements of energy saving and carbon reduction planning and government regulations, it may be necessary to replace old or high energy-consuming equipment, which will increase the operating costs of the enterprise.					
	6 Clean Water and Sanitation	12 Responsible Consumption and Production	Sewage and Waste	Sewage discharge is effectively managed through self-tested process to ensure that the quality of discharged water meets the national discharge standards; waste is classified and controlled, and qualified manufacturers recognized by the environmental protection authorities are commissioned to remove and dispose of the waste in order to reduce the impact on the environment.	+ Effective management of sewage and reduction of hazardous waste can reduce the impact on the environment.	Sustainable Environment	303-2 303-3 303-4 303-5 306-3 306-4 306-5		●
					- The competent authority will issue an environmental penalty ticket if it detects non-compliance.				
	8 Economic Performance	10 Decent Work and Economic Growth	Labor/Management Relations	Provide quality remunerations and benefits to attract and retain talented people, and reward employees for their hard work and contributions to the company to increase their sense of belonging; in addition, through a good bridge of labor-management communication, it helps to reflect the suggestions and views of colleagues to prevent the possibility of future losses due to labor disputes	+ Quality compensation and benefits and harmonious labor relations are conducive to the operation and development of the company.	Creation of Employees' Enthusiasm	401-1 401-2 401-3 402-1		●
					- Improper management of labor-management relations will lead to conflicts and confrontations between the two parties, which in turn will lead to disputes.				
	3 Good Health and Well-being	Occupational Safety and Health	People are San Fu's most important asset. Maintaining the safety and health of our employees is the key to sustainable management, and allowing them to work safely and happily is the only way to maximize the effectiveness of our human resources.	+ Comply with relevant laws and regulations and implement an occupational safety and health management system in order to create a quality workplace.	Occupational Safety and Health Management	403-1 403-2 403-3 403-4 403-5 403-6 403-7 403-9 403-10	◎	●	◎
				- An unsafe workplace health and safety environment will increase the risk of occupational hazards for personnel.					
	4 Quality Education	5 Gender Equality	Training and Education, Employee Diversity and Equal Opportunity	Through education and training, we can not only strengthen employees' professional abilities and knowledge, but also change their work attitude and enhance their motivation to work, which in turn will increase the performance of the organization and achieve the goals and strategies of the business organization. Creating a work environment that promotes diversity and equality helps employees feel safe, accepted and respected, ensuring teamwork, innovation and excellence.	+ Effective education and training improves corporate productivity and competitiveness.	Creation of Employees' Enthusiasm	404-1 404-2 405-1		●
					+ A workplace environment with "equality and diversity" will positively influence the willingness of talents to participate and create more sparks for the organization.				
	12 Responsible Consumption and Production	Customer Health and Safety	The existence of product safety risks may impact the company's image, affecting the company's revenue and profitability, in accordance with the relevant laws and regulations in the region where the factory is located and international standards to implement controls to ensure that we provide customers with safe and secure products.	+ Emphasis on product safety will enhance the corporate image,	About Us Customer Commitment and Supply Chain Management	416-2	●	●	●
				- For the quality control of raw materials, it is necessary to invest in manpower and inspection equipment to control the receipt of customer complaints or fines from the competent authorities, which increases the operating costs of the enterprise and reduces customer satisfaction.					
	12 Responsible Consumption and Production	Product and Service Quality	Maintain the stability and compliance of product and service quality to meet customer needs and gain recognition.	+ Customers are the bread and butter of an enterprise. By serving customers honestly and providing good quality products to satisfy them, an enterprise can win their loyalty to the company and obtain a long-term cooperative relationship.	Customer Commitment and Supply Chain Management	417-3	○	●	◎
				- Poor product quality may result in fines from customers or even the authorities.					
	17 Sustainable Cities and Communities	Customer Privacy	For businesses and organizations, how to maintain customer trust and implement privacy protection has become an important part of business operations.	+ A company that respects the privacy of its customers and adheres to the principle of integrity is the first and foremost requirement to win the trust of its customers.	About Us Customer Commitment and Supply Chain Management	418-1	●	●	●
				- Violation of customer privacy or leakage of information will result in loss of goodwill.					
Environment/ Society	12 Responsible Consumption and Production	Environmental Protection and Socio-Economic Compliance	Actively promoting environmental protection and prevention measures, as well as implementing compliance with laws and regulations, is an important foundation for the steady growth and sustainable operation of the enterprise, enabling the organization to avoid any violation of laws, regulations, and contracts, and to fulfill its obligations.	+ Strict compliance with laws and regulations is a basic element of business operation, which can reduce operational risks.	About Us Sustainability	Self-defined indicators	○	●	●
				- Violation of laws and regulations will be penalized by the authorities and increase the operating costs of enterprises.					
Economy/ Environment/ Society	17 Sustainable Cities and Communities	Procurement practices, supplier environmental/social assessment	To ensure the positive cycle of a sustainable supply chain, suppliers are evaluated for safe working environments, respectful labor relations, ethical operations, and commitment to environmental protection.	+ Positive and sustainable supply chain will increase customers' willingness to trade.	Customer Commitment and Supply Chain Management	204-1 308-1 414-1	●		
				- Supplier behavior will directly or indirectly affect the downstream supply chain. Supplier behavior will directly or indirectly affect the downstream of the supply chain, bearing the consequences of improper behavior by upstream suppliers.					

Content

Message from the Chairman

About the Report

- Overview of the Report
- Corporate Sustainability Committee
- Identification of Stakeholders and Major Topics
- Sustainability Development Management Indicators
- 2022 Sustainability Performance Highlights

About Us

Economic Performance

Sustainable Environment

Customer Commitment and Supply Chain Management

Creating Employee Enthusiasm

Occupational Safety and Health Management

Social Public Welfare Action

Appendix

◎ Major Topic Management Policy

Major Topic	Economic Performance	R&D Technology		Raw Material	Emission
Policy	Code of Practice on Corporate Governance	Green Recycling Products	Providing environmentally friendly products	<ul style="list-style-type: none"> Supplier Code of Conduct Hazardous Substances Control Procedure 	Environmental Safety and Health Policy
Commitment	Create higher economic value to reward shareholders, investors and other stakeholders.	Multi-mode development of innovative products to create green business opportunities and enhance corporate competitiveness.	Reducing the impact of chemicals on the environment	<ul style="list-style-type: none"> Do not use raw material that contains conflict metal Products do not use banned hazardous substances and must comply with international hazardous substance regulations and customer requirements. 	Greenhouse Gas Emission Reduction
Middle- and Long-term Goals	Operational economic performance and investment gain/loss, operating costs, etc.	<ul style="list-style-type: none"> Develop high-value chemicals through core technology research and development. Reduce waste emissions by reusing chemicals through recycling innovation. 	<ul style="list-style-type: none"> Development of environmentally friendly photoresist Development of recyclable functional etchant Development of low-consumption high-efficiency developer 	Continuous Response to International Initiatives and Regulations	Reduce carbon emissions by 20% by 2030
Responsible Unit	Finance & Accounting Division	R&D Division 1	R&D Divisions 2 and 3	Sales Division (Procurement)	R&D Division 1 Industrial Safety and Environment Protection Division
How we manage Countermeasures and Actions Taken	<ul style="list-style-type: none"> In response to climate change and the rise of the carbon reduction concept, we are conducting R&D and innovation in green technology to strengthen our competitive edge in the market. Enhance production efficiency and reduce operating costs. Diversify operations to minimize the decline in operating performance caused by the impact of the general environment. 	<ul style="list-style-type: none"> Develop green economy products with market potential. Collaborate with partners and customers to shorten R&D time and increase R&D capacity. Optimize products and develop regeneration technology to extend product life cycle. 	Under the premise of low environmental impact, we search for suitable raw materials and develop corresponding formulas and application methods according to customers' manufacturing process requirements, in order to minimize the impact on the environment and meet customers' goals of producing high-quality products.	To apply for qualified suppliers of raw materials, we should select qualified suppliers that meet the requirements to ensure the quality of incoming goods and the quality of products derived from them, and to meet the requirements of non-hazardous substances management. Raw Material	Action plans will be developed by each relevant unit and included in the annual management program for implementation.
Performance Results (Corresponding Chapter)	Economic Performance	About Us	About Us	Sustainable Environment Customer Commitment and Supply Chain Management	Sustainable Environment
Evaluation Mechanism	Audit by Professional Accounting Firms	R&D meetings, customer verification, and introduction of mass production	<ul style="list-style-type: none"> R&D meeting, customer verification, and introduction of mass production Product development test Report Client-side verification Client-side import and usage 	Management System (ISO 9001)	Management Review Meeting

- Content
- Message from the Chairman
- About the Report
 - Overview of the Report
 - Corporate Sustainability Committee
 - Identification of Stakeholders and Major Topics
 - Sustainability Development Management Indicators
 - 2022 Sustainability Performance Highlights
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Major Topic	Sewage and Waste	Labor-Management Relationship	Occupational Safety and Health	Training and Education, Employee Diversity and Equal Opportunity	Customer Health and Safety
Policy	Environmental Safety and Health Policy	<ul style="list-style-type: none"> • Corporate social responsibility policy • Human rights policy 	Environmental safety and health policy	Human right policy	Food safety policy
Commitment	<ul style="list-style-type: none"> • Compliance with regulatory requirements to prevent pollution • Utilize energy and resources for sustainable operation 	Protecting the rights and interests of employees	Ensuring the health and safety of employees	<ul style="list-style-type: none"> • Commitment to talent development • No discrimination is allowed 	Comply with food safety regulations, strive to improve product quality, and ensure customer satisfaction and peace of mind.
Middle- and Long-term Goals	<ul style="list-style-type: none"> • Water recycle and reuse • Waste reduction 	Company benefits and rewards; two-way interaction and communication between employees and the company and grievance mechanism, etc.	<ul style="list-style-type: none"> • Zero-disaster safety • Traffic safety management 	All-rounded manpower development and cultivation, recognizing and supporting various international human rights covenants.	Zero Food Safety Deficiency
Responsible Unit	Utilities Section Industrial Safety and Environment Protection Division Management Division	GM office-Management	Industrial Safety and Environment Protection Division GM office-Management	GM office-Management	Quality System Management Division
How we manage Countermeasures and Actions Taken	<ul style="list-style-type: none"> • Steam condensate recovery and reuse. • Set the goal of reducing the unit output of organic sludge by more than 60% by 2025. 	<ul style="list-style-type: none"> • Providing complete remuneration and reward mechanism and employee benefits, such as group insurance, education subsidies, employee travel. • The company has a labor-management communication meeting, where the chairman and senior executives regularly exchange opinions with labor representatives on a quarterly basis. • Setting up employee suggestion boxes and appeal channels to immediately notify senior management. 	<ul style="list-style-type: none"> • Periodically issuing occupational accident statistics, and accident summary, and circulating environmental performance e-mail announcements throughout the whole factory. • Emergency response drills, defensive driving training courses, operating environment monitoring, and 6S activity evaluations • Improving personnel safety awareness and reducing hazards. • Holding safety and health committee meetings with senior executives and department heads on a quarterly basis to report and review matters related to the environment, safety, and health. • Regular annual health examinations to improve the protection of employee health. • Irregular health promotion activities to promote correct health concept. 	<ul style="list-style-type: none"> • Implement pre-service education and professional training for new recruits. • Provide more diversified and adequate training courses for employees to provide more choices. • Promote human rights and labor-related laws and regulations in new employee training. • Implement equal maternity and paternity leave and other leave rights for women and men. 	<ul style="list-style-type: none"> • Establish compliance with ISO22000 food safety management requirements. • Communicate internally through meetings and educational training, so that employees understand the meaning and purpose of the food safety policy, and when appropriate, provide the food safety policy to stakeholders.
Performance Results <small>(Corresponding Chapter)</small>	Sustainable Environment	Creating Employee Enthusiasm	Occupational Safety and Health Management	Creating Employee Enthusiasm	About Us
Evaluation Mechanism	Meeting on the effectiveness of implementing sustainable environmental objectives	Labor-Management Communication Meeting	Management System (ISO 45001/ CNS 45001)	Management Review Meeting	Management System (ISO 22000)

Content

Message from the Chairman

About the Report

- Overview of the Report
- Corporate Sustainability Committee
- Identification of Stakeholders and Major Topics
- Sustainability Development Management Indicators
- 2022 Sustainability Performance Highlights

About Us

Economic Performance

Sustainable Environment

Customer Commitment and Supply Chain Management

Creating Employee Enthusiasm

Occupational Safety and Health Management

Social Public Welfare Action

Appendix

Major Topic	Product and Service Quality	Customer Privacy	Environmental Protection, Socio-Economic Compliance	Procurement Practices, Supplier Environment/Social Assessment
Policy	Quality policy	Integrity Management Operation Procedures and Conduct Guidelines	<ul style="list-style-type: none"> • Environmental safety and health policy • Code of Practice on Corporate Governance • Integrity Management Operation Procedures and Conduct Guidelines 	Supplier Code of Conduct
Commitment	To provide products and services to our customers under the quality policy of customer satisfaction and to follow the principle of corporate responsibility in production.	Protecting customer privacy and preventing leakage of customer information.	<ul style="list-style-type: none"> • Avoiding Illegal Affairs by Following the Law • Implement an honest business policy and conduct business activities based on the principles of fairness, honesty, trustworthiness and transparency. 	Continuously communicate with different supply chain partners on issues such as environmental protection, human rights and labor management, ethics and integrity, and social welfare, to establish a sound management mechanism, and strive to promote and continuously improve the situation.
Middle- and Long-term Goals	Stability and compliance of product and service quality, and customer relationship maintenance	No privacy violation cases	Operate in accordance with domestic and international laws and regulations	Establish a sustainable management mechanism for suppliers
Responsible Unit	Sales Division Quality System Management Division	Sales Division	Industrial Safety and Environment Protection Division GM office-Management	Quality System Management Division Industrial Safety and Environment Protection Division
How we manage Countermeasures and Actions Taken	<ul style="list-style-type: none"> • Continuously control the product quality, if there is any non-conforming product, the relevant unit will carry out follow-up improvement and processing, to protect the quality and stability of the products shipped. • Customers are regularly visited by the dedicated sales by phone or on-site, which can immediately provide a window for customers to reflect their needs, and assisted by the factory's support unit to deal with customer needs. • We send out questionnaires to survey customer satisfaction every year. In response to the improvement suggestions provided by customers, the company will immediately review and study the improvement within the company. 	<ul style="list-style-type: none"> • Board of Directors Integrity Management Online Course Achievement Rate 100%; Internal Colleague Completion Rate 94.52%. • No complaints about infringement of customer privacy or loss of customer information. 	<ul style="list-style-type: none"> • Regularly check the related laws and regulations by specialized staff on a monthly basis. • Advise and track the compliance at safety and environmental meetings or supervisors' meetings quarterly. • Conduct annual education and training for employees and board members on integrity management. 	<ul style="list-style-type: none"> • Suppliers are invited to make a joint commitment to engage in business activities at a standard consistent with that of the buyer. • Suppliers fill in the CSR Assessment Form and the Supplier Environmental Safety and Health Self-Assessment Form.
Performance Results (Corresponding Chapter)	Customer Commitment and Supply Chain Management	About Us Customer Commitment and Supply Chain Management	About Us Sustainable Environment	Customer Commitment and Supply Chain Management
Evaluation Mechanism	Management System (ISO 9001)	Management Review Meeting	Regulatory Audit, and Internal Audit	Supplier Evaluation

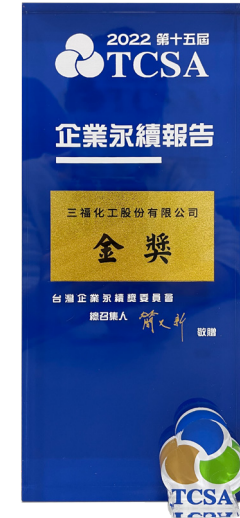
- Content
- Message from the Chairman
- About the Report
 - Overview of the Report
 - Corporate Sustainability Committee
 - Identification of Stakeholders and Major Topics
 - Sustainability Development Management Indicators
 - 2022 Sustainability Performance Highlights
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Sustainability Development Management Indicators

Short-, medium- and long-term goals

Since the systematic implementation of corporate sustainable development in 2015, the economic, social and environmental aspects are moving towards our sustainable management performance indicators. In 2022, we have set short-, medium- and long-term goals for sustainable development by combining stakeholders' concerns with the company's sustainability development management, and promote our goals and communicate with employees, so that employees fully understand the future of the company's sustainable development strategies and

related achievements, and we hope that all colleagues will be deeply committed to the implementation of the company's sustainability strategies to achieve medium- and long-term goals. In addition, in terms of the performance of the overall corporate sustainable development, the company won the Gold Medal Award of the "2022 Taiwan Corporate Sustainability Report" in the Traditional Manufacturing Category and has been recognized for six consecutive years since 2017.



© Short-, medium- and long-term corporate sustainability management performance indicators

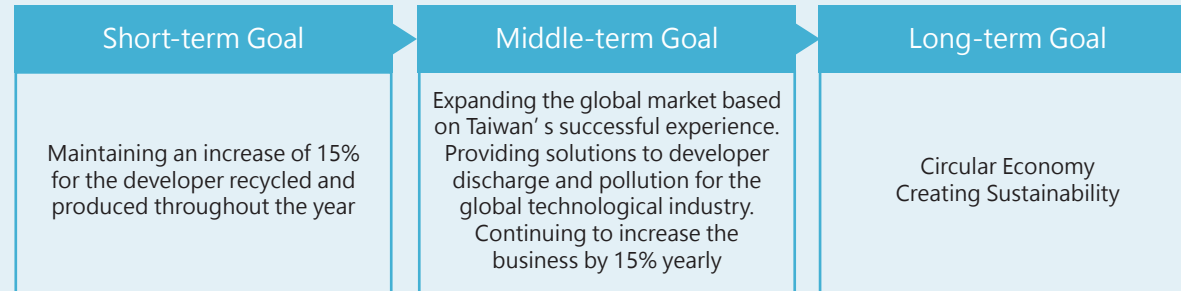
Major Topic	Category	Short-term Goal (2020~2022)	Middle-term Goal (2024)	Long-term Goal (2029)
Sustainability Strategy, Corporate Governance	Economy/ Environment	Increasing the annual production of developer recycling by 15%	<ul style="list-style-type: none"> • Expanding the global market based on Taiwan's successful experience. • Continuing to increase the business by 15% yearly in providing solutions to developer discharge and pollution for the global technological industry. 	Circular Economy Creating Sustainability
Product Risk Employee Care	Society	Traffic Safety Management VAFR=0.5 (No more than one traffic accident occurred every year); ETAFR=1.5	Transportation safety management for containers and traffic safety management for employees and their dependents	Product Safety Employee Care
		Average annual increase percentage in employee benefit expenses is 3%	Continuing to promote diversified welfare policies	Live and Work in Peace Sustainable Development
Usage of energy resource Energy saving and carbon reduction	Environment	The purchase rate of recycled raw materials is more than 10%	The annual growth rate continues to increase by 10%	Environmental Protection Energy Saving and Carbon Reduction

- Content
- Message from the Chairman
- About the Report
 - Overview of the Report
 - Corporate Sustainability Committee
 - Identification of Stakeholders and Major Topics
 - Sustainability Development Management Indicators
 - 2022 Sustainability Performance Highlights
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Economic/Environmental Performance

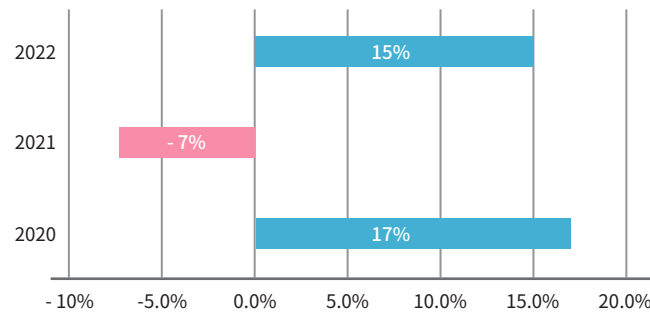
San Fu Sustainable Development Goals and Actions

Improving developer recovery yield, and creating a global circular economy.



Goals and Achievements

15% increase of recycling developers



Note: Values are calculated as a percentage of conversion between the current year and the previous year

Goals Not Achieved

Compared with 2021, the production of TMAH recycled liquid in 2022 was increased by 15%, achieving the set goal. Through San Fu Chemical's patented TMAH recycling technology, TMAH waste liquid from customers is electrolyzed into TMAH developer liquid with a quality similar to that of new electronic grade products and can be returned to the market supply chain.

Actions Taken

San Fu actively puts in resources to improve manufacturing processes, and commits to the projects of eliminating bottlenecks for improvements with the purposes of improving the efficiency of recycling process, decreasing energy consumption, creating diversity, reducing the burden on the environment, and improving the quality of products. In 2021, San Fu invests in expanding and building a factory for its subsidiary in Southern Taiwan Science Park.

Long-Term Policy

San Fu continues to invest in improving each link of the product life cycle. In TMAH waste liquid recycling, in addition to cooperating with major domestic and foreign technological factories, we provide customers with recycling solutions to reduce costs and increase competitiveness, and also create their own value, so as to achieve the goals of circular economy and creating sustainability.

- Content
- Message from the Chairman
- About the Report
 - Overview of the Report
 - Corporate Sustainability Committee
 - Identification of Stakeholders and Major Topics
 - Sustainability Development Management Indicators
 - 2022 Sustainability Performance Highlights
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Social Performance

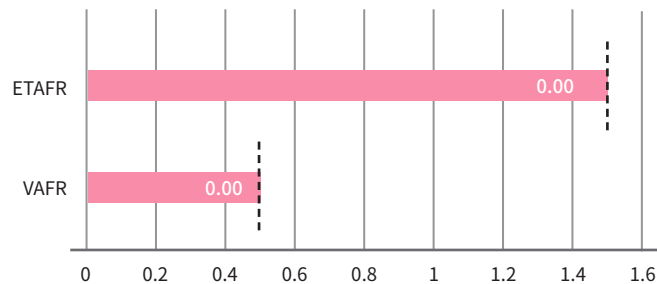
San Fu Sustainable Development Goals and Actions

1. Aiming at traffic safety management, and then expanding the safety management of container transportation, and employee traffic safety management, and establishing safety management primarily based on product safety and employee care.



© Goals and Achievements

VAFR=0.5 ETAFR=1.5



Goals Achieved

There was no transportation accident in 2022, which complies with the accident number requirement ≤ 1 per year. When the target (VAFR=0.5) is set, the data of the first quarter of 2018 is used as a basis for the estimation of the 2018 annual target.

Actions Taken

VAFR takes contractors and self-owned drivers having a long-term with us as the main statistical objects; the statistics on property losses or casualties caused by ETAFR employees' traffic accidents occurred in the factory, outside roads and in customer factories are made. San Fu Chemical has established a sound environmental safety and health system, and conducts defensive driving education courses for employees every year to ensure that employees have a correct concept of traffic safety.

Long-Term Policy

Safety management is focused on product safety and employee care and mainly adopted to improve and promote the employee traffic safety of the San Fu Group, and employees' family members are invited to participate in traffic safety activities, so as to have a positive impact on the society in the promotion of traffic safety.

- Content
- Message from the Chairman
- About the Report
 - Overview of the Report
 - Corporate Sustainability Committee
 - Identification of Stakeholders and Major Topics
 - Sustainability Development Management Indicators
 - 2022 Sustainability Performance Highlights
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Social Performance

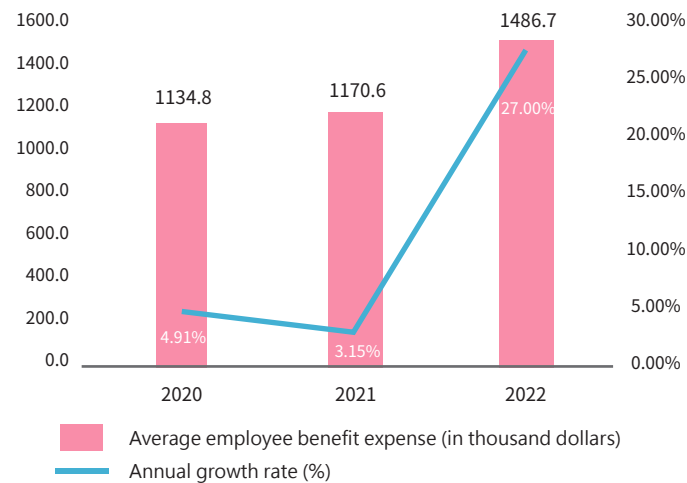
San Fu Sustainable Development Goals and Actions

2. Aiming at the goal of creating a friendly and compatible happy workplace, we extend this goal to the employees' families in addition to the employees themselves, and continue to promote diversified welfare policies, assist colleagues to maintain the quality of family life, and promote the balance of life.



Goals and Achievements

Average employee benefit expense



Goals Achieved

In 2022, the welfare expense for each regular employee was \$1,486,700, an increase of 27% compared with 2021, and achieving the target. In addition to providing statutory salaries and basic benefits, the Company recognizes its employees as important assets, with the mission of steadily improving employee rights and benefits.

Actions Taken

Based on the company's annual operating performance and profit, different salary adjustments are given according to the employees' performance appraisal under a sound performance management system, letting employees feel their achievement, encouraging their contribution and dedication, and emphasizing on profit-sharing.

Long-Term Policy

We continue to optimize welfare policies for employees and their dependents, provide complete living security, create a working environment for employees to live and work in peace and contentment, and aim at a sustainable management that brings the feeling of happiness to employees.

- Content
- Message from the Chairman
- About the Report
 - Overview of the Report
 - Corporate Sustainability Committee
 - Identification of Stakeholders and Major Topics
 - Sustainability Development Management Indicators
 - 2022 Sustainability Performance Highlights
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Environmental Performance

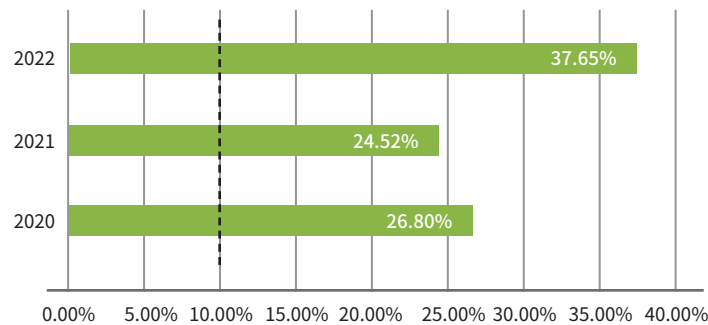
San Fu Sustainable Development Goals and Actions

Aiming to increase the procurement of renewable raw materials, and continue to take environmental protection, energy saving and carbon reduction as sustainable strategies. The selection of raw materials will give priority to recyclable materials or recycled materials.



◎ Goals and Achievements

More than 10% of the purchase rate of renewable raw materials



Goals Achieved

In 2022, the proportion of recycled raw materials purchased was 37.65%, achieving the target of 10%. San Fu Chemical continues to work with suppliers to find new uses for unwanted customer waste by recycling and purifying the waste for use as a raw material in another process.

Actions Taken

In the selection of raw materials, recycled or renewable raw materials are placed in high priority for purchase, and environmental protection, energy saving and carbon reduction are taken as the sustainable strategic goals.









Long-Term Policy

In addition to actively cooperating with the government's green material policy, we can also reduce the impact on the environment and contribute to environmental protection. The cooperation between San Fu Chemical and suppliers not only can reduce the pollution of waste to the environment, but also can achieve the reuse of raw materials through recycling and purification, thereby achieving energy saving, carbon reduction and environmental protection.

- Content
- Message from the Chairman
- About the Report
 - Overview of the Report
 - Corporate Sustainability Committee
 - Identification of Stakeholders and Major Topics
 - Sustainability Development Management Indicators
 - **2022 Sustainability Performance Highlights**
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

2022 Sustainability Performance Highlights

Economic Aspect	Major Programs		Implementation Results	
		Participating in the TCSA Taiwan Corporate Sustainability Award, revealing the commitment and performance of social responsibility.		Received the 15th Taiwan Corporate Sustainability Report - Gold Award .
		Promoting education and training on honest management procedures and code of conduct.		The percentage of supervisors and employees who have completed relevant education and training is 100% .
		Anti-corruption.		No incidents of corruption among employees or companies.

Environmental Aspect	Major Programs		Implementation Results	
		TMAH waste liquid recycling and clearance continue to increase by 20%		The TMAH waste liquid recycling volume is 22,749.24 tons, which is converted for the use by customers, thereby saving 1,351.3 tons of carbon emissions, an increase of 20.22% compared with 2021.
		Percentage of renewable materials		a. Total cumulative amount of recycled TMAH liquid is 120,628 tons b. Procurement of recycled raw materials is 37.65% c. 71.68% recycled raw materials (including recycled fresh liquid) are used for specialty products
		External verification of greenhouse gas emissions, water consumption or total weight of waste		The greenhouse gas verification has been completed at the Shanhua, Kaohsiung and Liuying factories.
		Water resource recycle and reuse		The amount of water recovered and reused by the Shanhua factory accounted for 3.23% of the total water intake.
		Reduction of Waste and Sludge		Reduction of waste organic sludge by 74.38% .
		Air Pollutant Emissions		100% compliance with regulatory standards for air pollutant emissions.
		Leakage		Zero cases of oil/fuel/waste/chemical/product transportation spills.
		Environmental Investment		Accumulated investment in environmental protection amounted to \$88.84 million .
		Adoption of road cleaning program to create a clean living environment		98 hours of community service.

- Content
- Message from the Chairman
- About the Report
 - Overview of the Report
 - Corporate Sustainability Committee
 - Identification of Stakeholders and Major Topics
 - Sustainability Development Management Indicators
 - **2022 Sustainability Performance Highlights**
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

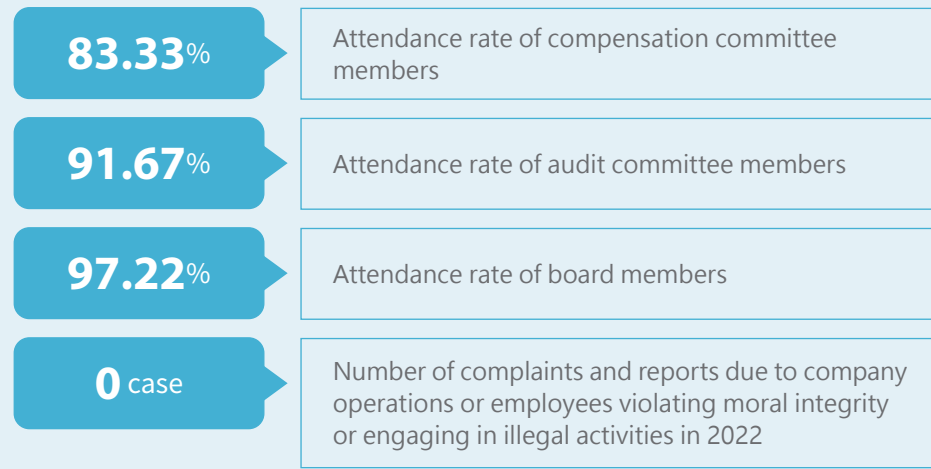
Social Aspect

	Major Programs	Implementation Results
	Certificates	The performance of obtaining certificates is 100% .
	Employees' Annual Training and Benefits	a. Employees' benefit expense is \$569,387,000 b. Average training hours per employee is 20.67 hours c. Parental leave reinstatement rate is 100%
	Human Rights Protection	Zero cases of discrimination, child labor, and forced labor.
	Industry-University Cooperation	Cooperated with National Kaohsiung University of Science and Technology to complete the training for commanders and emergency response personnel for 45 employees .
	Social Engagement	a. Donation of \$150,000 each to Shanhua Junior High School and Junior Baseball Teams b. Gifts for the graduation ceremony of Siaosin Elementary School and Jiaba Elementary School c. A total of \$3.55 million has been donated to the scholarships for poor students in public and private universities d. Donation of \$10,000 each to the Siaosinli' s Society Development Association, Longevity Club, and Community Patrol Team e. Sponsoring \$16,000 for Liuying District Volunteer Fire Squad f. Sponsoring \$20,000 for the Xiaoxinying Ancestor Temple Fellowship g. Sponsoring \$50,000 for the 2022 Taiwan Chemical Industry Summit h. Sponsoring \$50,000 for Taiwan Chemical Engineering Association's 69th Anniversary Event i. Sponsoring \$40,000 for HannStar Foundation movie documentary "No Man is An Island" j. Donation of \$1 million to Fu Lu Culture Foundation
	Assessment of Sound Suppliers' Corporate Social Responsibility Practices	a. 100% completion of CSR assessment by 1 new supplier b. Over 90% of existing suppliers have completed the CSR practical assessment c. A total of 21 suppliers have been audited
	Customer Service	a. Overall customer satisfaction rating of 96 marks b. No complaints about violation of customer privacy or loss of customer information c. No use of banned substances in products
	Compliance with Regulations	a. No product labeling violations being penalized b. No violations of labor laws and regulations

- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

About Us

1.1	Company Profile	22
1.2	Introduction to Industry	24
1.3	R&D Technology	27
1.4	Corporate Governance	29
1.5	Risk Control	33



- Content
- Message from the Chairman
- About the Report
- About Us
 - 1.1 Company Profile
 - 1.2 Introduction to Industry
 - 1.3 R&D Technology
 - 1.4 Corporate Governance
 - 1.5 Risk Control
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Company Profile

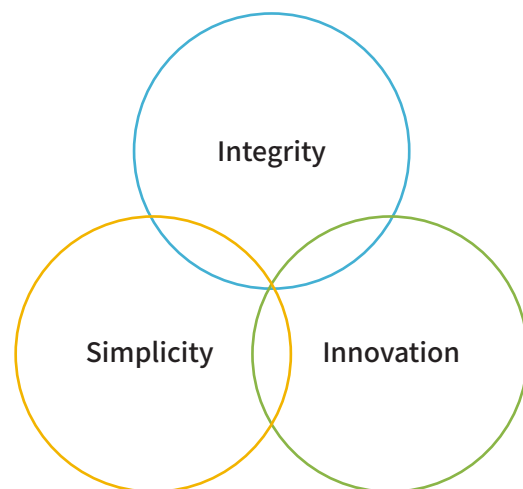
From Local to International; From Self-Reliance to Altruism

In 1952, San Fu Group was founded at San Fu Chemical Factory in Banqiao. In the early stage of establishment, San Fu developed mainly engaged in the manufacture of food additives and other chemical raw materials through self-development and production technology. Over the past half century, we have expanded globally from the scale of a single chemical plant to high-tech speciality chemicals, beverages and food products and are moving towards diversification.

The paid-in capital in 2022 is \$1.007 billion, the number of regular employees is 383, and the company is a listed company (stock code 4755 of Taiwan Stock Exchange).

Corporate Philosophy

San Fu Chemical adheres to the business philosophy of "Innovation, Integrity, and Simplicity", inspires employees' wisdom, encourages innovation, uses advanced technology, continues to add value to customers' products, and strives to become the best business partner of customers. Based on the principle of integrity management, we provide quality and cheap chemicals to all walks of life. In addition, it also actively matches new supply and demand to develop new business opportunities.



◎ Distribution of Operating Locations

- Taipei Headquarters Office Decision Making Center
- Chupei Office Sales Unit
- Tainan Shanhua Factory Manufacturing precision chemicals and basic chemicals
- Tainan Liuying Factory Manufacturing precision chemicals and basic chemicals
- Kaohsiung Slaogang Factory Manufacturing basic chemicals

In order to move towards a more professional goal, San Fu Chemical and San Fu Gas were officially divided into two companies in October 2003, each operating independently. At present, the main products and services of San Fu Chemical are divided into two business groups, which produce and sell precision chemicals and basic chemicals.

Fine chemicals mainly supply wet chemicals, equipment and operations required by IC semiconductor, LCD, touch panel, LED, solar panel and other industries, as well as the OEM of polishing liquid. The scope of products and services of the basic chemicals such as food additives, food raw materials, p-hydroxybenzoic acid, cyclohexylamine, dicyclohexylamine, etc. covers the food and chemical industries. For quality, output, service and other aspects, we are constantly improving, hoping to become the best partner of customers, and the current products or services have never been banned in the following designated sales markets.

◎ Distribution of Sales Markets



- Content
- Message from the Chairman
- About the Report
- About Us
 - 1.1 Company Profile
 - 1.2 Introduction to Industry
 - 1.3 R&D Technology
 - 1.4 Corporate Governance
 - 1.5 Risk Control
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Types of Products and Distribution of Outputs

Fine Chemicals

Basic Chemicals

Product Items	Wet Chemicals	VMT	TMAH Recycling	Chemical Industrial Raw Materials	Food Additives	Food Raw Materials
Description	Developers - TMAH, KOH, NaOH Etchants - aluminum/copper/ITO/mixed acid/hydrofluoric acid etching solution, phosphoric acid/nitric acid/hydrochloric acid/acetic acid/hydrofluoric acid/oxalic acid/aqua regia Strippers Solutions -BM-73, MD-73, DMSO, BDG, MEA, NMP, copper stripper solution, packaging stripper solution Diluents and Cleaning Liquids - CPN, RGB rework, ITO rework, benzyl alcohol, EBR, etc.	Polishing fluid OEM	Developer waste solution	Benzoic acid (sodium), sulfanilic acid, cyclohexylamine, dicyclohexylamine, aniline, parahydroxybenzoic acid, parabens, oxalic acid, sodium gluconate, sodium hexametaphosphate, isophthalic acid.	Flavorings: Monohydrate/anhydrous citric acid, Sodium (potassium) citrate, lactic acid, sodium (calcium) lactate. Sweeteners: Sorbitol, mannitol, sucralose, acesulfame potassium, neotame, sodium saccharin, molasses, steviol glycosides. Preservatives: Benzoic acid (Sodium), potassium hexadienoate. Others: Anhydrous calcium chloride, sodium bicarbonate, phosphoric acid.	Monohydrate/ anhydrous glucose, maltodextrin, trehalose, high maltose powder, corn starch.
Serviced Customer	Wafer foundry, Panel factory, Solar panel, and LED epitaxy factory			Cosmetic factory, Chemical factory, Pharmaceutical factory	Food factory, Pharmaceutical factory	
Sales Market	Taiwan, China, and Singapore			Taiwan, U.S., Japan, India, China, and South Korea	Taiwan	Taiwan
Production in 2022 (tons)	36,630			4,441		



- Content
- Message from the Chairman
- About the Report
- About Us
 - 1.1 Company Profile
 - 1.2 Introduction to Industry
 - 1.3 R&D Technology
 - 1.4 Corporate Governance
 - 1.5 Risk Control
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Introduction to Industry

Fine Chemicals

Fine chemicals are also known as speciality chemicals, which are high value-added products used in manufacturing processes to improve product characteristics. These products are mainly acids, alkalis, and solvents provided for the manufacturing process of the electronics industry, and they primarily include developers, etching solutions, stripper solutions, diluent, cleaning fluids, polishing fluids, etc.

The electronics manufacturing industry is the main driving force for Taiwan's economic growth, and the value of the IC and optoelectronic industry occupies an important position. The company plays the role of a midstream manufacturer in the entire industry supply chain. The upstream industry is dominated by raw material suppliers who supply chemicals such as developers, organic solvents, acids and alkali chemicals, speciality chemicals, etc. San Fu Chemical is a midstream manufacturer, which processes various chemicals through preparation, purification, dilution and other processes to manufacture raw materials into developers, strippers, etching solutions, cleaning solutions required for manufacturing electronic products.

Downstream customers are mainly electronic manufacturers, including IC manufacturers and optoelectronics manufacturers, and some products are sold through distributors for expanding the sales in different industrial categories.

Applications of Speciality chemicals

One of the main processes in the wafer industry and the panel display industry is to form a thin film with a specific pattern on a wafer or glass plate. The material of the thin film can be insulating silicon dioxide or polysilicon. Regardless of the material of the thin film, a layer of photoresist needs to be coated on a wafer or glass plate, dried, exposed, developed, and then etched to produce the desired pattern. Finally, a patterned film can be completed by a photoresist removal process.

Developers can be categorized into two types: organic alkali and inorganic alkali, which can be used in photoresist development to provide good imaging ability and high contrast.

The etching solution is mainly used in the etching process of liquid crystal panels, touch panels, transparent conductive films (ITO) or metal layers of solar cells. In the etching process, a part of the materials on a substrate with a pattern defined on the surface through a lithography process is removed by a chemical etching method, or a physical impact method, or both of the methods, so as to leave a circuit structure.

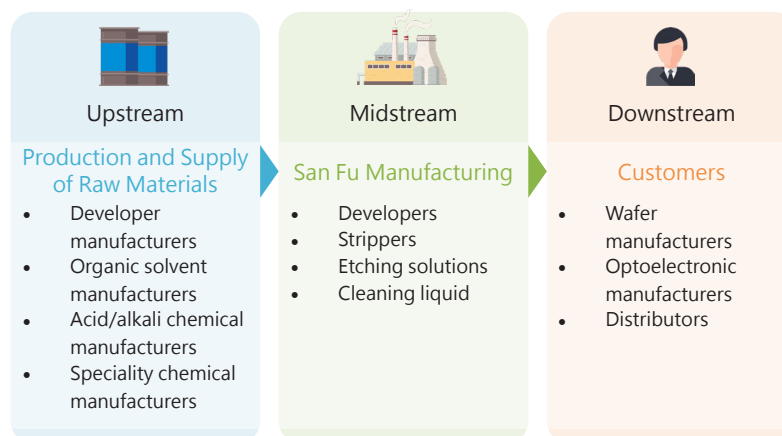
The stripper solution is used to strip the photoresist after the etching process of the metal or semiconductor thin film circuit of TFT-LCD. The diluent is mainly used to remove excess photoresist at the outer periphery of the substrate after the panel is coated with the photoresist.

The applications of the cleaning solution can be categorized according to the needs as follows:

1. It is used to recycle the piece of used glass after color filter process fails.
2. It is use to clean the substrate before entering it into the machine.
3. It is used to clean the photoresist coaters

With the continuous growth of Taiwan's semiconductor and optoelectronic industries, the demand for related electronic chemicals is also increasing, and the quality requirements for electronic chemicals are also getting higher and higher. Therefore, the development of process efficiency and the improvement of quality are important items for future industrial development. With the launch of new-generation product applications such as electric vehicles, 5G, Internet of Things (IoT) and flexible displays, and the advancement of new-generation of technologies and processes, such as 1x nanometer, GAA, FinFET, 3D stacking, AMOLED, IGZO, LTPS, and the development of copper processes, the output value of the global speciality chemicals industry has increased significantly. The growth rate has been steadily increasing year by year. In terms of required electronic chemicals, the chemicals used in different processes are also different, and the research and development of new-generation chemicals has become the future development trend of the industry.

© The associations of the company's with the upstream, midstream and downstream of the industry are listed as follows:

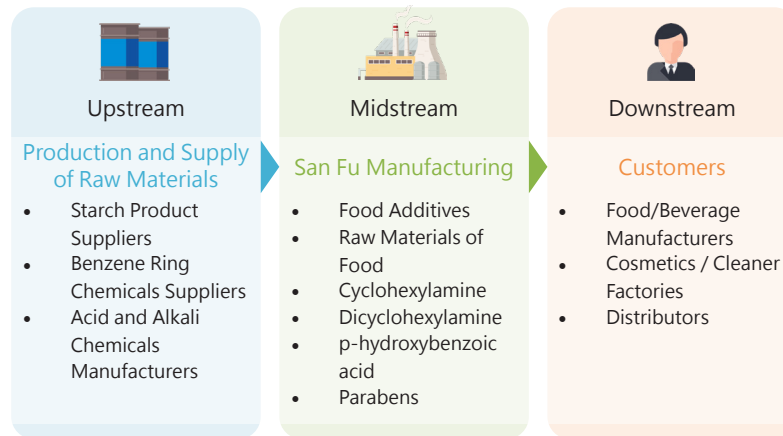


- Content
- Message from the Chairman
- About the Report
- About Us
 - 1.1 Company Profile
 - 1.2 Introduction to Industry
 - 1.3 R&D Technology
 - 1.4 Corporate Governance
 - 1.5 Risk Control
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Basic Chemicals

The company's basic chemical products include chemical raw materials, food additives and food raw materials. Chemical raw materials, such as cyclohexylamine and dicyclohexylamine, p-hydroxybenzoic acid, parabens, etc., are widely used in various chemicals and cleaning products manufacturing industries.

Additives and raw materials of food are introduced by the company after quality control, supervision and careful evaluation at the source of the raw material supply chain. As modified or sold products, the additives and raw materials of food include: flavoring agents, preservatives, quality improvers, sweeteners, bulking agents, starches and sugars, and customers include major domestic food and beverage manufacturers.



Applications of Basic Chemicals

Chemical raw material products, such as cyclohexylamine, a raw material of molasses, which is a kind of artificial sweetener, which provides the same sweet taste as sugar without carrying the same calories, and its level of sweetness is 30 to 8000 times of that of sugar. Because of this, products made from them have many fewer calories than those made from cane sugar, are often used to replace corn syrup and cane sugar, and are added to many sodas and sweetened beverages, and the sugar from chocolate to jam, chewing gum, ice cream, and sugar in beverages, artificial sweeteners can be used as a substitute. Another use of cyclohexylamine is to serve as a corrosion inhibitor for water treatment agents.

Dicyclohexylamine is a by-product of the production of cyclohexylamine, which is mainly used as a rust inhibitor for steel.

P-hydroxybenzoic acid is the raw material monomer of liquid crystal polymer (LCP).

Paraben is the excipients and preservatives most widely applied to drugs and cosmetics.

Food additives refer to the ingredients added to food or food products other than the seasoning ingredients such as garlic, onion, ginger, etc. Among them, according to the different food laws and regulations of various countries, the additives permitted to be used in various countries can usually be included in the list of legal additives. The food produced in a certain amount shall not cause harm to the health of consumers. The International Food Standards Committee jointly established by the Food and Agriculture Organization (FAO) and the World Health Organization (WHO) has set the definition, specification and standard of food additives. It is hoped that all countries can abide by it. However, there are still many inconsistencies in the definition and management of food additives in various countries around the world. For example, the United States does not recognize colorants as food additives, and the International Food Standards Committee does not recognize contaminants and substances added to food for the purpose of maintaining or enhancing nutrition and improving quality as food additives. According to our country's Act Governing Food Safety and Sanitation, we give a detailed and scientific definition as that "Food additives as used in this Law refer to the use of food additives in the processes of food manufacturing, processing, preparation, packaging, transportation, and storage. Substances added to or in contact with food for coloring, flavoring, preservative, bleaching, emulsifying, enhancing flavor, stabilizing quality, promoting fermentation, increasing consistency, increasing nutrition, preventing oxidation or other purposes".

Monohydrate citric acid is used in food and beverage industry as acidulant and preservative. Sodium benzoate is a preservative, and it is allowed to be added to food all over the world, including Taiwan, where it appears in carbonated drinks, preserves and snacks.

Food sanitation and safety incidents (melamine, plasticizer, clenbuterol, etc.) that have occurred in the past have once again triggered the public to pay more attention to food sanitation, safety and quality control. General consumers' awareness of paying more attention to health rises. In the future, sanitation, safety and quality control will become the key aspirations for food market development.

- Content
- Message from the Chairman
- About the Report
- About Us
 - 1.1 Company Profile
 - 1.2 Introduction to Industry
 - 1.3 R&D Technology
 - 1.4 Corporate Governance
 - 1.5 Risk Control
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Third-Party Verification

We actively invite third-party organizations and partners to conduct external audits and inspections of our work. Since the company's establishment, we have continued to introduce and maintain various management system certifications and verifications, and continuously improve product quality and implement occupational safety and sanitation, environmental management, and green manufacturing process through external audits, and the third-party certifications and verifications obtained are as follows.

Category	Certificate	Certified and Verified Factory Area		
		Shanhua Factory	Liuying Factory	Kaohsiung Factory
Quality Related and Food Safety	ISO 9001 Quality Management System	●	●	●
	ISO 22000 Food Safety Management System	●	● (San Fu Biotech)	
	Hazard Analysis Critical Control Point (HACCP) System	●	● (San Fu Biotech)	
	Food Manufacturer's Sanitation and Safety Management System	●	● (San Fu Biotech)	
Environment Related	ISO 14001 Environmental Management System	●	●	
	ISO14064-1 Greenhouse Gas Inspection Standard	●	●	●
Occupational Safety and Health	ISO 45001 Occupational Safety and Health Management System	●	●	●
Laboratory	ISO 17025 Laboratory Management System Certification	●	●	

※ Among them, the ISO 17025 certification is the first wet chemical company in Taiwan to obtain the TAF certified laboratory.
 ※ The third-party verification certificate/declaration can be found on the official website of San Fu Chemical.



Participation in Public Associations

Participated in Taiwan Chemical Industry Association

To combine chemical and chemical engineering related public, academic, association, and production, academic, research, and community groups, we establish a common platform for domestic chemical manufacturers, and use chemical technology as a base to promote people's livelihood, and high-tech industries such as electronics, optoelectronics, communications, as well as new technologies, new information circulation, and effective use of resources, accelerate chemical and accelerate the upgrade of the chemical and its downstream industries.

Participated in Taipei Chemical Suppliers Association

In accordance with the Commercial Group Act and its Enforcement Rules, we apply for the membership of the Taipei Chemical Suppliers Association in order to promote the law and related communications with the manufacturers of the chemical industry.

Participated in the International Industry-Academia Alliance of National Taipei University of Technology

Through cooperation with universities and colleges, resources are introduced to the academic circle to achieve a synergistic effect of the academic research, create social benefits and industrial value, and make use of industry-academia cooperation to bridge the gap between the innovative R&D power of universities and enterprises and the global industrial supply chain.

Content

Message from the Chairman

About the Report

About Us

- 1.1 Company Profile
- 1.2 Introduction to Industry
- 1.3 R&D Technology
- 1.4 Corporate Governance
- 1.5 Risk Control

Economic Performance

Sustainable Environment

Customer Commitment and Supply Chain Management

Creating Employee Enthusiasm

Occupational Safety and Health Management

Social Public Welfare Action

Appendix

R&D Technology

The Company's R&D focuses on the expansion of products with established technological advantages and the material requirements of new industry drivers. In addition, for the purchase and update of R&D analytical equipment and analytical methods, the Company continues to expand its advanced equipment to meet the ppt-level detection limits required by IC customers and to serve as a tool for the development and analysis of the application of chemicals in new manufacturing processes.

- 1 Utilizing the advantage of the recycling market share of TMAH, purification technology, and formulation know-how, we developed IC-grade developer and designed a new purification plant for IC-grade tetramethylammonium hydroxide (TMAH), so that the recycled product can be reused to IC customers and to implement a circular economy.
- 2 The development of nanomaterials, along with the development of the IC industry, has enabled the localization of key materials.
- 3 Development of formulations for electronic chemicals to meet the product needs of LCD, IC packaging, and IC manufacturing customers.
- 4 Continuing to actively engage in process improvement of existing products: para-hydroxybenzoic acid, para-hydroxybenzoate, cyclohexylamine, dicyclohexylamine, and tetramethylammonium hydroxide to make the process more energy-efficient and to reduce carbon emissions.
- 5 Collaborating with various universities in the research and development of electrolytes for lithium batteries, cultivating battery-related talents and strengthening R&D capabilities.

Development of Advanced Purification Process for TMAH Recycled Developers

In recent years, the carbon footprint of the production process has been increasingly emphasized, and the Intergovernmental Panel on Climate Change (IPCC) has proposed the idea of a circular economy as an alternative to the old concept of linear economy. By maximizing the reuse of existing resources and reducing the need for new resources, the impact on the environment will be reduced.

San Fu Chemical has been successful in developing "TMAH Developer Recycling Technology" since 2012. In 2019, San Fu was awarded with two of the first Taiwan Circular Economy Awards organized by the Chung-Hua Institute for Economic Research, both the Enterprise Award and the Product Award. However, San Fu has not stopped its continuous research and development, and continues to refine and improve the existing recycling process in the TMAH developer recycling technology.

With the advancement of semiconductor and panel customers' production processes, the specifications of TMAH developer have become more demanding. In order to meet the needs of customers' advanced processes, we need to further purify the TMAH recycled developer to reduce impurities such as metal ions.

San Fu has accumulated many years of experience and R&D capabilities in TMAH recycling technology. We will develop a new generation TMAH developer purification process to upgrade the quality of TMAH recycled developers to a new developer standard or even higher. In addition to providing customers with higher-purity developers to meet the needs of advanced processes, which will help stabilize process yields and reduce the dependence on imported new developers, we are also setting a technological milestone in resource recycling.

High Ion Conductivity Colloidal Electrolyte for Lithium Ion Batteries

In recent years, due to the rising awareness of environmental protection, energy storage equipment and other related applications are on the rise. To the electric vehicle market, for example, the global sales of electric vehicles are rising steadily. Since our country is located in Asia and has a relatively high market share, there is a huge business opportunity in the electric vehicle market, and battery is exactly one of the important core components.

In view of the excellent market potential of batteries and San Fu's existing advantages in the market, we have chosen electrolyte as the direction of development among the many assembly materials for batteries. As a new entrant in this field, we are cooperating with the laboratory of National Cheng Kung University and dedicated to the research of electrolytes, to strengthen the foundation of electrolyte development.

- Content
- Message from the Chairman
- About the Report
- About Us
 - 1.1 Company Profile
 - 1.2 Introduction to Industry
 - 1.3 R&D Technology
 - 1.4 Corporate Governance
 - 1.5 Risk Control
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Colloidal electrolytes using polymer materials as substrate not only solves the safety problem of liquid batteries, but also retains or even improves the performance of liquid batteries. In terms of assembly process, the plasticity in polymers of the colloidal electrolyte gives the battery great flexibility in volume and shape, and coupled with the on-site adhesive forming technology, the assembly process of liquid batteries can be preserved to the greatest extent possible, and can be quickly integrated with the existing process and commercialized.

Recyclable Copper Etchant Formulation Development and Recycling System

As the technology of the panel industry becomes more and more advanced, high quality and high resolution have become a major development focus, and therefore the traditional aluminum process is no longer sufficient, and is gradually shifting to the low-impedance copper process to facilitate the rapid movement of electronics. However, the replacement of the copper process has also led to other problems, such as commissioning a separate treatment for copper-containing wastewater, which is not only expensive, but also prone to secondary pollution during the treatment process. At present, only copper ions are recovered from the post-copper etchant and electrolyzed to obtain copper metal, but because of the technical principle, the etchant will be irreversibly contaminated, so that it is difficult to achieve the secondary use of the etchant, while the technology developed by San Fu Chemical not only adsorbs the copper ions in the copper etchant, such that the copper etchant can be reused to extend its service life, but also reduces the adsorbed copper ions to metal through other treatment processes. Based on the needs of today's customers, we innovate to find solutions to extend the life cycle of our products, reduce the amount of waste liquid and transportation costs for our customers, and achieve a win-win situation in terms of environmental friendliness.

In 2022, San Fu invested a total of NT\$63,301,000 in R&D-related activities and obtain s patent, accumulating a total of 14 patents, continuing to build up R&D strength and drive R&D momentum. Through continuous breakthroughs and innovations in R&D, San Fu has gathered its R&D manpower and resources to accelerate the development of high value-added products and create new corporate values.

R&D Expenditures in the Past Three Years

Unit in NT dollars

Item	2020	2021	2022
R&D Expenditure	40,907	38,615	63,301
Operating Income	3,818,716	4,779,885	5,618,600
R&D Expenditure as a Percentage of Operating Income	1.07%	0.81%	1.13%

Successful Development of Technologies or Products in the Past Three Years

Year	R&D Achievements
2020	<ol style="list-style-type: none"> 1. Recycle and remanufacture of TMAH developer which is purified to IC grade, constructed and completed pilot plant at the customer validation stage. 2. Development of Non NMP/DMSO photoresist stripper.
2021	<ol style="list-style-type: none"> 1. Development of recyclable etchant formulation and recycling system for LCD copper processes. 2. Development of high Ion Conductivity Colloidal Electrolyte for Lithium Ion Batteries.
2022	<ol style="list-style-type: none"> 1. Device and method for recycling waste liquid of tetramethyl ammonium hydroxide and other nitrogen-containing compounds. 2. Composite of etchant for transparent conductive oxides and etching method.

Content

Message from the Chairman

About the Report

About Us

- 1.1 Company Profile
- 1.2 Introduction to Industry
- 1.3 R&D Technology
- 1.4 Corporate Governance
- 1.5 Risk Control

Economic Performance

Sustainable Environment

Customer Commitment and Supply Chain Management

Creating Employee Enthusiasm

Occupational Safety and Health Management

Social Public Welfare Action

Appendix

Corporate Governance

High-standard governance to ensure the effective functioning of the board

The company was officially listed on the stock exchange in November 2013. All directors exercise their powers and authorities objectively and independently based on the long-term interests of the company and all shareholders. We also deeply understand that more and more domestic and foreign investors and major stakeholders regard corporate governance and whether to set up independent directors as important indicators of whether to invest or not.

Therefore, we continue to follow the principles of corporate governance. The board of directors is formed by all shareholders through voting, and various functional committees are established under the board of directors to strengthen the functions of the board. We adhere to a high-standard corporate governance policy to ensure the effective operation of the board, thereby protecting the rights and interests of shareholders.

Improvement of the functions of the board of directors

In the reporting year, there are 9 directors, including 3 independent directors, and the number of independent directors accounted for 33.3%. By strengthening the independence and diversity of the board of directors, the board will play a strategic guiding function. The chairman, Wu Xin-Hong, is mainly responsible for improving corporate governance and presiding over the operation of the board of directors. According to the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", San Fu Chemical clearly stipulates that the selection of directors should consider the overall configuration of the board of directors.

The overall consideration of the composition of the board of directors of San Fu Chemical includes: operational judgment and management capabilities, accounting and financial analysis capability, crisis management ability, industry knowledge, international market outlook, leadership, decision-making ability, etc. At the same time, the board of directors also follows the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies" and conducts advanced education courses for directors every year. The board of directors fulfills the principles of corporate governance, reviews business performance and discusses important strategic issues, including economic, environmental and social impacts, risks and opportunities. At the same time, we also publicly provide the company's articles of association, the rules of the shareholders' meeting, the procedures for the selection and appointment of directors, the rules of procedure for the board of directors, the operating procedures for integrity management and the guidelines for conduct, etc. for quick inquiry by domestic and foreign investors.

Head of Corporate Governance

On May 5, 2023, the company's board of directors resolved to appoint Hsieh Ming-Chi, the company's chief financial officer, as the head of corporate governance on a part-time basis, who has extensive experience to serve as a finance and accounting head of a public company, and whose main duties are to handle matters related to the board of directors' and shareholders' meetings, prepare minutes of the board of directors' and shareholders' meetings, assist the directors in assuming their positions and in continuing their education, provide the directors with the information necessary for the execution of their business, and assist the directors in complying with the laws and regulations, etc.



Please refer to the company's annual report website <https://www.sfchem.com.tw/zh-hant/page/annual-report> for the self-assessed performance results of the board of directors and functional committees of the company for the year 2022 in accordance with the "Board and Functional Committees Performance Assessment Method".

- Content
- Message from the Chairman
- About the Report
- About Us
 - 1.1 Company Profile
 - 1.2 Introduction to Industry
 - 1.3 R&D Technology
 - 1.4 Corporate Governance
 - 1.5 Risk Control
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

◎ Board Members, and their Gender Composition and Major Responsibilities

No.	Title	Name	Gender	Age	Responsibilities
1	Chairman	Wu, Xin-Hong	Male	>50	1. Decision on business policy 2. Review of budgets 3. Preparing final accounts report at the shareholders meeting 4. Proposing Amendments to the Articles of Association 5. Executing resolutions of the shareholders' meeting 6. Approval of major contracts 7. Proposing motions for surplus distribution or loss compensation 8. Proposal to increase or decrease capital 9. Employment and dismissal of important staff 10. Other functions and powers according to the law or the resolution of the shareholders' meeting.
2	Director	San Fu Global Representative: Zhang, Chun-Ming	Male	>50	
3	Director	Tsai, Jie-Rong	Male	>50	
4	Director	Su, Tien-Pao	Male	>50	
5	Director	Zhang, Yi-Zong	Male	30-50	
6	Director	Liang, Guo-Yuan	Male	>50	
7	Independent Director	Li, Zhong-Xi	Male	>50	
8	Independent Director	Wu, Dong-Ming	Male	>50	
9	Independent Director	Yang, Hong-Chih	Male	>50	

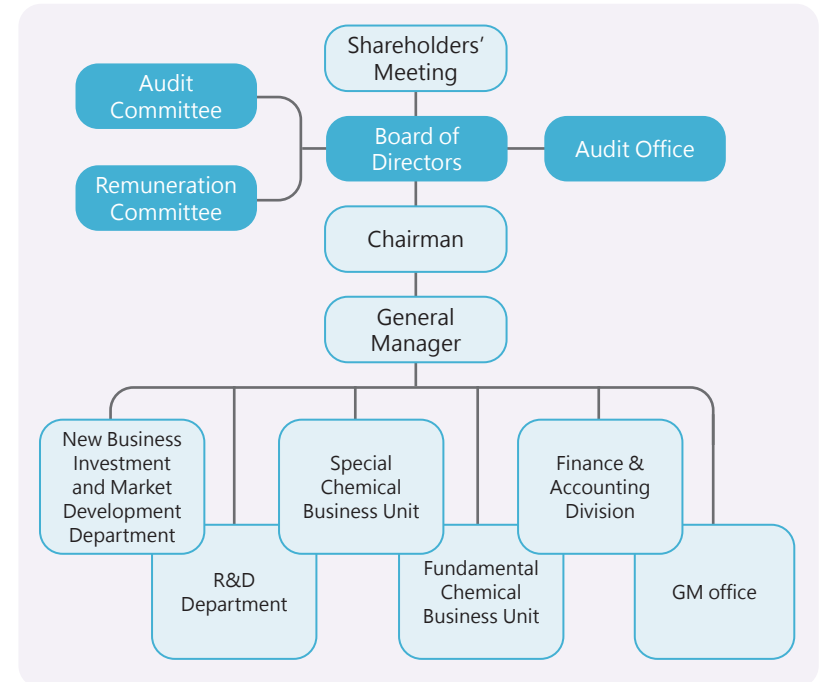

 Please refer to the company's annual report website <https://www.sfchem.com.tw/zh-hant/page/annual-report> for the diversity and independence of the board of directors and the information on whether the directors serve on the board of directors of other companies or cross-hold with other interested parties.

Setting up a remuneration committee and assisting in evaluating remuneration levels

In 2011, the company established a remuneration committee in accordance with Article 14-6 of the Securities and Exchange Act, which was appointed by the resolution of the board of directors, and the number of members was not less than 3.

The remuneration committee consists of 3 independent directors. A total of 2 meetings were held in 2022, and the attendance rate of all members of the remuneration committee was 83.33%. The remuneration committee assists the board of directors in evaluating the relationship between the remuneration levels of the company's directors, supervisors and managers and the company's operating performance, decides the dividend allocation ratio, makes recommendations on the remuneration of managers and the company's remuneration policies, and creates company-level strategies based on the industrial competition environment, company operating performance and benchmark market conditions. In addition, the company regularly participates in salary surveys of the industry or consulting companies and checks the connection between salary and welfare measures and the market, and designs an incentive system. The employee remuneration shall be approved by the board of directors, reported at the shareholders' meeting, and disclosed in the company's annual report every year.

◎ Organization Chart of the Board of Directors



- Content
- Message from the Chairman
- About the Report
- About Us
 - 1.1 Company Profile
 - 1.2 Introduction to Industry
 - 1.3 R&D Technology
 - 1.4 Corporate Governance
 - 1.5 Risk Control
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Senior Executive’s Remuneration and Incentives

The company regularly performs annual performance assessments for senior executives with clear and effective evaluation criteria for the achievement of the estimated operating performance rate, safety, environmental protection and social responsibility, corporate development, customer quality, and employee training and development, all of which are approved by the remuneration committee and the board of directors to strengthen the performance link between senior executives and the company.

The board of directors has sound supervisory and management functions. Although the Company has not yet included the sustainability committee as a functional committee, the Company has integrated corporate sustainability with the ESG principles of “Environmental, Social and Governance”, and reports the progress of greenhouse gas inventory to the board of directors on a quarterly basis, and reports on ESG performance and development and implementation results to the board of directors on an annual basis.

The chairman of the highest governance unit is currently the senior management of the company, which is necessary for the management of the operation and the management relies on its professional competence to avoid the occurrence of economic, environmental and crowd impacts and thus allowing the senior management team to shoulder the management responsibility of driving the corporate sustainability.

In 2022, the company had a major incident of fines in the environmental aspect. The industrial safety department will discuss with the unit of Kaohsiung Factory where the incident occurred, present its opinion to the fining unit, and report the results of the fining to the highest governance unit.

Forming an audit committee to strictly control finance, personnel and auditing

In accordance with the requirements of the competent authority, the company formed an audit committee to substitute the supervisory position in 2021. In 2022, the board of directors held 4 meetings with an attendance rate of 91.67%.

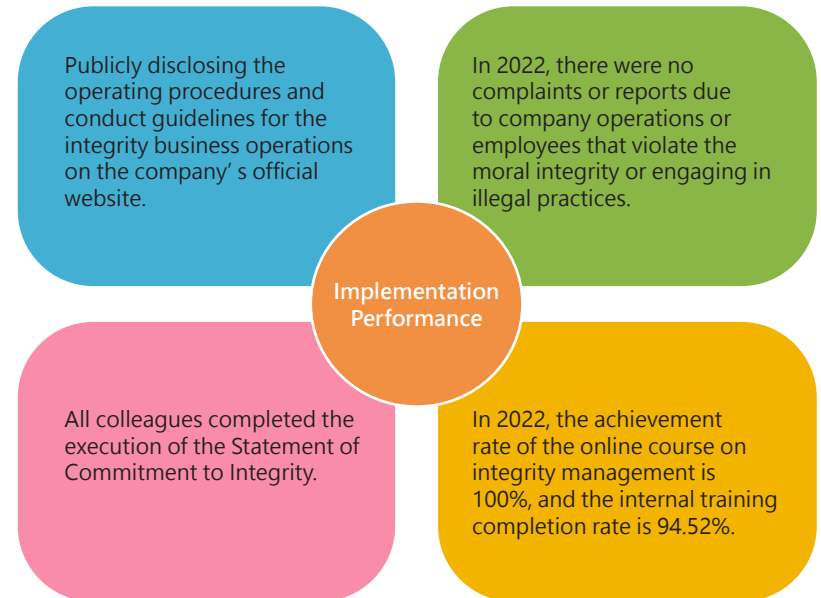
One of the audit committee members has accounting or financial expertise, who is responsible for supervising the presentation of the company’s financial statements, the selection and dismissal of accountants and their independence and performance, the effective implementation of the company’s internal control, the company’s compliance with relevant laws and regulations, and the management and control of the company’s existing or potential risks. In addition, our audit office continues to implement internal audit and risk management.

Implementing integrity management and anti-corruption to protect shareholders’ rights and interests

We follow the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”, and Taiwan Securities Exchange Corporate Governance Center’s “Corporate Governance Evaluation Self-Assessment Indicators” to prepare the following:

- (1) San Fu Chemical’s code of practice on corporate governance
- (2) San Fu Chemical’s integrity management procedures and conduct guidelines
- (3) San Fu Chemical’s internal regulations such as prevention of insider trading.

The board of directors and the management team actively implement the commitment to the integrity management policy, and also implement the integrity management policy in internal management and business activities. In order to establish a corporate culture of integrity management and implement integrity management, we uphold a clean, transparent and responsible management attitude, and assign a dedicated unit to be responsible for the promotion of integrity management policies and the formulation and supervision of preventive programs. The president’s office receives reports and appeals of related matters, so that the management measures of the code of ethics and integrity management rules formulated by the company can be implemented to prevent corruption and other malpractices, and ensure the legitimate rights and interests of the whistleblower and the counterparty.



- Content
- Message from the Chairman
- About the Report
- About Us
 - 1.1 Company Profile
 - 1.2 Introduction to Industry
 - 1.3 R&D Technology
 - 1.4 Corporate Governance
 - 1.5 Risk Control
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Operational activities comply with domestic and foreign laws and regulations

Each of our operating activities is in compliance with domestic and foreign laws and regulations, and serves as the basis for the sustainability to continue our business operation. In response to the "Personal Data Protection Act", an internal management measure ("Personal Data Protection Management Measures") has been formulated. In addition, we also review the implementation results one by one according to the regulatory compliance indicators as disclosed by the GRI guidelines.



Compliance with environmental laws and regulations:

For domestic environmental protection regulations and environmental protection bureau's inspections at the factory, the number of penalties for violating environmental laws and regulations in 2022 is 1 and improvements have been completed. Please refer to the section on sustainable environment for details.



Compliance with social economic laws and regulations:

For social issues such as financial reporting, workplace discrimination, or corruption, there were no major penalties for violating the regulations in 2022, and there were no sanctions other than fines.



Regulatory compliance in product sales:

For the sales process, there were no legal violations or heavy fines caused by the supply and use of products and services during the reporting period.

There were no incidents of corruption during the reporting period.



There were no incidents of violating regulations or voluntary guidelines related to marketing promotion, including advertising, promotion and sponsorship.

There were no sales of the disputed product.



There were no incidents of violating regulations or voluntary regulations on product and service information labelling.

There were no incidents of violating regulations and voluntary guidelines on health and safety impacts of products and services over their life cycle.

There were no complaints related to violation of customer privacy rights or loss of customer data.



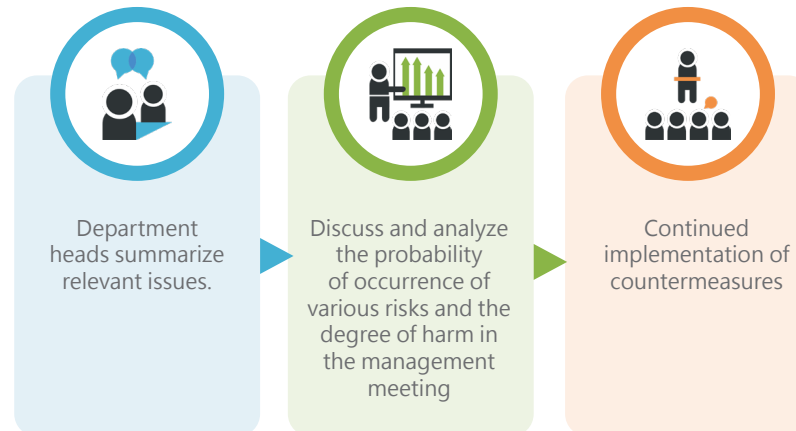
- Content
- Message from the Chairman
- About the Report
- About Us
 - 1.1 Company Profile
 - 1.2 Introduction to Industry
 - 1.3 R&D Technology
 - 1.4 Corporate Governance
 - 1.5 Risk Control
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Risk Control

Early Warning Policy and Effective Risk Management

In order to reduce overall operational risks, maintain competitiveness, and operate sustainably, the company has established an "internal control system", "internal audit system" and related internal control procedures. The additions and revisions are subject to the resolution of the board of directors, and the audit office also executes the annual audit plan to implement the supervision mechanism and control the implementation of various risk management. In addition, the president and the heads of various departments also discuss relevant topics at the operation management meeting as needed, analyze the probability of occurrence of various risks and the degree of harm, comprehensively consider the risk assessment results and risk tolerance, choose a risk response method, and immediately correct and execute necessary control operations to implement the risk management.

The company identifies potential risks in daily operations, including financial and operational aspects, and analyzes countermeasures including the measures for improving various risk preventions, reductions and impacts.



Financial and operational risks identified during the reporting periods are as follows.

Financial Risks

Potential Risk	Countermeasures and Practices
Changes in interest rates and exchange rates	The Company's risk of interest rate mainly arises from long- and short-term bank loans and short-term use of funds for the needs of working capital. For long-term significant investments, it is planned to respond with long-term loan interest rates. Therefore, in terms of bank loan interest rates, the company keeps a close contact with banks to understand the trend of interest rates in order to strive for the most favorable loan interest rates. In terms of exchange rate, the company collects market information externally, conducts trend determination and risk assessment, and keeps a close contact with banks to fully grasp exchange rate trends and adjust foreign currency positions in a timely manner to avoid exchange risks. The exchange rate factor is taken into account when quoting for the business side internally, so as to maintain the company's profit.
Inflation	The company pays attention to the fluctuation of market prices at any time, and maintains a good relationship with suppliers and customers. If the cost of purchases increases due to inflation, the company will also adjust the selling prices and the purchase prices to reduce the impact of inflation on operations.

Operational Risk

Potential Risk	Countermeasures and Practices
Stocking or Centralization of Purchases and Sales	<p>The company has a stable channel for obtaining raw materials, and our suppliers with high standards in quality and quantity supply not only to our company but also to different customers in other places. In terms of special raw materials, the company has adopted a partnership and shareholding approach to consolidate the acquisition of raw materials, so that if there is a shortage of raw materials in the market, the company will be able to obtain the raw materials on a priority basis. For other raw materials, the company has more than two suppliers to maintain a stable delivery, and we maintain a good relationship with our suppliers and a risk diversification strategy.</p> <p>Purchase: The company has a stable channel in the acquisition of raw materials. Our suppliers cooperated with us have high standards in terms of quality and quantity. In addition to the supply to the company, they also supply raw materials to different customers in other places. For special raw materials, the company adopts the method of cooperation and shareholding to consolidate the acquisition of raw materials. If there is a shortage of raw materials in the market, the company has the priority to obtain the raw materials. For other raw materials, more than two suppliers are used to maintain stable delivery. The company maintains a good relationship with suppliers and adopts a risk diversification strategy.</p> <p>Sales: At present, the company's precision chemicals are mainly supplied to display-related industries. In order to avoid excessive concentration of customers in the display industry, the company's impact and risks are increased. At present, the proportion of sales in the solar energy industry is also increasing year by year, and the company is also actively engaged in wafer and light-emitting diode production. Future sales will span across related industries such as wafers, displays, solar energy, and light-emitting diodes. In terms of export, current export customers include China, India, Singapore and other related industries. It is expected that the demand for chemicals in China and other places will increase significantly in the future, and the proportion of export sales will also increase year by year. In the future, the number of customers' industries and sales countries will increase significantly to diversify the sales risks effectively.</p>

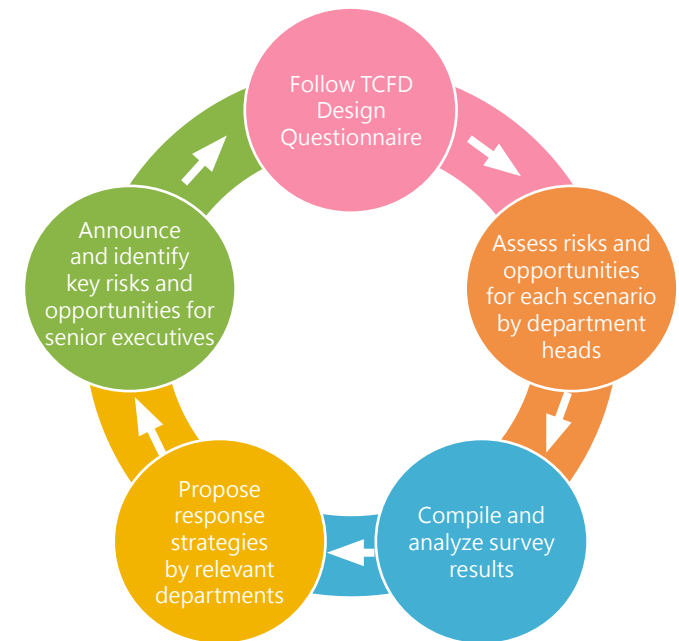
- Content
- Message from the Chairman
- About the Report
- About Us
 - 1.1 Company Profile
 - 1.2 Introduction to Industry
 - 1.3 R&D Technology
 - 1.4 Corporate Governance
 - 1.5 Risk Control
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Operational Risk

Potential Risk	Countermeasures and Practices
Expansion of Factory	<p>In response to the expansion plan of T Company and the IC industry, the current total consumption of TMAH in the Taiwan market has surpassed that of the panel industry by a large margin. Today, more than 60% of the raw materials of the first-phase factory come from the IC industry, and the difference will become bigger in the future. In order to realize the ultimate meaning of recycle and reuse, San Fu started to rebuild its subsidiary into a domestic IC grade TMAH recycling plant last year, and the primary goal is to transfer the existing T company's recycled waste liquid to the subsidiary (International Nitto Technology Co., Ltd.) and return the finished products to T company. In the future, it is expected to expand it to the IC industry, and use the strategy of binding new liquids with recycled liquids in order to expand the market of TMAH. In addition to establishing San Fu's leading position in the TMAH recycling system, it will also create and increase the group's revenue.</p>
	<p>International Nitto Technology Co., Ltd. is expected to complete the first phase of the 25% electrolysis capacity with an annual output of 5,000 tons in 2023, and put it into operation in Q3. Initially, the raw materials of T company will be made into 25% TMAH for the panel industry. In Q3 next year, it is expected to complete the matching of 2.38% purification and dilution line production capacity, and start to focus on the IC grade TMAH, with the return to T company as the first priority, and gradually expand to the annual output of 10,000 tons of 25% TMAH production line and the matched purification and dilution line in the following year. With the increasing expansion of the IC industry, it is imperative to develop IC-grade TMAH recycled liquid.</p>
	<p>Therefore, the biggest challenge is whether the newly built production line can successfully pass the certification threshold of Company T. The time required for verification also affects the Group's profitability timeline, and before that, 25% of the TMAH produced by International Nitto will face the problem of selling, and if it is dumped to foreign markets at low prices, the benefits will only be less than 20% of the expected value, which may also lead to the risk of market price re-adjustment.</p>

Risks and Opportunities of Climate Change

San Fu Chemical attaches great importance to the long-term operational performance of the company and actively responds to the risks brought by climate change. Since 2019, the company has followed the "Recommendations of the TCFD" issued by the Financial Stability Board (FSB) to set a variety of climate change scenarios that have impacts on the company's finances, assess emerging risks and opportunities of climate change, and the impact on the company's management, and formulate the response strategies under each scenario to reduce the financial impact caused by the climate change.



- Content
- Message from the Chairman
- About the Report
- About Us
 - 1.1 Company Profile
 - 1.2 Introduction to Industry
 - 1.3 R&D Technology
 - 1.4 Corporate Governance
 - 1.5 Risk Control
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

In 2022, the company based on the six climate change risks and three opportunities for the risks and opportunities brought by climate change identified by various departments to formulate appropriate response strategies to deal with the impact of climate change events, and put forward feasible response strategies as follows.

Climate Change Risks				
Type	Climate Change Issue	Analysis of Potential Financial Impacts on San Fu		Response Strategies
Transformation Risk	Policy and Regulation	Greenhouse Gas Related Regulations Increase Emission Costs	Increase in operating costs.	Require upstream suppliers to reduce carbon emissions from raw materials or switch to other low-carbon raw materials.
			Decrease in profitability of high carbon emission products.	Try to establish internal carbon pricing mechanism to incentivize the achievement of carbon reduction targets.
			R&D Expenditure on Low Carbon Technologies.	Develop low carbon emission products.
	Policy and Regulation	Regulation and Supervision of Existing Products and Services	Increase in procurement or production costs of the products in order to meet the government's GHG emission regulations.	<ol style="list-style-type: none"> Expand the sources of green suppliers. Add the energy management system certification, check inventory and replace energy-consuming equipment. Use low carbon energy to reduce greenhouse gas emissions.
			Climate Change Related Litigation Risks	<ol style="list-style-type: none"> Carefully handle climate commitments that are difficult to fulfill. Establish an internal checking mechanism to ensure the implementation of the ESG strategy.
	Market	Changes of Customer Behaviors	The demand and certification of green products may cause suppliers to adopt more eco-friendly conditions for production, resulting in increased procurement transaction costs, thus increasing the burden of the company's operation.	<ol style="list-style-type: none"> Develop sources of green suppliers to increase bargaining power. Evaluate the selection of more mature eco-friendly raw materials in the market, and establish a purchasing strategy for maximum inventory when the price is low. Establish the management of green suppliers and optimize the supply chain management system to control costs.
			Increase in the company's certification system management items and costs.	Pass and maintain green environmental protection certification to enhance the company's image and product value.
			Customers are looking for alternatives that produce less carbon emission or reduce emissions successfully.	Promote solvent recycling strategies for solvent recycle or reuse.
		Increase of Raw Material Costs	Climate change increases the cost of raw materials required for manufacturing products, resulting in higher operating costs of the company.	<ol style="list-style-type: none"> Improve the supply chain management system and develop second source to solve the shortage of materials, optimize the quality and reduce the cost. Pay attention to the price trend of raw materials. If it is detected or predicted that the price may fluctuate, large quantities should be purchased in advance to minimize the risk of rising costs.
			Reflecting the cost on the price may cause customer complaints.	Update the price fluctuation information of raw materials with customers at any time, reach a consensus with customers, and avoid complaints when adjusting the prices.
Physical Risk	Immediacy	Typhoon/ Hurricane, Storm Rain/Flood	Insufficient power supply.	Increase the stock of finished products or activate the inter-industry stocking mechanism.
			Equipment damage or failure.	Temporarily stop production to assess and increase hardware inventory or alert notification software.
			Raw material shortage.	All supply chains have standby suppliers and safe stock levels to avoid shortages of raw materials in the supply chain.

- Content
- Message from the Chairman
- About the Report
- About Us
 - 1.1 Company Profile
 - 1.2 Introduction to Industry
 - 1.3 R&D Technology
 - 1.4 Corporate Governance
 - 1.5 Risk Control
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Climate Change Opportunities			
Type	Climate Change Issue	Analysis of Potential Financial Impacts on San Fu	Response Strategies
Resource Efficiency	Recycle and Reuse	Quality control of recycled products or packaging materials is the key to recycling.	<ol style="list-style-type: none"> Promote circular economy and reduce resource consumption. Develop recycling projects such as packaging material reuse. Developing recycling projects, such as the recycle and reuse of packaging materials.
	R&D of Innovative Products and Services	The demand of customers for recycling and reusing or reducing waste is increasing.	<ol style="list-style-type: none"> Develop photoresist removal technology for photoresist stripper to extend the service life of the chemical. Develop the recycling technology of copper etching solution, prolong the use time and reduce the amount of waste liquid.
Environmentally Banned Substances (DMSO, NMP) regulations are in effect, and existing stripper formulations cannot be used.		Developed Non-DMSO/NMP Base Stripper to respond to changes in market demand.	
The government continues to promote the development of a low-carbon economy, which may affect customers' consideration of commodity choices, resulting in an increase in low-carbon products and their demand.		<ol style="list-style-type: none"> Develop low-carbon products. Improve energy and resource utilization efficiency and reduce carbon emissions. Assess the costs and benefits of introducing carbon footprint certification. 	
Products and Services		Existing products are green chemicals using carbon dioxide as a raw material, which is in line with the goal of sustainable development.	<ol style="list-style-type: none"> Improve the use efficiency of water and raw materials in the production process. Improve the yield of the reaction stage and increase the conversion efficiency of carbon dioxide. Carry out in-plant steam condensate recycling to improve energy efficiency.
	Changes in Customer Preferences	Reduce carbon emissions that may be generated in the production process.	Purchase energy-saving equipment such as variable frequency air compressors.
	Customers' willingness to invest in the TMAH recycling system and to use reusable products has increased.	<ol style="list-style-type: none"> Optimize the purification process. Continuously improve the quality of reused products and the production capacity to satisfy customer requirements. The existing vapor recompression system optimizes the raw material process and effectively to save water (condensate recycling). Import the energy management system, check of the power consumption of the equipment, and conduct energy saving through data analysis. 	

- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance**
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Economic Performance

2.1	Consolidated Net Profit	38
2.2	Future Revenue Growth Momentum	39
2.3	Sustainable Circular Economy	40

68.4%

Growth of Consolidated Net Profit

120,628tons

Cumulative total amount of TMAH waste liquid recycled and reused



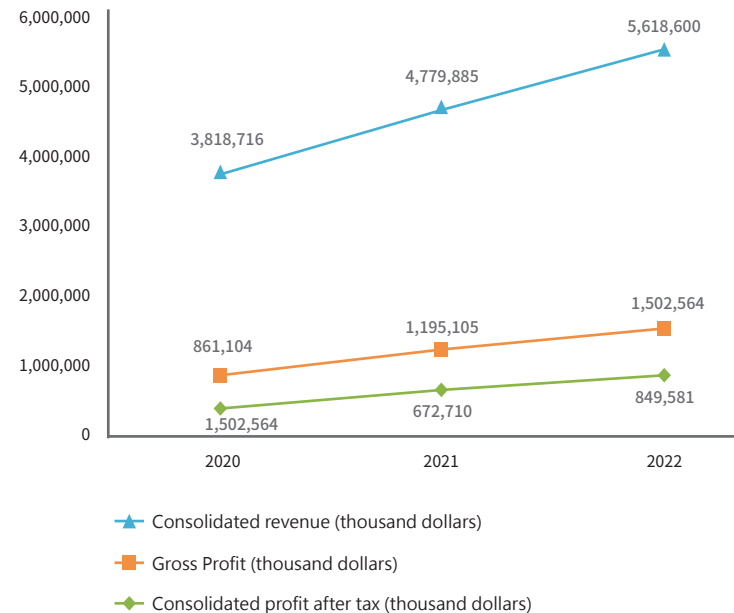
- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
 - 2.1 Consolidated Net Profit
 - 2.2 Future Revenue Growth Momentum
 - 2.3 Sustainable Circular Economy
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

2022 Consolidated Net Profit of 849,581,000 Dollars

In order to explain the capital flow between different stakeholders and the main economic impact that the company has brought to society, the company uses economic performance indicators to respond to the information such as the generation and distribution of economic values that stakeholders are concerned about, and also reflects the direct economic value generated and distributed during the reporting period, and all financial data are from the financial report or profit and loss statement audited by a professional accounting firm.

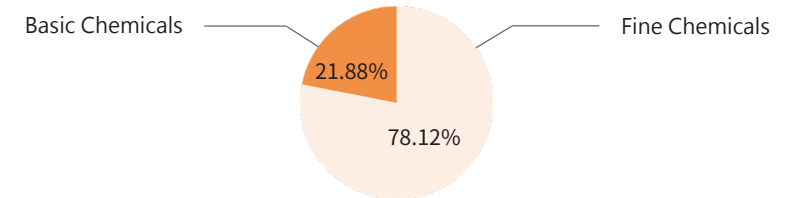
For this year, the consolidated revenue is \$5,618,600,000, representing an annual increase of 17.55%. The consolidated net profit is \$849,581,000, representing an annual increase of 26.29%. The taxes paid to the local government are amounted to approximately \$223,292,000. The consolidated profit after tax is \$8.43 per share, representing an annual increase of 18%.

◎ Economic performance trend



Looking further at the proportion of revenue, first of all, in terms of precision chemicals, we find that the revenue was \$4,389,310,000, accounting for 78.12% of the consolidated revenue, and the revenue of basic chemicals revenue was \$1,229,290,000, accounting for 21.88% of consolidated revenue.

◎ Revenue Proportion Distribution



Since 2013, cash dividends have been distributed to shareholders every year based on the principle of stable dividend distribution; and we are currently in the growing stage, and in the future, we will adjust and increase the distribution of cash dividends per share according to the profit situation of the current year. The earnings per share after tax in 2022 was \$8.43, and the cash dividend per common share was about \$5.9/share (\$3.9/share for earnings distribution and \$2.0/share for capital reserve allotment have been resolved by voting in the ordinary shareholders' meeting on June 16, 2023).

◎ Consolidated Revenue and Operational Performance Statistics

	2020	2021	2022	Growth Rate
Capital (thousand dollars)	1,007,060	1,007,060	1,007,060	0.00%
Consolidated revenue (thousand dollars)	3,818,716	4,779,885	5,618,600	17.55%
Gross Profit (Thousand Dollars)	861,104	1,195,105	1,502,564	25.73%
Income tax (thousand dollars)	102,747	156,690	223,292	42.51%
Consolidated after-tax earnings (thousand dollars)	399,473	672,710	849,581	26.29%
Earnings per share after tax (dollar)	4.36	6.69	8.43	26.01%
Net worth per share (dollar)	37.66	41.16	45.56	10.69%
Employee salary and welfare expenses (thousand dollars) (Note 2)	399,467	429,608	569,387	32.54%
Payments to contributors: Shareholder dividends are issued in shares (dollar)	0	0	0	--
Payment to funders, in cash (dollar)	3.0	5.0	5.9	18.00%
Amount of social investment (dollar)	2,082,960	1,871,000	2,010,000	7.43%

Note 1: Since 2013, the presentation of financial reports has been changed from the original Generally Accepted Accounting Principles (GAAP) to International Financial Reporting Standards (IFRS).
 Note 2: The source of information is from the International Accounting Standard No. 19 Employee Benefits, (which is referred to as IAS 19).

- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
 - 2.1 Consolidated Net Profit
 - 2.2 Future Revenue Growth Momentum
 - 2.3 Sustainable Circular Economy
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Future Revenue Growth Momentum

Development trend

The company's current products are mainly used in the TFT-LCD display industry, the semiconductor industry, as well as the green energy industry such as the LED and solar energy, industries and the food and beverage industry. Most of them are key speciality chemicals and basic chemicals used in the production process of downstream manufacturers. In order to meet different requirements and make necessary adjustment and improvement of the products, we develop new products customized for customers, so as to replace the process in response to the continuously changing high-technology. Its future industrial development is closely correlated to the downstream-application industry. The future development trend of the Company's products for the downstream-application industry is described as follows:

TFT-LCD Industry

In light of the COVID-19 epidemic in 2021, new mainstream activities such as work-at-home, distance learning, and the home economy are bringing strong demand to the panel industry, creating a boom for Taiwan's panel manufacturers in the last decade. As a result, the average shipment volume in 2022 will return to the average value, and the research shows that the shipment volume will decrease by ~20% year-on-year. Looking ahead to 2023, with the unsealing of China's full liberalization and the easing of the Russian-Ukrainian war, the global economic recession should bottom out in the first half of 2023, and shipments are expected to resume growth compared to the same period. In addition, Korean manufacturers will fade out of the market, and with the arrival of the traditional off-peak/peak season cycle, the industry is expected to recover and warm up in the second half of 2023.

Food Industry

Global consumers' demands for "health", "pleasure", "convenience" and "environmental protection and ethics" are an important force driving innovation and R&D in the food industry. In response to consumers' health needs, food manufacturers have gradually improved their technology, formulations and manufacturing processes, taking into account the delicious taste and health and safety, so as to reduce the physical burden of consumers by cutting down calories, allergens, and packaging. In recent years, several food safety incidents at home and abroad, such as poisoned milk powder, plasticizer, and poisonous starch incidents, have aroused consumers' attention to food safety, and also made food industry pay more attention to the source and quality of raw material supply.

Semiconductor Industry

In the second half of 2022, despite a sharp downturn, the global semiconductor market capitalization still showed an annual growth of 3.2% to US\$573.5 billion. Sales in the first half of the year hit a record high, followed by a cyclical downturn in the second half. In Taiwan, the value of the IC industry (including design, manufacturing, and testing) reached approximately NT\$4.84 trillion (US\$162.3 billion), with an annual growth rate of 18.5%, outperforming the global growth rate. The growth trend in recent years has focused on significant growth in the automotive, consumer goods, and computer product categories. Looking ahead to 2023, AI chip applications are on the rise, especially the newly launched killer application CHAT-GPT, first-tier semiconductor manufacturers are joining the market; but in response to the expansion of the ban on semiconductors in China by the U.S. and Europe, China is the world's largest single semiconductor market, coupled with the Russian-Ukrainian war continues to be unending and inflation and interest rate hikes are suppressing economic growth, it is estimated that Taiwan's semiconductor industry will decline to about US\$150.5 billion, down 5.6% annually. The global semiconductor market is expected to reach US\$550.2 billion this year, a 4.1% annual decrease. Despite the downward revision, the global semiconductor market remains very strong in the long term as chips play a growing role in making the world smarter, more efficient, and more closely connected.

Product Competition

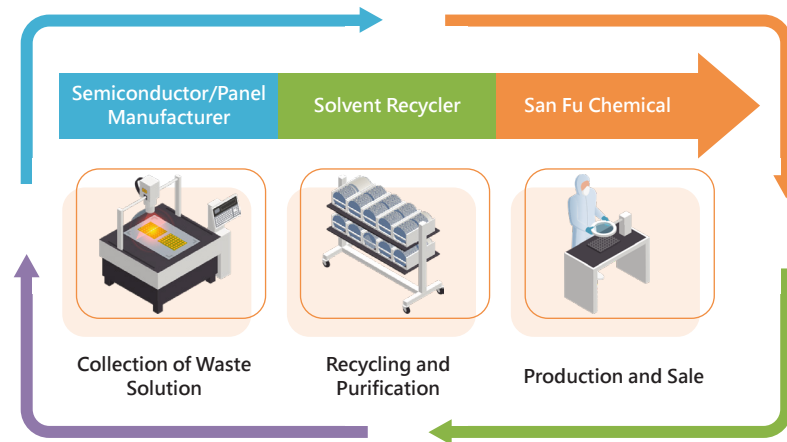
Affected by the current transparency of information, easy access to raw materials, and the active participation of foreign suppliers in the Taiwan market, competition has increased in recent years. However, the company still has advantages in the competition. Compared with foreign suppliers, the company has localization and price advantages. Compared with local suppliers, the company has the advantages of high quality, customized service and technical customer service. Therefore, while facing the severer competition, the company can still maintain a stable growth rate.

- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
 - 2.1 Consolidated Net Profit
 - 2.2 Future Revenue Growth Momentum
 - 2.3 Sustainable Circular Economy
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Sustainable Circular Economy

Solvent circulation

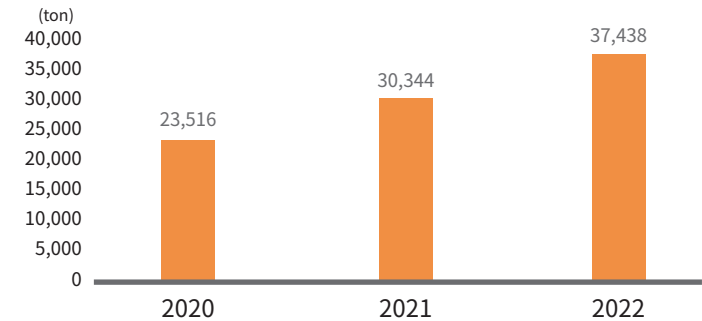
In response to the global scale of environmental damage and warming problems, the company cooperates with suppliers (solvent recyclers) to recycle the solvent waste liquid produced by customers (semiconductor/panel manufacturers) in the process in order to reduce the burden on the environment. By the high-efficiency regeneration and recycling equipment and high-level distillation separation technology of the solvent recyclers, the waste solvent is purified and put back into the market for recycling. Since 2017, San Fu Chemical has accumulated a total purchase of 37,438 tons of recycled solvents.



Cumulative purchase volume of recycled solvent over the years (unit: ton)

Year	Purchase volume of recycled solvent (ton)
2020	23,516
2021	30,344
2022	37,438

Cumulative purchase volume of recycled solvent over the years



TMAH Waste Liquid Recovery

The liquid poison "Tetramethylammonium Hydroxide" (TMAH) is a developer that must be used in the lithography process of the electronics industry. It takes only half an hour to die after being contacted with TMAH liquid, which can be called a fatal neurotoxicity. There have been several occupational accidents in Taiwan. Since TMAH wastewater is one of the main sources of ammonia nitrogen in the wastewater of the electronic industry, and has acute biological toxicity. If TMAH is directly discharged without proper treatment, it will deteriorate the water quality and have a substantial impact on the ecological environment.

Content

Message from the Chairman

About the Report

About Us

Economic Performance

2.1 Consolidated Net Profit

2.2 Future Revenue Growth Momentum

2.3 Sustainable Circular Economy

Sustainable Environment

Customer Commitment and Supply Chain Management

Creating Employee Enthusiasm

Occupational Safety and Health Management

Social Public Welfare Action

Appendix

In view of this issue, San Fu Chemical, as a chemical manufacturer, not only implements pollution prevention, waste reduction, energy saving and carbon reduction, etc. and continues to actively improve them, but also takes actions for the difficult problem of handling the waste and wastewater produced by using the chemical products by customers, in addition to supplying the chemicals to customers. Since 2007, San Fu Chemical has started to develop wastewater treatment technology for the optoelectronic industry. It is the first company in Taiwan to independently develop TMAH recycling related technology, and the company won the subsidy for the new product development plan led by the Industrial Bureau of the Ministry of Economic Affairs, and since 2012, the company has successively obtained related patents.



Pat. No. I366076
(June 2012)



Pat. No. I462770
(December 2014)



Pat. No. I607987
(December 2017)

Bringing a win-win situation and sustainable economic transformation

In 2011, the TMAH recycling and reuse processing plant was officially completed with an investment of \$330 million, and in the same year, the company obtained a TMAH recycle and reuse license from the first customer in the TFT-LCD industry. After entering the mass production, we have been commissioned by internationally renowned semiconductor and optoelectronic manufacturers in Hsinchu Science Park, Taichung Science Park, Southern Taiwan Science Park and outside the park to cooperate with TMAH waste liquid recycling and treatment. We will continue to invest 120 million dollars for expansion and process improvement. We assist our customers to meet the nanotube standard for TMAH concentration in process wastewater discharged to the wastewater treatment plant, in order to comply with the Environmental Protection Agency (EPA) regulation that the ammonia and nitrogen concentration in wastewater discharged from semiconductor and optoelectronic manufacturing industries should be less than 20 mg/L.

In 2020, more than \$50,000,000 were invested for the TMAH recycling plant's evaporation and concentration engineering equipment to carry out water/waste heat recycling and steam/gas reduction, achieve energy saving effectiveness, improve energy efficiency, and implement sustainable energy conservation.

In 2021, we invested in the energy management system: through PDCA (Plan-Do-Check-Act) management cycle mode, continue to strengthen energy management methods, thereby reducing management operating costs to realize the real benefits of energy management system.

As the semiconductor industry continues to expand and invest in Taiwan, the demand for TMAH is gradually increasing. San Fu Chemical's existing capacity for TMAH recycling at its Shanhua can no longer meet the demand, especially as semiconductor companies continue to expand their new plants in Southern Taiwan Science Park. In view of this huge demand, San Fu Chemical has applied for an additional semiconductor grade ultra-high purity developer TMAH product project in the Southern Taiwan Science Park, and invested in a subsidiary, International Nitto Technology Co., Ltd. by transferring 100% of the existing technology. At the same time, San Fu Chemical continued to provide services in line with the "5+2" circular economy of the National Industrial Development Program, and the circular economy model of "combining with the local industry", "supporting the industry with the domestic demand", and "accessing the international market", and obtained the approval of the Southern Taiwan Science Park Administration for this project by 2020, and has completed the planning for a plant construction with a capital of NT\$700 million by 2022, in order to continue to adopt a long-term strategy of creating a sustainable circular economy and creating a sustainable environment.

- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
 - 2.1 Consolidated Net Profit
 - 2.2 Future Revenue Growth Momentum
 - 2.3 Sustainable Circular Economy
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Under the global trend of net-zero emissions, renewable energy plays a key role. In 2022, San Fu took power saving as the primary goal of energy management, and in 2023 Q2, San Fu will plan to set up a solar green power plant, which produces nearly zero carbon dioxide emissions and has less impact on the ecology and climate, in order to maintain the competitiveness of the company and achieve the goal of sustainable development and long-term business operation.

The San Fu Chemical's patented TMAH recycling technology converts customers' TMAH waste liquid into 25% TMAH developer with a quality similar to that of new electronic grade products, which can be returned to the market supply chain and reused to reduce the consumption of new TMAH products, thereby achieving the benefits of energy saving and waste reduction.

Technology brings the world closer together, and makes us better understand how to balance the three cornerstones of sustainable development, respectively: social progress, economic growth and environmental protection. However, the climate continues to change and our earth is changing. San Fu Chemical continues to invest in the improvements in all aspects of the product life cycle. In TMAH waste liquid recycling, in addition to cooperating with major technological factories at home and abroad, we provide customers with recycling solutions that reduce costs and increase competitiveness, while creating their own value.

In addition, we are still actively investing resources in process improvement, and are committed to improvement projects for eliminating bottlenecks. The purpose is to improve the efficiency of the recycling process, reduce energy consumption, create diversity, reduce the burden on the environment and improve product quality.

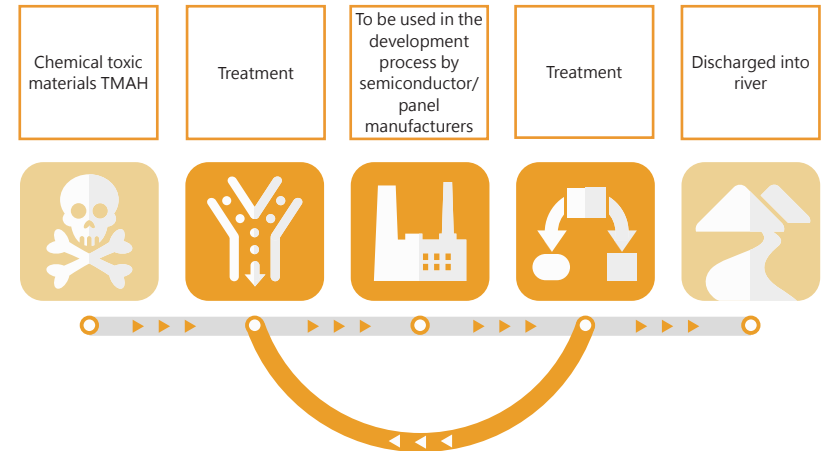
Recycling and reusing waste, fulfilling the responsibility of ecological environment

San Fu Chemical is engaged in the chemical industry, which is an industry closely related to people's lives. For the needs of proper disposal of waste generated in the production process of itself and customers, we have been striving to promote a circular economy model through research and development, so as to reduce the demand for external resources, improve the reuse rate of resources and reduce manufacturing costs to create a triple-win vision for the environment, customers and ourselves, and strive to achieve sustainable economic transformation.

Taiwan is limited by narrow land and dense population, surrounded by the sea and limited resources. Therefore, proper planning of energy management and land use should be made in order to realize the vision of a green technology island. The developer waste liquid (TMAH waste liquid) produced by the customers' development process has been recycled and reused by San Fu with a continuous new-record high quantity, and customers have been using our technology since 2011, and our recycle and reuse quantity continue to reach new record high in response to the construction of customers' factories.

San Fu Chemical has turned the chemical toxic liquid TMAH into gold, accumulating a total volume of 25% TMAH reused by 2022 of about 59,000 tons. Since 2011, San Fu Chemical has recycled a cumulative total of 120,628 tons of TMAH waste liquid, which is a remarkable achievement of its innovative circular economy operation model.

© The patented TMAH recycling technology developed by San Fu creates a smile curve of circular economy.



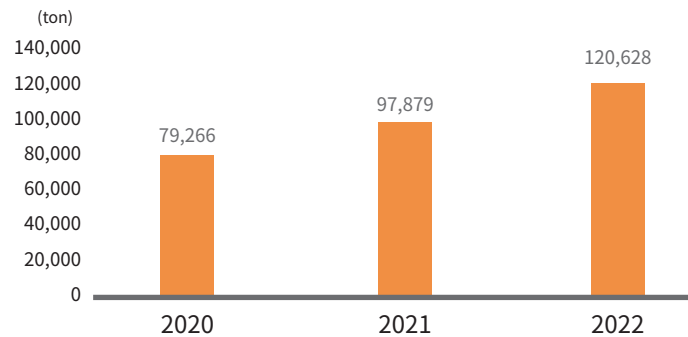
- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
 - 2.1 Consolidated Net Profit
 - 2.2 Future Revenue Growth Momentum
 - 2.3 Sustainable Circular Economy
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

◎ Cumulative total clearance volume over the years (unit: ton)

Year	Cumulative total amount of recycled liquid over the years (tons)
2020	79,266
2021	97,879
2022	120,628

unit: ton

◎ Cumulative total clearance volume over the years



Recognition of Circular Economy Achievements

Since 2006, San Fu Chemical has been developing the recycling technology of semiconductor process pollutant “tetramethylammonium hydroxide (TMAH)”. In the past, Taiwan relied on imported TMAH which is a highly hazardous pollutant with lethal and acute toxicity. However, it is a necessary raw material for semiconductors. The company originally planned to develop and manufacture TMAH, but later decided to invest in recycling and remanufacturing. The TMAH technology was successfully developed in 2010 and commercialized in 2012, and it was not until 2016 that the company started to make profits. At present, there are 15 electronic technology factories in total, using San Fu Chemical’s patented recycling technology for TMAH waste liquid recycling. Each year, San Fu Chemical treats 1.33 million tons of wastewater for reuse, which is equivalent to the amount of water used in 530 swimming pools at the World University Games. This greatly reduces the energy consumption of the semiconductor industry, and saves customers more than \$2 billion in pollution treatment costs due to excessive emissions.

For customers, (1) San Fu helps with developer waste liquid treatment and reduces the treatment costs, (2) buys back the high-quality TMAH recycled liquid to reduce the purchase cost of new liquid, and (3) maintains a close relationship with customers, provides customized services, and operates a longer-term service. For the contribution to the environment, the resource TMAH can be effectively recycled without causing environmental pollution, and San Fu assists to promote the transformation of the electronics industry into a green industry. In the past, the chemical industry had a bad reputation for the environment, but in 2019, San Fu won the first gold circular economy award, which means that more than ten years of investment have achieved good sustainable development results.

- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Sustainable Environment

3.1	Implementing Environmental Protection and Management	46
3.2	Raw Material Management	47
3.3	Energy Management	50
3.4	Greenhouse Gas Emissions Management	51
3.5	Water Resources Management	53
3.6	Proper Disposal of Waste	54



71.68%

Proportion of renewable raw materials used for speciality chemical products (including renewable fresh liquids)

74.38%

Reduction of waste organic sludge (compared to 2019)

88.84 million dollar

Amount of investment in promoting environmental protection in the past three years

- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
 - 3.1 Implementing Environmental Protection and Management
 - 3.2 Raw Material Management
 - 3.3 Energy Management
 - 3.4 Greenhouse Gas Emissions Management
 - 3.5 Water Resources Management
 - 3.6 Proper Disposal of Waste
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Implement environmental management to keep the earth alive endlessly

As the scale of operations continues to grow, we also pay attention to the sustainable development of environmental considerations, and pay close attention to the impact of natural ecology including living and non-living things, land, air, water and ecosystems, so that the earth can live and grow endlessly. It is an important mission of San Fu to keep clean land for the next generation.

The impacts included in various environmental categories include the issues such as the input of energy and water, as well as the output such as emissions, runoff water and waste. In addition, the impacts related to transportation, products and services, as well as environmental regulatory compliance and environmental expenditures, will be disclosed in this section one by one.

- 1 All operational activities, products and services need to be regularly reviewed to implement the effectiveness of environmental management.
- 2 Continuous improvement and good pollution prevention work.
- 3 All operating activities, products and services follow and comply with the government's environmental protection regulations and other requirements on the environmental considerations signed by Shanhua Factory and Liuying Factory.
- 4 Provide a framework for setting and reviewing environmental goals and targets in accordance with the "Management System Objective Control Procedures" and "Management Review Procedures".
- 5 Establish and maintain an environmental management system, including manuals, policies, objectives, targets, operating procedures, operating instructions and forms.
- 6 Carry out full-staff training, participate in and commit to environmental management work, and continue to promote the factory's environmental concept.
- 7 Post the environmental safety and health policy in the security guard room and discloses it to the public.
- 8 The company regularly monitors and measures the main characteristics of operations and activities that have a significant impact on the environment, and records the results.
- 9 Monitoring and measuring equipment should be regularly calibrated and maintained.
- 10 Periodically evaluate compliance with environmental laws and other requirements, and the results should be recorded and retained.
- 11 Appropriate measures shall be taken to handle, investigate, analyze, correct and prevent environmental non-conformities.
- 12 Make necessary procedural revisions in accordance with corrective and preventive measures.
- 13 The relevant records of the implementation of the environmental management system shall be properly preserved and maintained in addition to their easy access, identification and tracking.
- 14 Regularly perform environmental management system audits to determine whether or not the system complies with the environmental management plans and the ISO 14001 requirements. Such audit is carried out by external experts or internal company personnel, and the results of the audit should be reviewed at the management review meeting.

- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
 - 3.1 Implementing Environmental Protection and Management
 - 3.2 Raw Material Management
 - 3.3 Energy Management
 - 3.4 Greenhouse Gas Emissions Management
 - 3.5 Water Resources Management
 - 3.6 Proper Disposal of Waste
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Implementing Environmental Protection and Management

Management Policy

We continue to implement environmental management standards to establish a responsible team and management system, formulate rigorous policies, procedures and management standards to promote internal environmental protection management, and strive to create a clean working environment. The following is our environmental policy:

Follow the environmental protection laws and regulations

In order to ensure that products, activities and services inside and outside the organization comply with regulatory requirements, an environmental management system is established, and regulatory compliance is regularly reviewed to ensure that they meet the requirements.

Continual improvements by all employees' participation

Find deficiencies, adopt appropriate pollution prevention and risk control technologies through continuous auditing activities and environmental management review to effectively reduce the risk of harm to stakeholders, so as to improve and environmental impact and achieve the goal of "zero pollution"

Fully maximizing the utility of resources and energy

Properly perform the source management and effectively use the resources and energy, and continue to be committed to energy conservation, carbon reduction, and waste reduction, so as to comprehensively improve environmental quality, and ensure sustainable operations.

Complete environmental protection management system certification

Through third-party inspections and certifications, environmental management and compliance with national and international standard requirements are implemented. At present, we have obtained the following third-party inspections and certifications: ISO 14064-1 Greenhouse Gas Inventory Standard and ISO 14001 Environmental Management System.

◎ EHS environmental management standard third-party inspection and certification statistical table

Factory	ISO 14064-1	ISO 14001
Shanhua Factory	√	√
Liuying Factory	√	√
Kaohsiung Factory	√	

ISO 14001 Environmental Management System Certification Certificates



Shanhua Factory



Liuying Factory

- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
 - 3.1 Implementing Environmental Protection and Management
 - 3.2 Raw Material Management
 - 3.3 Energy Management
 - 3.4 Greenhouse Gas Emissions Management
 - 3.5 Water Resources Management
 - 3.6 Proper Disposal of Waste
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Environmental safety education and training

© Statistics on the performance of colleagues in the factory to obtain licenses in 2022

Certificate	No. of people obtained	Meeting regulatory standards?
Toxic Chemicals Specialist	10	100% compliance
Wastewater treatment specialist	12	100% compliance
Air pollution control specialist	10	100% compliance
Waste specialist	12	100% compliance
Energy management specialist	3	100% compliance

On-site environmental inspection

We have formulated the "Responsibilities and Authority Control Procedures for Personnel at All Levels of Safety and Health Division", requiring supervisors at all levels, employees at each factory or environmental protection personnel to conduct on-site environmental protection inspections in their jurisdictions. As long as various violations of environmental protection regulations are found, they shall be reported in accordance with the "Environmental/Safety and Health Nonconformity Handling, Corrective and Preventive Measures Procedures", and begin to make improvement and keep tracking and recording.

Tracking and Inspection

According to the regulations of the environmental protection management system, the company has established the "Internal Audit Management Procedures", which regularly audits the implementation of internal environmental protection regulations, procedures and standards every year and the Industrial Safety Department leads the audits and assigns personnel who have passed the internal audit training to conduct cross audits of different departments according to the audit plan.

Raw Material Management

Recycle and reuse of raw materials

For the waste produced at the end of the production process, the waste will create heavy burdens to the environment if it is not properly disposed of. Therefore, San Fu works together with suppliers and customers to expand the raw material regeneration and reduction projects in various directions for the supply chain of production and sales.

Recycle and Re-purification

We work together with suppliers to recycle and purify chemicals after use in order to provide another raw material for use in the process, and we also find new uses which are beneficial to the environment and economy.

Reuse of Packaging Materials

Actively communicate with clients, evaluate the life cycle of packaging materials, and provide a special mode for reusing packaging materials for shipment to reduce waste and make the reused material as another source for the industry after the service life expires.

Regeneration of Packaging Materials

In order to protect trees, paper bags and cartons are manufactured by suppliers using recycled pulp. Paper bags are made of >70% recycled pulp, and cartons are made of 100% recycled pulp.



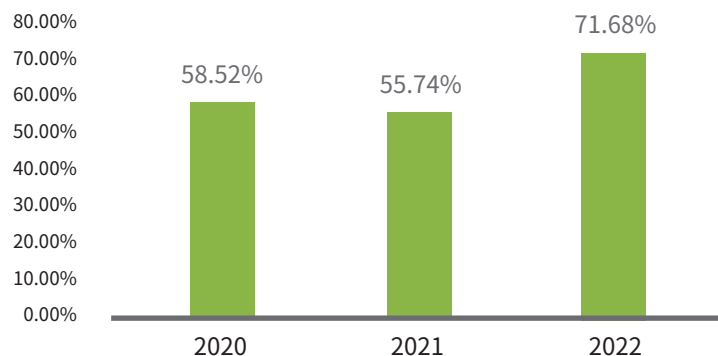
- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
 - 3.1 Implementing Environmental Protection and Management
 - 3.2 Raw Material Management
 - 3.3 Energy Management
 - 3.4 Greenhouse Gas Emissions Management
 - 3.5 Water Resources Management
 - 3.6 Proper Disposal of Waste
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

In the operation plan of San Fu, the ultimate goal of green products in the product life cycle is to eliminate any work tasks that cause potential environmental threats and impacts, and is committed to creating a new generation of product research and development, as well as continuous improvement of green processes, so as to achieve environmental friendliness. The proportion of renewable raw materials (including renewable fresh liquids) increased by 15.95% compared to 2021, and the proportion of recyclable packaging materials in specialties/chemicals increased slightly by 0.88% / 0.66% respectively compared to 2021, demonstrating San Fu's determination to move towards a "resource-sustainable" circular economy.

◎ Proportion of renewable raw materials (including renewable fresh liquids)

Item	Product Type	Unit	Renewable (including renewable fresh liquids)			Non-Renewable			Subtotal		
			2020	2021	2022	2020	2021	2022	2020	2021	2022
Raw Materials	Fine chemicals	Ton	27,324	27,714	26,443	19,368	22,010	10,447	46,691	49,723	36,890
		%	58.52%	55.74%	71.68%	41.48%	44.26%	28.32%			
	Basic Chemicals	Ton	0	0	0	4,170	5,557	2,460	4,170	5,557	2,460
		%	0.00%	0.00%	0.00%	100.00%	100.00%	100.00%			

◎ Comparison of Renewable Raw Materials for Specialty Products Over the Years



◎ Statistics on Recycled Packaging Materials

Item	Product Type	Unit	Renewable (including renewable fresh liquids)			Non-Renewable			Subtotal		
			2020	2021	2022	2020	2021	2022	2020	2021	2022
Raw Materials	Sub-package (Fine Chemicals)	Kg	48,023	59,032	53,209	159,410	247,143	210,774	207,433	306,176	263,984
		%	23.15%	19.28%	20.16%	76.85%	80.72%	79.84%			
	Sub-package (Basic Chemicals)	Kg	6,381	4,271	4,271	50,453	51,004	46,682	56,835	55,275	50,953
		%	11.23%	7.73%	8.38%	88.77%	92.27%	91.62%			

Note: The non-renewables are disposable packaging materials from customers.

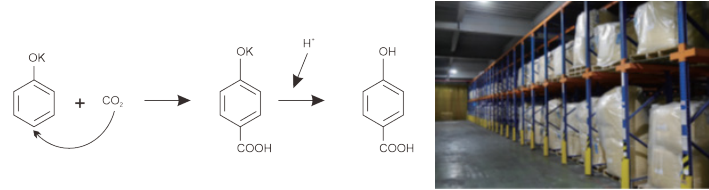
The company's choice of raw materials takes recyclable materials or regenerated materials as the priority. In addition to actively cooperating with customers and the government's green material policy, we can also reduce the impact on the environment and contribute to environmental protection.

For production process, we also continue to improve efficiency and reduce the unit consumption of raw materials, which not only saves energy and reduces carbon, but also avoids environmental pollution or harm to human health.

For by-products, we also move towards the direction of recycle and reuse, which not only reduces process waste, but also brings additional benefits to the company. For example: dicyclohexylamine, a by-product of the production of cyclohexylamine in Kaohsiung factory, can be used as an antirust agent; and potassium sulfate, a by-product of the production of p-hydroxybenzoic acid in Shanhua Factory, can be used as agricultural potash fertilizer after dehydration.

- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
 - 3.1 Implementing Environmental Protection and Management
 - 3.2 Raw Material Management
 - 3.3 Energy Management
 - 3.4 Greenhouse Gas Emissions Management
 - 3.5 Water Resources Management
 - 3.6 Proper Disposal of Waste
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Shanhua Factory's main products: p-hydroxybenzoic acid



Para-hydroxybenzoic acid is the main product of the company's Shanhua factory. With the efforts of the company's R&D and production colleagues to improve the process, the raw materials used per ton of para-hydroxybenzoic acid per unit are compared with those of 2021 in the following table. The decrease in production in 2022 was attributable to the outbreak of the epidemic, which halted global trading and curtailed volumes, as well as a slowdown in production due to high in-plant inventory levels.

Statistics of the consumption of main raw materials in Shanhua factory

Difference from previous year	Product	Annual production of paraben	-32.57%
	Raw Materials	Paraben products, carbolic acid	
Paraben products, potassium hydroxide			-2.55%
Paraben products, sulfuric acid			-2.90%
Paraben products, nitrogen gas			-13.56%
Paraben products, carbon dioxide			-5.97%
Materials		Paraben products, FIBC bags	24,585 Kg

Liuying Factory's main products: Fine Chemicals

The company's Liuying factory specializes in the production of precision chemical products, such as: developer, photoresist stripper, etching solution, photoresist thinner and edge cleaning agent, etc., mainly supplied to the semiconductor, solar energy, panel and LED markets, and its customer base includes major companies such as T company, U company, I company, and A company. For raw materials and packaging materials suppliers, priority is given to selecting green products free of hazardous substances RoHS, REACH, SVHC, and PFASs that meet the requirements of the IECQ QC080000 Hazardous Substances Process Management System Standard, contain no conflict metals, and do not use prohibited or restricted substances. In addition, San Fu Chemical has an excellent R&D team. In addition to our excellent existing processes, the technical development of advanced processes also reaches a level synchronized with customer requirements.

Content

Message from the Chairman

About the Report

About Us

Economic Performance

Sustainable Environment

3.1 Implementing Environmental Protection and Management

3.2 Raw Material Management

3.3 Energy Management

3.4 Greenhouse Gas Emissions Management

3.5 Water Resources Management

3.6 Proper Disposal of Waste

Customer Commitment and Supply Chain Management

Creating Employee Enthusiasm

Occupational Safety and Health Management

Social Public Welfare Action

Appendix

Main products of Kaohsiung Factory: Cyclohexylamine, and Dicyclohexylamine

The main raw materials for products of the Kaohsiung Factory are aniline and hydrogen. The increase in the unit consumption of hydrogen was mainly due to the removal of ammonia from the exhaust gas in order to maintain the reaction efficiency of the dicyclohexylamine, and the unit consumption of the main raw materials is compared with 2021 in the following table.

◎ Statistics of the consumption of main raw materials of Kaohsiung Factory

Difference from previous year	Product	Annual output of cyclohexylamine and dicyclohexylamine	-18.04%
	Raw materials	Aniline	
Hydrogen			9.25%
Material		200L Iron Drum	230,688 Kg



The factory follows the company's production safety policy, stores raw materials according in different categories, and sets up liquid control dikes and processing ditches to provide safety protection in case of leakage and avoid harm to the surrounding environment. All workplaces are operated in accordance with the SOP, abide by the operation safety and health rules, the equipment is grounded, and emergency showers, eye washers and fire extinguishers are set up to provide sufficient safety protection for the operators, and fulfill the responsibility of maintaining occupational health.

Energy Management

Energy consumption is a major factor of climate change, as burning non-renewable fuels produces greenhouse gases (GHGs) and imposes other environmental impacts. Efficient use of energy is critical to mitigating climate change. We also cooperate with the Ministry of Economic Affairs to promote the "Energy Administration Act", which aims at saving energy production, continuously improving processes and reducing energy consumption.

The management on use of energy has always been our most concerned environmental issue. The company regularly collects and reviews data on the use of energy to assist and improve the efficiency of our use of energy. With Tainan Shanhua Factory, Tainan Liuying Factory, and Kaohsiung Factory as the boundaries, the categories of use of energy include thermal oil, purchased electricity and diesel. In 2019, boilers were converted to natural gas equipment to increase the use of energy of natural gases.

The energy consumption in 2022 is (1) purchased electricity 134,472 (2) natural gas 76,076 and (3) diesel 2,236, in units of 1 billion joules, as shown in the table below.

Since October 2019, the boilers of the Shanhua Factory have been converted to natural gas equipment. Starting from 2020, thermal fuel oil has not been used at all, and the formation of air pollutants such as nitrogen oxides, sulfur oxides and suspended particulates has been reduced.

The diesel usage boundary is mainly used for the company's own transport vehicles, including 1 gull-wing truck and 5 tanker trucks, for shipment and transportation. The increase in the use of diesel was mainly due to the increase in customer demand, which led to an increase in the frequency of tanker transportation.

◎ Statistics of energy usage of Shanhua Factory, Liuying Factory and Kaohsiung Factory

Unit: 1 billion joules

Name	2020	2021	2022
Purchased electricity	138,154	126,772	134,474
Desiel	1,887	1,931	2,236
Natural gas	115,317	110,608	76,076

- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
 - 3.1 Implementing Environmental Protection and Management
 - 3.2 Raw Material Management
 - 3.3 Energy Management
 - 3.4 Greenhouse Gas Emissions Management
 - 3.5 Water Resources Management
 - 3.6 Proper Disposal of Waste
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Greenhouse Gas Emissions Management

Quantitative statistical disclosure of greenhouse gas emissions through environmental information will help us year by year to review whether our planet-friendly environmental measures have gradually achieved our predetermined goals. Greenhouse gas (GHG), nitrogen oxides, sulfur oxides, and other significant gas emissions from the manufacturing process of products will have a significant impact on the environment.

Therefore, we introduce various programs to reduce greenhouse gas emissions. We carry out internal education and training, and lead colleagues to identify and define various greenhouse gas emission statistics in factories to help strengthen our greenhouse gas emission control strategy. The range of statistics includes direct greenhouse gas emissions, energy indirect greenhouse gas emissions, other indirect greenhouse gas emissions, and calculation of greenhouse gas emissions intensity. By disclosing our energy consumption reduction indexes, we can announce to the outside world the results of our efforts to reduce environmental impact, and demonstrate our ability to respond to changes in carbon emissions, operating costs, and changes in energy supply and prices.

© The following is a description of the relevant statistics for greenhouse gas emissions in 2022.

Direct greenhouse gas emissions (Scope 1)	5,003 ton CO ₂ e
Energy indirect greenhouse gas emissions (Scope 2)	20,344 ton CO ₂ e
Other indirect greenhouse gas emissions (Scope3)	4,528 ton CO ₂ e
Total greenhouse gas emissions	29,875 ton CO₂e

© 2022 Greenhouse Gas Emissions Statistics

Unit: ton CO₂e

Item	Factory	2019	2020	2021	2022
Scope 1: Direct Emissions	Shanhua factory	9,090	7,618	7,026.4	4,811
	Liuying factory	--	--	166.4	186
	Kaohsiung factory	--	--	8.1	6
Scope 2: Energy Indirect Emissions	Shanhua factory	16,840	17,056	14,967.2	16,444
	Liuying factory	--	--	2,002.3	1,940
	Kaohsiung factory	--	--	2,918.7	1,960
Scope 3: Other Indirect Emissions (Energy upstream, resource upstream, and waste disposal)	Shanhua factory	--	--	4,176.3	4,019
	Liuying factory	--	--	419.1	390
	Kaohsiung factory	--	--	146.2	119

Note 1: The electricity carbon emission factor was calculated by referring to the 2021 electricity carbon emission factor announced by the Energy Bureau of the Ministry of Economic Affairs in 2022: It is calculated by 0.509 Kg of carbon dioxide equivalent/kWh based on the 6th GWP announcement in 2021.

Note 2: In 2019 and 2020, only Shanhua Factory was included in the greenhouse gas inspection; from 2021, Liuying Factory and Kaohsiung Factory were added into the list of greenhouse gas inspection for factories and included in the third category of inspection.

Note 3: The Category 3 emission factor is calculated based on the data from the Carbon Footprint Information Website

The plans and measures implemented by San Fu Chemical in terms of GHG management include GHG inventory management procedures, GHG inventory report, GHG data quality management operation standard, and GHG internal verification operation standard. In addition to carrying out greenhouse gas inspections of factories to accurately control the emission status of greenhouse gases, San Fu Chemical is also committed to proposing feasible solutions for greenhouse gas reduction, such as the full use of LED fluorescent lamps and newly purchased electric forklifts indoors to reduce greenhouse gases and implement the work plan for reduction.

© Statistics of Greenhouse Gas Emissions Category

Unit: ton CO₂e

Name	CO2	CH4	N2O	HFCS	PFCS	SF6	NF3	Total Emissions
Emission Equivalent (ton CO ₂ e/year)	29,835	35	5	0	0	0	0	29,875
Gas Category Percentage (%)	99.87%	0.12%	0.02%	0.00%	0.00%	0.00%	0.00%	100.00%

- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
 - 3.1 Implementing Environmental Protection and Management
 - 3.2 Raw Material Management
 - 3.3 Energy Management
 - 3.4 Greenhouse Gas Emissions Management
 - 3.5 Water Resources Management
 - 3.6 Proper Disposal of Waste
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Rigorous detection of air pollution, precise compliance with regulatory standards

Air pollution adversely affects climate, ecosystems, air quality, habitat, agriculture and human and animal health. Deteriorating air quality, acidification, forest degradation, and public health concerns have prompted local and international regulations to regulate gas emissions. That is why we regularly measure emissions data related to air pollution and work to reduce air pollution gas emissions.

In accordance with national environmental protection standards, we formulate management measures related to air control within the company and incorporate it into the ISO 14001 environmental management system for monitoring to ensure compliance with relevant air pollution emission standards. All air emissions are 100% compliant with regulatory standards, see 2022 Air Pollutant Emission Statistics.

Since 2012, all relevant air pollution discharge pipelines have been comprehensively tested to confirm the emission coefficient and serve as a data reference for the improvement of related equipment. In order to make the gas operation of the company comply with laws and regulations and reduce its impact on the environment during the operation process, the following air pollution control related operations are adopted:

- 1 Regulatory compliance with the "Air Pollution Control Act".
- 2 Regulatory compliance with the "Volatile Organic Compounds Air Pollution Control and Emission Standards"
- 3 Regulatory compliance with the "Standards for Air Pollutants Emission from Stationary Pollution Sources" and the "Administrative Measures for the Setup and Operation Permits of Stationary Pollution Sources"-.
- 4 Exhaust gas emissions from related processes are handled in accordance with the "Gas Exhaust Control Standards".
- 5 The operation and maintenance of air pollution control facilities shall be handled in accordance with the "Mechanical Equipment Maintenance Management Procedures" and "Product Process Control Procedures".
- 6 The volatile organic compounds produced by the paint operation shall be handled in accordance with the "Volatile Organic Substances (VOCs) Operation Control Standards".
- 7 If the exhaust gas of the operation site does not comply with the air pollution control laws and regulations, effective exhaust gas treatment facilities should be installed to reduce environmental pollution.

Statistics on Air Pollutant Emission in 2022 (in tons)

	Boundary	Operation Permission Quantity	Emissions
Nitrogen Oxides (NOx)	Shanhua Factory	14.07	3.25
Sulphur Oxides (SOx)	Shanhua Factory	0.65	0
Volatile Organic Compound (VOC)	Shanhua Factory	6.9	2.18
	Liuying Factory	3.89	1.33
	Kaohsiung Factory	1.35	0.45
Particulate Matter (PM)	Shanhua Factory	0.41	0.07

Greenhouse Gas Reduction Targets and Achievements of the Shanhua Factory

San Fu takes its commitment to net-zero emissions seriously, and utilizes the results of its annual greenhouse gas inventory to review the overall effectiveness of carbon reduction and to formulate emission reduction strategies. In response to the "Emission Standards for Air Pollutants of Boilers" announced by the Environmental Protection Administration of the Executive Yuan in 2018, which sets consistent emission standards for boilers in various industries and requires the industry to make improvements by a deadline, San Fu has started to plan and promote the conversion of boilers to natural gas equipment in 2019 in order to reduce air pollution, and has therefore set 2019 as the base year of reduction, and then set a medium- and long-term goal of net-zero emissions transformation in order to respond to the net-zero emissions transformation goals set forth by the national government and the supply chain of industries. In order to respond to the national and industrial supply chain' s goal of net-zero emission transformation, it has also set the medium- and long-term (2030) goal of reducing 20% of the total greenhouse gas emissions in Scope 1 + Scope 2.

In 2022, the relevant units reviewed and improved their equipment and processes to achieve the goal of 1% power saving:

1. Establishment of the TMAH recycling plant electrolysis tank diaphragm replacement standard.
2. Adjustment of the feed rate of the reactor and reduction of the aeration time to minimize power consumption.
3. Chiller operation in process area to reduce power consumption.
4. Elimination of old air conditioners

The 2022 Scope 1 + Scope 2 GHG emission reduction result was reviewed, which shows a decrease of 18.03% compared with the 2019.

- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
 - 3.1 Implementing Environmental Protection and Management
 - 3.2 Raw Material Management
 - 3.3 Energy Management
 - 3.4 Greenhouse Gas Emissions Management
 - 3.5 Water Resources Management
 - 3.6 Proper Disposal of Waste
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Water Resources Management

Clean water is a precious natural resource of the earth. Because it is hard-earned and extremely precious, we have been monitoring the water consumption in the production process, and strive to reduce water consumption and improve water circulation. While implementing energy-saving activities at each factory, we also pay attention to the use of water and reduce unnecessary waste, and we have formulated specific measures to reduce water consumption. In 2022, the total water consumption of the three factories was 379.92 million liters.

Since 2021, the THAH Recycling Factory's MVR condensate line has been configured to recover steam condensate for reuse, and the total amount of water recovered for reuse in 2022 is 16.99 million liters, with recovered water accounting for approximately 5.45% of the total water withdrawals from the Shanhua factory, which is an approximate 115% increase in the amount of water recovered as compared to that of 2021.

© Statistics on total water withdrawals by source (magaliters)

	Shanhua Factory			Liuying Factory			Kaohsiung Factory		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Water company	5.87	8.39	25.59	15.38	16.86	17.49	0	0	0
Underground water	237.46	292.82	286.40	0	0	0	0	0	0
Industrial water	0	0	0	0	0	0	31.76	55.03	50.44
Total water intake	243.33	301.21	311.99	15.38	16.86	17.49	31.76	55.03	50.44
Total recycled and reused water	5.50	7.90	16.99	0			0		
Percentage of total recycled and reused water over total water intake	2.26%	2.62%	5.45%	0%			0%		
Water consumption	29.33	110.21	134.99	12.38	12.86	11.49	3.76	18.03	21.44

Note 1: Shanhua Factory uses groundwater in accordance with the Water Act and has the water rights certificate Nos. D0119270 and D0117256.

Note 2: Because the Kaohsiung Factory is leased from Taiwan Chlorine Industry Ltd. and the industrial water used is non-tap water provided by Fengshan Water Plant which has been simply treated by Taiwan Chlorine Industry Ltd., the company has no problem with the use of water rights.

Note 3: Water consumption is calculated as the total water intake – the wastewater intake.

Water Conservation Measures: Domestic Water

With regard to the four operating sites in the areas disclosed in this report, we have not only installed more water-saving equipment, but also improved the efficiency of water conservation by strengthening publicity and awareness of water conservation among our staff. The water conservation measures are listed below:

- 1 Adding the installation of faucet water savers.
- 2 Improving the liquid level device of the cooling water tower to reduce uncontrolled water replenishment that results in overflow and wastage of water resources.
- 3 Adjusting the water valves that control toilet flushing, adjusting the water volume of flushing urinals in men's rooms, and conducting daily leakage inspections.
- 4 Recycling the wastewater produced in the RO water purification process and collecting the recycled wastewater for flushing toilet.
- 5 Turning off water valves and using stored water at night, and inspecting water switches and water usage daily.

Strengthen the quality control of discharge water

Rivers play an important role in providing water resources, and they also provide important habitats for diverse organisms that live by water and grass. Therefore, a commitment to maintaining clean rivers is also an important part of our environmental plan.

Through the statistics of the total discharge water, we self-test the effective management of process wastewater, ensure that the quality of water discharged by the company meets the national discharge standards and reduce the environmental burden.

Regular testing of water-quality samples for contaminants is part of our environmental plan. The factory's treated water, in addition to daily self-control, is tested by a third public certified party every quarter. The treated runoff water enters the saline stream and is not reused by other organizations.

We adopt high standards for inspection and control of relevant inspection measures for wastewater discharge. In 2022, the average concentration of chemical oxygen demand (COD) in the discharge level of Shanhua Factory was 57mg/L, which is lower than the 100mg/L standard in regulations.

Content

Message from the Chairman

About the Report

About Us

Economic Performance

Sustainable Environment

3.1 Implementing Environmental Protection and Management

3.2 Raw Material Management

3.3 Energy Management

3.4 Greenhouse Gas Emissions Management

3.5 Water Resources Management

3.6 Proper Disposal of Waste

Customer Commitment and Supply Chain Management

Creating Employee Enthusiasm

Occupational Safety and Health Management

Social Public Welfare Action

Appendix

According to the standard of discharge water – Specified by the quality items and limits of the chemical industry discharge water, the COD value that can be analyzed quickly and has the function of water quality index is selected as the item for the self-controlled discharge water quality, except that the regulations require it to be tested by a third public certified party every quarter. In addition, the COD value is measured once every 0.1 megaliter of discharged water every day to ensure that the quality of the discharge water meets the discharge water standard.

◎ Estimation of Wastewater Volume and COD Concentration in Shanhua Factory

Item	Unit	2020	2021	2022	National Standard Value	Effectiveness
COD Average concentration	mg/L	52	47	57	100	In compliance with regulatory requirements
Wastewater volume	Megaliters / year	214	191	177	0.8 megaliters/day (organic)	In compliance with regulatory requirements

※ There was no inorganic wastewater in 2021

◎ Estimation of Liuying Factory's Wastewater Volume and COD Concentration

Item	Unit	2020	2021	2022	Limit specified by Science Park / Competent Authority	Effectiveness
COD Average concentration	mg/L	55	102	94	500	Better than the standards set by Liuying Environment Science and Technology Park
Wastewater volume	megaliter / year	3	4	6	0.12 megaliter/day	Better than the standards approved by the competent authority

※ Tainan Liuying Factory is located in the park, and the relevant emissions meet the limit standards of Liuying Environment Science and Technology Park.

◎ Estimation of Kaohsiung Factory's Wastewater Volume and COD Concentration

Item	Unit	2020	2021	2022	Limit specified by Science Park / Competent Authority	Effectiveness
COD Average concentration	mg/L	33	68	37	480	Better than the standards set by the Combined Wastewater Treatment Plant
Wastewater volume	megaliters / year	28	37	29	0.15 megaliter/day	Better than the standards set by the Combined Wastewater Treatment Plant

※ Kaohsiung Factory is located in the park, and the relevant emissions meet the limit standards of the Combined Wastewater Treatment Plant.

Proper Disposal of Waste

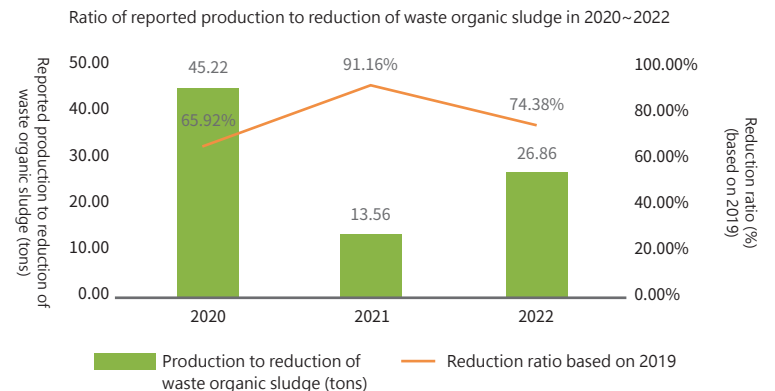
In order to ensure that our business waste is clean up and disposed of in accordance with the "Waste Disposal Act and Related Sub-Acts", the company carries out operational control in accordance with the "Standard for Classification and Management of Waste" and the "Operational Standard for Safety, Hygiene and Pollution Prevention of the Quality Control Division". The wastes are transported and disposed of by qualified vendors recognized by the environmental protection authorities, so that the waste can be cleaned up and disposed of in accordance with the relevant regulations.

◎ Statistics on wastes and treatment methods at Shanhua factory, Liuying factory, and Kaohsiung factory

Name	Type	Treatment Method	Treatment unit: Outsourcing treatment unit: Tons		
			2020	2021	2022
Other mixed wastes containing toxic heavy metals that exceed the elution standard	Hazardous waste	Burial treatment	0.00	8.46	0.00
Waste liquid with pH value ≤ 2.0	Hazardous waste	Chemical treatment	603.70	898.46	842.34
Domestic garbage	Non-hazardous waste	Incineration (massive combustion)	44.78	40.13	42.50
Waste inorganic sludge	Non-hazardous waste	Heat treatment	0.20	1.55	19.73
Waste organic sludge	Non-hazardous waste	Heat treatment	45.22	13.56	26.86
General business waste (Waste iron, paper, plastics, wires, cables, etc.)	Non-hazardous waste	Reuse	119.20	48.37	147.66

※ The Liuying factory/Kaohsiung factory are located in the park and the related emissions are managed by the Bureau of the Park.

◎ Statistics on Waste Organic Sewage Production



Content

Message from the Chairman

About the Report

About Us

Economic Performance

Sustainable Environment

- 3.1 Implementing Environmental Protection and Management
- 3.2 Raw Material Management
- 3.3 Energy Management
- 3.4 Greenhouse Gas Emissions Management
- 3.5 Water Resources Management
- 3.6 Proper Disposal of Waste

Customer Commitment and Supply Chain Management

Creating Employee Enthusiasm

Occupational Safety and Health Management

Social Public Welfare Action

Appendix

In response to the rising awareness of environmental protection and the lack of space in landfills, the cost of sludge removal and treatment has increased year by year, which not only increases environmental pollution, but also increases the cost of sludge treatment by enterprises. Since the reuse ratio of sludge resources is not high, although incineration can achieve sludge reduction, trying to reduce the amount from the source is the fundamental solution to the problem and contributions to sustainable environmental development. The company started to implement the organic sludge waste reduction plan from the end of 2018, and set the goal of achieving a reduction of more than 60% in the unit output of organic sludge in Shanhua Factory by 2025, and 74.38% in 2020 with significant results.

Control of Toxic Chemical Substances

In order to comply with the "Toxic and Concerned Chemical Substances Control Act" of the Environmental Protection Agency of the Executive Yuan, and to conduct operation control in accordance with the "Administrative Measures for the Operation of Small Amounts of Toxic Substances", each factory declares the amount of use every month to ensure that all toxic chemical substances listed in the operation process meet regulatory requirements.

Control of Chemicals and Liquid Chemicals

In order to effectively control the company's chemicals and reduce their impact on the environment, the company follows the "Standards for Chemical Operation", "Standards for Emergency Response to Liquid Chemical Substances Leakage" and "Standards for Filling and Unloading of Dangerous and Hazardous Substances" for operation control, so that all chemicals and liquid materials can be effectively controlled.

No Leak Incidents

In order to ensure that the accident caused by leakage during the transportation of the company's raw materials and products its impact on the environment are handed according to the "Accident Handling Procedures", and preventive measures are proposed to review and improve the situation, and effective tracking and supervision are carried out to ensure the improvement of environmental impact. During the reporting period, there was no leakage of chemicals, oil, waste, etc.

Environmental Penalty

One incident of environmental penalty occurred during the reporting period, and improvement measures have been completed.

Item	Law/Regulation Violated	Content of Violation	Punishment Unit	Amount of Fines and Matters	Improvement Measures
1	Article 20(1) of Air Pollution Prevention and Control Act,	According to the analysis results obtained from the functional determination of odor pollutants – the triangular odor bag method, the concentration of odor pollutant in the air pollutants of 17400 has exceeded the odor pollutant emission standard of 2000 set forth by the "Stationary source air pollutant emission standards"	Environmental Protection Agency	\$ 960,000	Improvement of T313 wash tower 1. PH control linkage 2. Neutralizing acid supply

On December 19, 2021, Kaohsiung Environmental Protection Bureau (KEPB) with Accuro Measurement and Analysis Laboratory sent a team to collect odor pollutants from the air pollution discharge port (P001), and according to the Functional Determination of Odor Pollutants-Triangular Odor Bag Method, the concentration of the odor pollutants was 17,400 (Emission Standard: 2,000), which was in violation of the stipulation of Paragraph 1 of Article 20 of the Air Pollution Act and Article 2 of the Emission Standard, and upon receipt of a letter of report from the Environmental Protection Bureau on February 11, 2022, the company has prepared the relevant corrective and preventive measures for implementation.

1. Performed reduced load and emission test operation and outsourced efficacy testing to confirm that the air pollutant odor pollutant concentration value is 550.
2. Improved the air pollution control equipment for T-313 wash tower: PH control linkage, and neutralizing acid supply.

Communication and Response in Neighboring Communities

San Fu Chemical has a total of three production bases, of which only the Tainan Shanhua Factory is adjacent to the residential community. We believe that the factory environment is closely related to the lives of employees and nearby neighbors. Through the improvement of the factory environment, we will maintain good community relations to ensure smooth production activities. Therefore, we actively communicate with nearby residents and listen to their opinions.

- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
 - 3.1 Implementing Environmental Protection and Management
 - 3.2 Raw Material Management
 - 3.3 Energy Management
 - 3.4 Greenhouse Gas Emissions Management
 - 3.5 Water Resources Management
 - 3.6 Proper Disposal of Waste
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

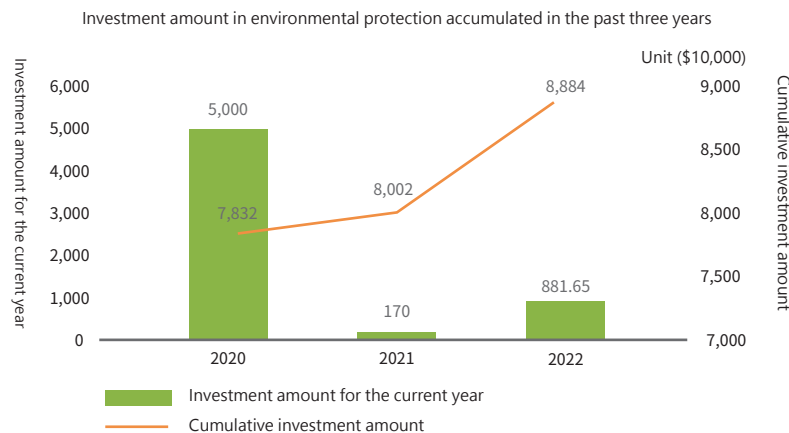
Due to industrial characteristics, the business activities of San Fu Chemical may cause actual or potential adverse impact on the community, such as the chemical odor or discharge water produced during production or discharge, etc. In order to avoid affecting the health of employees and the living of the community, The company continuously monitors the air quality and water quality of the factory every year to reduce the impact of operating activities on nearby residents and communities, reduce residents' doubts about air and water pollution around the factory, and strengthen equipment leakage maintenance and irregular inspection.

In order to reduce the potential adverse impact on the community, the company has completed the odor improvement plan in 2019, and will continue to track the improved effect of pollution prevention equipment in 2022.

In addition, each production site has emergency response procedures and regular drills to reduce the impact of accidents on the surrounding communities. The company has formulated the "Standards of Operation for Making Friendship with Neighbors", which clearly defines the communication, participation and consultation with the environmental safety and health activities of the neighboring communities. Complaints can be handled through the channels of telephone, face-to-face, or by asking the local borough head for assistance to provide good communication with the surrounding residents, so as to protect the rights and interests of the residents.

Promotion of Environmental Protection

The sustainable development of society needs to be based on environmental resources. The company adheres to the concept of abiding by the laws and regulations of environmental protection, cherishing resources, and implementing the concept of corporate sustainability management. Through continuous improvement of production processes and renewal of equipment, we can achieve the goals of energy saving, water saving, carbon reduction and waste reduction. The projects for continuously investing in environmental protection in 2022 were as follows:



Expenses and effectiveness of environmental protection promotion in 2021

Investment Item	Equipment Activation Month	Investment Amount(\$)	Excellent benefits created from environmental investment
Elimination of old air-conditioners to save power (Replacement of 10 sets of first-grade inverter air-conditioners)	2022/07	936,500	Save 1.03% electricity.
Addition of two sets of existing heat exchangers for process exhaust.	2022/08	150,000	1. Increase condensate recovery. 2. Reduce raw material consumption.
Replacement of oil-free inverter screw air compressor	2022/10	2,530,000	Save 1% electricity.
Replacement of cyclone blowers	2022/11	5,200,000	Reduce more than 40% of annual electricity consumption and carbon emissions, and lower ambient noise level.

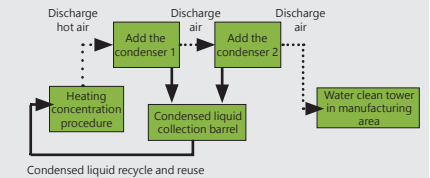
Converter Air-conditioner

Replacing the old air-conditioners and installing the first-grade inverter air-conditioners achieve energy-saving results.



Condenser

Adding two sets of heat exchangers at the outlet of the exhaust pipe of the concentration process to increase the condensation recovery volume and reduce the amount of raw material consumption.



Oil-Free Inverter Screw Air Compressor

- The old screw air compressor consumes only 70% of the heavy load time. Replacing it with an oil-free inverter air compressor consumes about 40% of the heavy load time, and consumes as much energy as the air it needs. The airflow is adjusted by motor speed, and it can maintain the constant pressure of the outputted air to save energy.
- Generally speaking, the starting current of fixed-frequency air compressor is 3~4 times of the rated current, so that the current is high, the noise is high, the service life the frequently starting motor is shorter, and the parts of the capacity controller are easy to be damaged. These problems will no longer exist by replacing the air compressors with the inverter air compressors.
- Lower vibration, and longer service life.
- There is no idle/heavy machine operation, so that parts failures are fewer.
- Oil-free inverter screw air compressor 100HP has an automatic shutdown function for the adjustment volume is less than 50%.



Cyclone Blower

By replacing the original 4 roots blowers with 2 cyclone blowers, the horsepower is increased by 1.25 times, and the electricity consumption can be reduced by 800 kWh under the default 70% operating efficiency and 10 hours of operation.



- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management**
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Customer Commitment and Supply Chain Management

4.1	Customer Commitment	58
4.1	Supply Chain Management	60



Content

Message from the Chairman

About the Report

About Us

Economic Performance

Sustainable Environment

Customer Commitment and Supply Chain Management

4.1 Customer Commitment

4.2 Supply Chain Management

Creating Employee Enthusiasm

Occupational Safety and Health Management

Social Public Welfare Action

Appendix

Customer Commitment

Customer Privacy Protection

San Fu Chemical attaches great importance to customer needs and is committed to establishing long-term cooperative relationships. Through honest management, we will profit from customers and create win-win and maximum social value. We comply with customer personal information management requirements, sign non-disclosure agreements, and implement personal information management. In order to comply with relevant laws and regulations, for privacy protection, customers' business information, transaction data, or any data involving customer privacy are organized and archived by special personnel, following the most basic law-abiding requirements. There were no complaints related to violation of customer privacy or loss of customer data during the reporting period. In addition, San Fu Chemical adheres to the principle of integrity management, regularly educates employees on the provisions of the "Integrity Management Operation Procedures and Conduct Guidelines", and establish the organization and responsibility of confidentiality mechanism to specifically regulate the matters that the company's personnel should pay attention to when carrying out business operations.

Customer Satisfaction Feedback

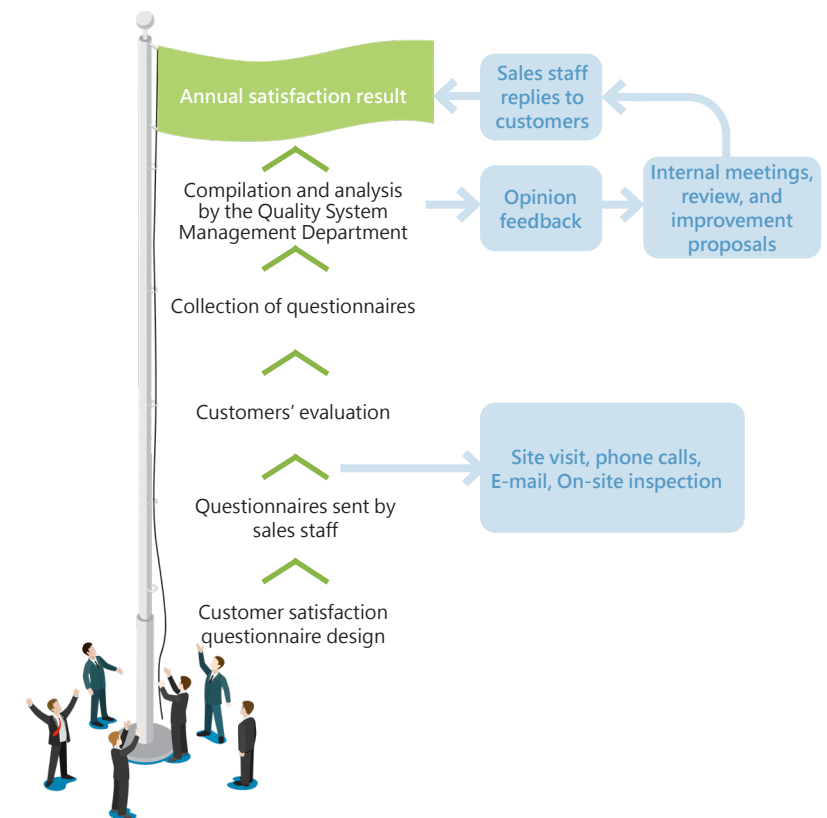
In order to understand customer satisfaction with the products or services provided by the Company, obtain specific and objective evaluation information as a basis for product or service improvement, and maintain customer recognition and support for the company, we have set up the "Customer Satisfaction Survey Procedure".

Customer feedback is the driving force to improve products and services, and San Fu regards the result of customer satisfaction surveys as an important indicator of corporate performance and an evaluation standard for future growth. Each year, sales staff sends out questionnaires to customers to conduct customer satisfaction surveys. The survey covers the aspects of product quality, delivery standards, service quality, professional image, and compliance with laws and regulations.

A total of 140 customer satisfaction questionnaires were returned in 2022. Questionnaire surveys were carried out in the following ways. Our sales colleagues visit customers on-site or by telephone, or ask customers to fill in questionnaires via E-mail, etc., to collect customers' opinions and needs. In addition, customers are also invited to fill in a satisfaction questionnaire after inspecting or visiting the factory, and finally collect the customer feedback for statistical analysis. More importantly, in response to the valuable opinions or improvement suggestions provided by customers, relevant units within the company will immediately review, develop improvement measures and track improvements, and finally the sales department will give corresponding replies to customers.

We continue to carry out customer satisfaction surveys throughout the year. The survey results show that the overall customer satisfaction results have reached 96 marks and have reached a level of over 90 marks for three consecutive years. Comparing the scores of each evaluation item of satisfaction in 2022 with the previous year, the scores of product quality, delivery standard, service quality, professional image, and compliance with laws and regulations have all increased, demonstrating that San Fu Chemical has a high degree of customer confidence and is trusted by our customers. Results can be seen through professional, correct and prompt responses and solutions, as well as the continuous improvement of the quality management system.

Customer Satisfaction Survey Process



- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
 - 4.1 Customer Commitment
 - 4.2 Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

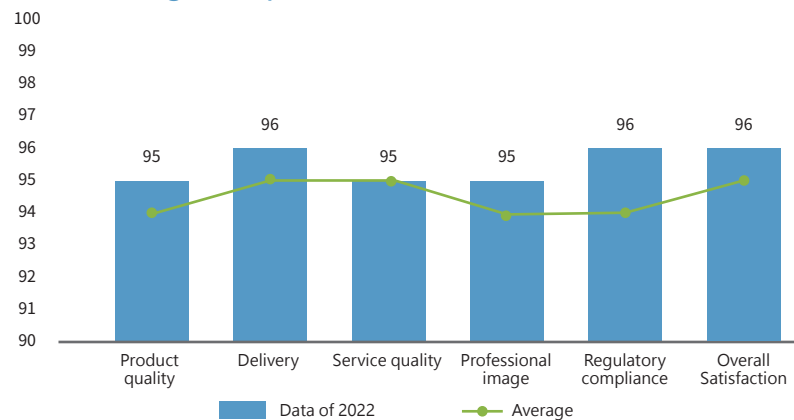
Number of Copies

Satisfaction copies	Basic chemicals	Fine chemicals	Total Number of Copies
Questionnaire	85	55	140
Percentage	60.71%	39.29%	=

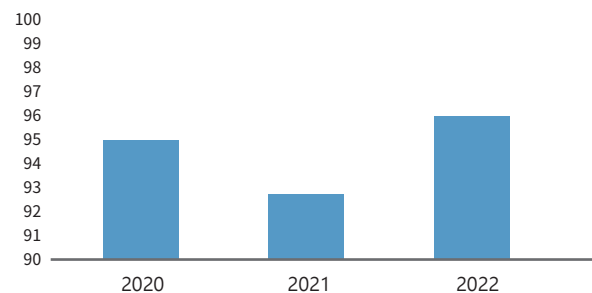
Customer Satisfaction Survey

Evaluation item	2020	2021	2022	Average
Product quality	94	93	95	94.0
Delivery	96	94	96	95.3
Service quality	96	93	95	94.7
Professional image	95	92	95	94.0
Regulatory compliance	93	93	96	94.0
Overall satisfaction	95	93	96	94.7

2022 Annual Satisfaction Rating of Each Aspect and Three-Year Average Comparison



Overall Satisfaction



Customer Recognition

Many customers require San Fu Chemical to implement corporate ESG management with standards higher than international regulations and industry standards, such as: labor rights, occupational safety and health, environment, ethics, management system requirements, etc. Our performance is also recognized by customers, who give us high scores through various evaluation and supplier evaluation systems.

Customer Initiatives and Regulations

San Fu adheres to the quality policy of customer satisfaction to provide customers with products and services, follows the principle of corporate responsibility production, and actively participates in SEDEX, Ecovadis and other suppliers' corporate social responsibility data exchange platforms, and exposes the company's corporate social responsibility through the platform's evaluation tools. Based on the review results, we obtain the opportunity of understanding our own ability, and commit to performance improvements, provide customers with information about non-financial management systems, and let more stakeholders understand San Fu Chemical's efforts in the corporate sustainability management through the information sharing on the platform.

We fulfill our responsibilities in the supply chain to comply with international initiatives and regulations jointly advocated by customers, and prioritize relevant regulations in the process of production and providing services to achieve customer expectations.

Category Sign up for initiatives and regulations

Green Products	Sign the Hazardous Substance Free Guarantee (RoHS, REACH, SVHC, and PFASs)
	Comply with the requirements of IECQ QC 080000 Hazardous Substances Process Management System Standard
	Declaration of Conflict-Free Minerals
	Do not use prohibited or restricted substances
Labor and Human Rights	Responsible Business Alliance (RBA)
	UN Guiding Principles on Business and Human Rights
	Declaration of Fundamental Principles and Rights at Work
	UN Universal Declaration of Human Rights

Content

Message from the Chairman

About the Report

About Us

Economic Performance

Sustainable Environment

Customer Commitment and Supply Chain Management

4.1 Customer Commitment

4.2 Supply Chain Management

Creating Employee Enthusiasm

Occupational Safety and Health Management

Social Public Welfare Action

Appendix

Supply Chain Management

Supplier Management Policy

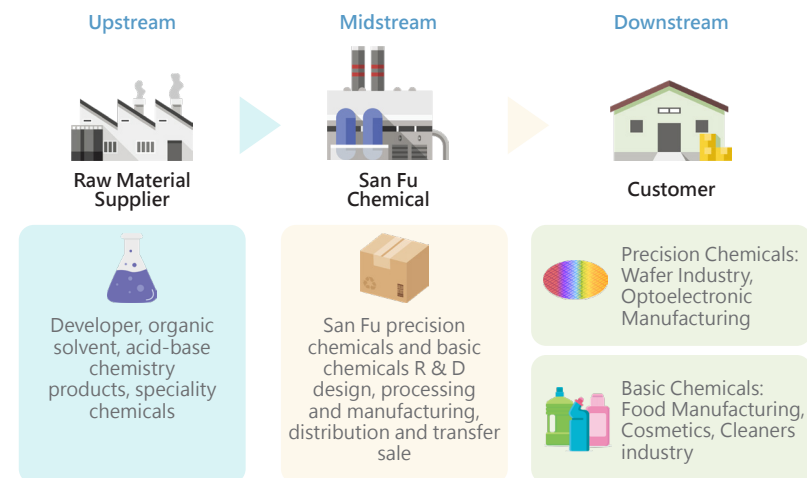
San Fu Chemical plays the role of producing products in the chemical industry chain, undertakes the supply of raw materials to suppliers, and conducts product development and sales. Therefore, San Fu regards each supplier as an important partner, and we conduct strict evaluations on suppliers every year. For the bulk raw material sources of our company's cooperative manufacturers, all domestic and foreign well-known manufacturers are selected to ensure the quality. In order to implement the sustainable development of the supply chain, ensure that suppliers comply with social and ethical standards, understand and comply with laws in the process of providing products and services, actively respond to issues related to environmental protection and society, and have the courage to undertake and continue to improve and upgrade, we introduce the supplier self-assessment operations to allow suppliers to assess whether they meet the standards in five aspects including quality, labor, environment, human rights, and economy from the perspective of corporate social responsibility. Through self-inspection, suppliers can also understand their operational risks.

San Fu Supply Chain

From the perspective of the supply chain of the precision chemicals industry, the upstream is the raw material supplier, providing developers, organic solvents, acid-base chemicals, speciality chemicals, etc.

San Fu Chemical is a midstream manufacturer that integrates chemical raw materials into the process of R&D, design, deployment, purification and dilution of raw materials to manufacture developer, release agent, etching solution, cleaning solution, etc. The downstream includes the wafer industry and optoelectronic industry, and uses our products in the process.

The supply chain of basic chemicals is divided into two parts, one is the food supply chain, which also purchases raw materials from upstream manufacturers, and provides downstream food manufacturers for use after processing and manufacturing, and the other one is chemical products such as environmental protection. Hexylamine, dicyclohexylamine and p-hydroxybenzoic acid produced by San Fu and sold to downstream customers as rust inhibitor, water treatment, polymer and other chemicals.



Supplier Category and Local Sourcing

San Fu Chemical is a midstream industry. In addition to complying with the principles of environmental protection and energy conservation, San Fu Chemical further considers and increases the purchase percentage with domestic suppliers when selecting upstream suppliers, so as to support the growth of the domestic industry. However, due to the process demand of the domestic downstream industry, it is necessary to purchase raw materials that are not produced in Taiwan from abroad. In addition, the risk management of the second supplier is maintained to ensure the delivery time and service and reduce costs. Therefore, a certain portion is purchased abroad.

2022 supplier categories include

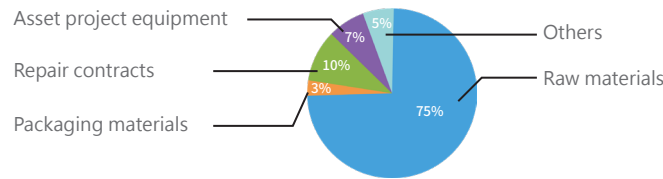
- 1 Raw materials: local production and agency
- 2 Packaging materials
- 3 Asset project equipment
- 4 Repair contract
- 5 Others

- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
 - 4.1 Customer Commitment
 - 4.2 Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

◎ Purchase Percentage

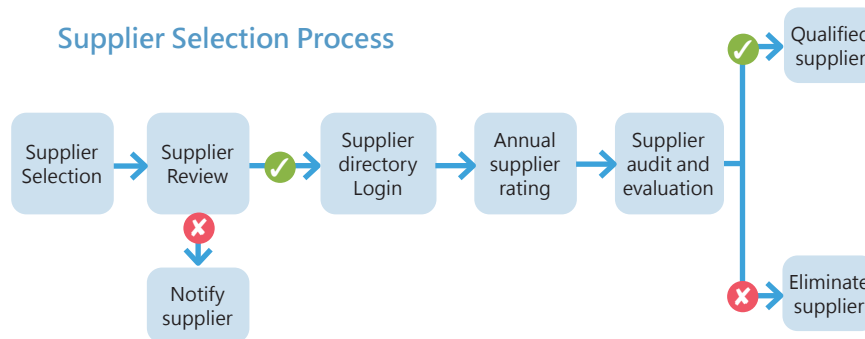
	Domestic Purchase			Foreign Purchase		
	2020	2021	2022	2020	2021	2022
All categories	44%	19%	59%	56%	81%	41%
Raw materials	47%	15%	49%	53%	85%	51%
Packaging materials	10%	71%	93%	90%	29%	7%
Repair contracts	83%	71%	86%	17%	29%	14%
Asset project equipment	41%	85%	89%	59%	15%	11%
Others	99%	93%	98%	1%	7%	2%

◎ Purchase percentage of each category in 2022



In the beginning of 2020, the global spread of COVID-19 began. Under the impact of the epidemic, countries adopted control measures one after another, resulting in the suspension of normal economic activities, and the manufacturing, wholesale trade, retail, financial and service industries were all hard hit, and the global industrial supply chain was challenged by the crisis of the "Broken Chain". San Fu has been resilient to the crisis and able to overcome the downturn. Raw material purchase still accounts for the largest portion of overall purchase. Through cooperation with domestic chemical raw material manufacturers, San Fu has increased the percentage of domestic purchase to maintain the stability of the supply chain; however, due to the limited number of domestic manufacturers, San Fu still relies on imports for some raw materials, and therefore the percentage of raw material purchase abroad is still slightly higher than that in the domestic market.

Supplier Selection Process



San Fu gives priority to the selection of new suppliers who have passed ISO 9001 or ISO/TS 16949 for quality, ROHS & WEEE, IECQ QC080000, ISO 14001, Green Environment, Energy Saving or Green Building Material certificates for environment, and requires suppliers to jointly sign a "Guarantee Letter Regarding Hazardous Substances Free" to comply with the required concentration standard of the of hazardous substances in the "Hazardous Substances List" issued by San Fu Chemical. As to the social aspect, suppliers are required to sign the "Supplier Code of Conduct and Supplier Commitment", which promotes suppliers to jointly shoulder the responsibility of labor, health and safety, environmental standards, and adherence to business ethics.

◎ A new supplier was added in 2022, and the results of the supplier's corporate social responsibility assessment are as follows:

Grade	Corporate social responsibility score, X	Result	Percentage
A	$90 \leq X$	1	100%
B	$80 \leq X < 90$	0	0%
C	$70 \leq X < 80$	0	0%
D	$X < 70$	0	0%

Rating of Suppliers

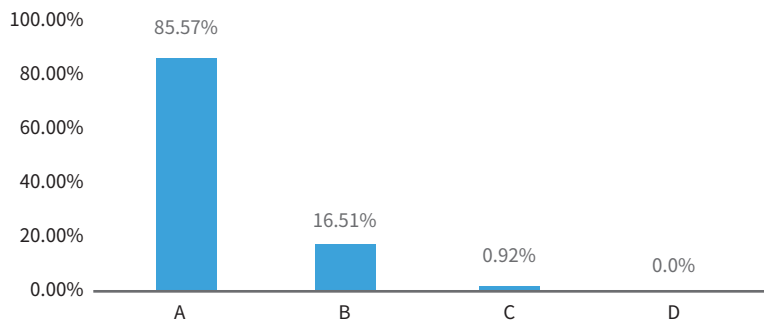
San Fu Chemical has formulated the "Supplier Management Procedures". For suppliers whose purchase amount reaches a certain percentage, an annual evaluation is carried out every year. The items include Quality, Cost, Delivery, Service and Hazardous Substance Free (HSF). In 2022, there were 54 suppliers of fine chemicals and 55 suppliers of basic chemicals, a total of 109. Among them, suppliers with grade B or above accounted for 99%, and 1 supplier was rated as grade C.

◎ The results of rating are as follows

Grade	Annual Rating Score, X	Result	Percentage	Action Taken
A	$90 \leq X$	90	82.57%	Priority purchase
B	$80 \leq X < 90$	18	16.51%	Can purchase
C	$70 \leq X < 80$	1	0.92%	Reduce orders, require lower prices, and extend payment terms
D	$X < 70$	0	0.00%	Suspend all transactions

- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
 - 4.1 Customer Commitment
 - 4.2 Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Supplier Rating Statistics



Supplier Audit and Evaluation

We conduct routine audits on qualified suppliers based on the supplier evaluation results of the previous year, and conduct annual audits on new suppliers, suppliers with C/D grades in the annual evaluation, major quality/environmental safety anomalies, and customer complaints. The contents of the audit include: product quality, safety and health, environmental protection, and labor rights. Through the annual supplier audit, we can better understand the needs of the supply chain. San Fu takes a proactive attitude to improve the supplier management system and create a win-win situation.

A total of 21 suppliers were audited in 2022, and the results are as follows

Grade	Annual Rating Score	Result	Percentage	Action Taken	Frequency
A	$90 \leq X$	20	95.2%	Continuous improvement	Once every 3 years
B	$80 \leq X < 90$	1	4.8%	Continuous improvement	Once every 2 years
C	$70 \leq X < 80$	0	0%	Require suppliers to improve, and conduct audit evaluation next year	Once a year
D	$X < 70$	0	0%	Cancel or suspend transactions and require suppliers to improve immediately and then evaluate	--

Supplier Commitment

For the suppliers' commitment to business ethics of its corporate sustainability, we ask suppliers to conduct questionnaire surveys in the form of self-disclosure from three major aspects: economy/society/environment, in order to jointly fulfill the concept of corporate sustainability, promote social security, environmental health, resource saving and other interrelated stable balances.

Corporate Social Responsibility - Business Ethics Commitment



Economic Aspect

- Suppliers and their on-the-job employees shall faithfully carry out various business transactions and trading, including but not limited to material procurement, engineering contracting, entrusted processing, equipment transfer, waste disposal, transportation and customs declaration, labor dispatch and outsourcing, etc.
- Do not offer or present cash, securities, non-group gifts, entertainment or travel entertainment, or any other transmission of personal benefits to any employee of the company, or to their relatives, friends, or other interested parties.
- Do not engage in any form of loan, lease, investment, and any activities that are not directly related to the employee's work with any other employee of the company or their relatives or friends.
- Do not offer any employee of the company or their relatives or friends any kind of work arrangements. Do not do anything that damages the company's interests and business image.

Social Aspect

- San Fu works closely with suppliers, and all suppliers' labor shall be treated fairly. Therefore, child labor and forced labor are prohibited.
- Working hours and wages shall not be less than the statutory wage and shall be entitled to statutory benefits.
- Do not discriminate on the basis of gender, race, religious belief, politics, marriage, physical disability, social origin, age or other reasons to ensure the protection of human rights.

Environmental Aspect

- San Fu Chemical has long been adhering to safety and quality, continuous innovation and development, and cares about environmental protection issues. Therefore, suppliers require that their raw materials must comply with national regulations and user safety first.
- Do not sell prohibited or controversial products.

- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
 - 4.1 Customer Commitment
 - 4.2 Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

© Environmental initiatives and regulations signed and endorsed by suppliers

	Sign regulations	Based on the Standard of:
Environmental Safety and Health	<ul style="list-style-type: none"> • Confirm that the supplier has passed ISO 14001, ISO 45001 management system certification • Suppliers continue to provide valid Safety Data Sheets (SDS) • Have qualified licenses for environmental pollution prevention, treatment, etc. • Those who have obtained certification standards such as green environmental protection and energy saving or green building materials 	ISO 14001 ISO 45001
Green Product	<ul style="list-style-type: none"> • Comply with the requirements of IECQ QC 080000 standard • Comply with international regulations on hazardous substances RoHS, REACH and other regulations, formulate hazardous substances quality management standard • Regularly provide inspection reports for hazardous substances • Sign the Guarantee Letter Regarding Hazardous Substances Free 	IECQ QC 080000 RoHS REACH GADSL
Labor and Human Rights	<ul style="list-style-type: none"> • Suppliers and contractors need to receive CSR education and training • Commitment to SA 8000 standard • Commitment to the Code of Conduct of the Responsible Business Alliance (RBA) • Fill in the Supplier CSR Evaluation Form 	SA 8000 RBA
Quality and Service	<ul style="list-style-type: none"> • Confirm that the supplier has passed ISO 9001, ISO 22000 and other management system certification • Provide quality agreement and guarantee agreement • Fill in the Supplier Quality Evaluation Form 	ISO 9001 ISO 22000
Purchase Practice	<ul style="list-style-type: none"> • Cooperate with San Fu Chemical' s regular supplier audits to ensure quality, service, delivery period, human rights and environmental safety and health management to meet the company' s requirements. 	Supplier Audit Procedure

- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm**
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Creating Employee Enthusiasm

5.1	Manpower Employment	65
5.2	Employee Care	67
5.3	Labor-Management Communication	74
5.4	Career Development	75

\$569,387,000

Employee Benefit Expenses

20.67 hours

Average No. of Hours of Training per Employee

100%

Parental Leave Reinstatement Rate



- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
 - 5.1 Manpower Employment
 - 5.2 Employee Care
 - 5.3 Labor-Management Communication
 - 5.4 Career Development
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Manpower Employment

Manpower Profile

Employees are the foundation of the company’s continued excellence. San Fu Chemical provides fair employment opportunities and is committed to promoting a compatible and diverse environment without discrimination based on gender, religion, race or political party, and actively takes affirmative action for all. Job seekers are provided with equal employment and promotion opportunities. Under the business philosophy of “Innovation, Integrity, Simplicity”, we attract professionals in various fields with a well-planned welfare system and competitive salary levels to form a professional team, from the production of traditional chemical products to the industry-leading contribution environmental protection, we work together with colleagues to move forward on the road of more professional and better service quality.

We clearly disclose the company’s human resources information to the outside world, and show the stability of employees’ work and the level of benefits provided to them. San Fu Chemical has followed the 2019 Ministry of Labor’s prohibition on dispatching, and has not hired non-regular employees (i.e. dispatched employees). According to statistics, in 2022, all 383 employees are full-time employees, of which 100% are regular employees, 0% are non-regular employees, 80% are male, and 20% are female. In terms of age distribution, young adults aged 30-50 colleagues are the majority, accounting for 70% of the total. In 2022, there were 6 non-employee workers (which is the number counted on December 31, 2022), most of whom were employed under contracts with security companies to perform security work at the factories.

San Fu Chemical has been established for more than sixty years, but up to 82% of our employees are under the age of 50, in which 12% are under 30 years of age. While providing a stage for the younger generation to perform, we also attach importance to the inheritance of experience and the integration between generations, and continue to transform experience into important knowledge and technology within the organization. What is even more commendable is that our supervisors also pass on valuable experience. Through the talent cultivation mechanism of the personal development plan, the supervisors systematically teach and train young employees, and also inspire their career development within the organization.

Composition of labor force by employment type

Employment Type	Permanent Employee			Temporary Employees			Employees without guaranteed hours			Full-time Employee			Part-time Employee		
	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total
Taipei	14	25	39	0	0	0	0	0	0	14	25	39	0	0	0
Chupei	8	25	33	0	0	0	0	0	0	8	25	33	0	0	0
Shanhua	45	170	215	0	0	0	0	0	0	45	170	215	0	0	0
Liuying	11	66	77	0	0	0	0	0	0	11	66	77	0	0	0
Kaohsiung	0	19	19	0	0	0	0	0	0	0	19	19	0	0	0
Total	78	305	383	0	0	0	0	0	0	78	305	383	0	0	0

Note: Compiled data are based on the values as of the end of the reporting period (2022/12/31).

Diversity and Inclusion

San Fu Chemical adheres to the corporate core value of “people-orientation” and its commitment to the society to create an equal and inclusive workplace. Due to the characteristics of the industry and the domestic social and cultural background, generally speaking, the gender of employees is greatly influenced by the type of industry and job characteristics, and women’s willingness to join the chemical manufacturing industry is lower than men’s, and this is the norm of the distribution of the manpower structure in the industry. However, San Fu Chemical is committed to building an employee-friendly work system and work environment to encourage women to join the chemical manufacturing industry and to realize fairness in the allocation of economic resources. By the end of 2022, the ratio of men to women was 4:1, which is the same as last year.

San Fu Chemical actively pursues social inclusion and encourages the underprivileged in order to fulfill its corporate social responsibility. To recruit talents, San Fu Chemical has been recruiting physically and mentally handicapped employees and Taiwan aboriginal people. Although we are committed to providing vacancies for physically and mentally challenged employees, due to the nature of our work, there are not enough applicants. In 2022, physically and mentally challenged employees accounted for 0.52% of the total number of employees, and we have already paid the difference in the subsidy fee according to the law, and we will continue to proactively carry out the relevant recruiting process. The company’s human rights policy, which was signed by the chairman in 2021, is to provide fair and reasonable salaries and working conditions, as well as a safe and healthy working environment, and to ensure equal opportunities for all employees and eliminate any form of discrimination.

- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
 - 5.1 Manpower Employment
 - 5.2 Employee Care
 - 5.3 Labor-Management Communication
 - 5.4 Career Development
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

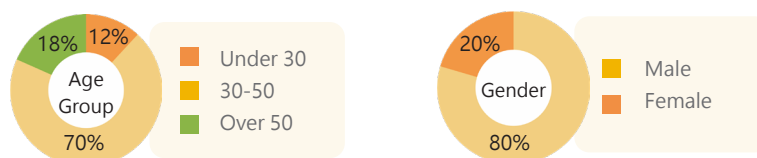
Employee Proportion—Diversified Types

Type		Proportion
Employment Type	Regular Employee	100%
	Non-regular Employee	0%
Age Group	Under 30	12%
	30-50	70%
	Over 50	18%
Gender	Male	80%
	Female	20%

Gender Proportion

		2020	2021	2022
All Regular Employees	Male (%)	82%	80%	80%
	Female (%)	18%	20%	20%
	Number of People	352	367	383

Note: The number of employees in the ESG report for fiscal year 2021 is 367, which includes the number of employees of subsidiaries; the number of employees in the ESG report for fiscal year 2022 is 383, which excludes the number of employees of subsidiaries for the sake of data accuracy.



Employee Turnover

San Fu Chemical had 68 new employees in 2022, accounting for 17.8% of the total number of employees. 30 employees left the company during the same period, accounting for 7.8% of the total number of employees.

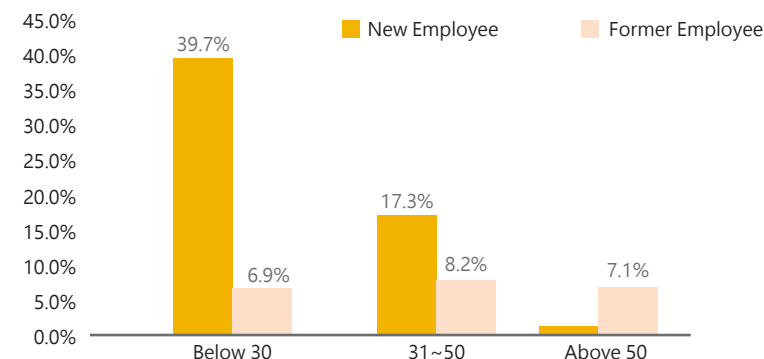
In order to understand the heartfelt feelings of employees who have left the company, in addition to an interview with the department head after the employee has filed an application for termination, the human resources director will also take the initiative to understand the main reasons for the employee's termination, conduct an analysis of the termination of employment, and use it as a basis for the improvement of the system of retention of talent in the hope that excellent professionals will continue to stay in the company.

Statistics on Parental Leave Application and Restatement

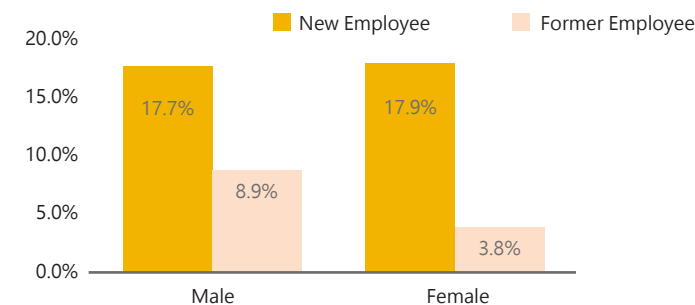
		Male		Female		Subtotal	
		Quantity	Percentage	Quantity	Percentage	Quantity	Percentage
New Employees	Below 30	14	36.8%	9	45.0%	23	39.7%
	31~50	39	18.7%	5	10.9%	44	17.3%
	Above 50	1	1.7%	0	0.0%	1	1.4%
	Subtotal	54	17.7%	14	17.9%	68	17.8%
Former Employees	Below 30	4	10.5%	0	0.0%	4	6.9%
	31~50	18	8.6%	3	6.5%	21	8.2%
	Above 50	5	8.6%	0	0.0%	5	7.1%
	Subtotal	27	8.9%	3	3.8%	30	7.8%

Note: The ratio is calculated by the number of persons and the gender in that age group.

Percentage of new and former employees of the same age group



Percentage of new and former employees of the same gender



- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
 - 5.1 Manpower Employment
 - 5.2 Employee Care
 - 5.3 Labor-Management Communication
 - 5.4 Career Development
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Remuneration

Remuneration
Fixed Salary
Bonus , year-end bonus, performance bonus, safety and sanitation bonus, and proposal bonus

San Fu is committed to improving the salary and reward mechanism to ensure that the salary level is competitive in the market, so as to facilitate the recruitment and retention of high-quality talents. In addition to year-end bonuses for regular staff based on operational performance, special operating bonuses are also issued based on performance and assessment results. Since 2019, in order to allow employees to enjoy immediate rewards, a monthly safety, environmental and health bonus system has been introduced, which effectively motivates each employee to better comply with good work standards in terms of environmental maintenance, work safety, and food health. In addition, the company regularly participates in salary surveys of the industry or consulting companies, regularly checks the connection between salary and welfare measures and the human resources market, and examines the salary level and reward system of employees as a standard for performance salary adjustment and promotion.

In accordance with the reporting operation regulations of "Salary Information of Full-Time Employees Not in Supervisory Positions", after calculating the number of full-time employees in non-supervisory positions, as the basis for calculating the average salary of employees, the full-time employees in San Fu's non-supervisory positions in 2022 have an average annual salary of \$998,000. The employee remuneration plan takes into account the company's financial and operational performance, future development, and combines the job responsibilities and performance of individual employees in order to formulate the relevant remuneration plan. The ratio of the highest total remuneration to the median total compensation of San Fu employees was 6.3, and the ratio of the increase in total remuneration was 2.21.

	2020	2021	2022	Difference from previous year
No. of full-time employees who are not supervisors	314	320	344	24
Average salary of full-time employees who are not supervisors (thousand dollars)	842	969	998	29
Median salary of full-time employees who are not supervisors (thousand dollars)	755	859	884	25

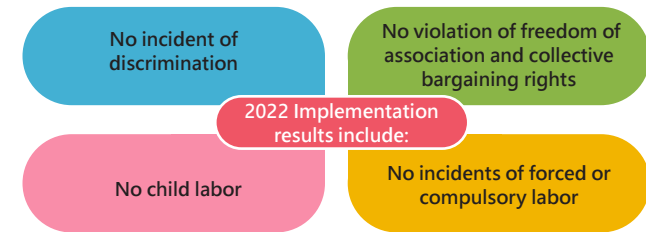
Employee Care

Human Rights Protection

San Fu Chemical believes that respecting human rights and creating a dignified working environment are crucial to the company's sustainable operation and corporate sustainability.

For the management level of San Fu Chemical, the labor-management relationship is like the emotional connection between extended families. Once they come to work here, the employer must try their best to take care of the job, the supervisor must try to nurture it, and the employees must abide by their duties. The overall business results can be developed together and operated sustainably, which is the biggest contribution of an enterprise to social responsibility.

San Fu Chemical strictly abides by the labor-related laws and regulations of the locations of its global operations, protects the legitimate rights and interests of employees, and recognizes and supports the United Nations Universal Declaration of Human Rights, the Global Covenant, and the International Labor Organization Convention, respects the internally recognized basic human rights, and formulate relevant human rights policies based on the guiding principles of the aforementioned specifications to safeguard the human rights of all personnel including full-time employees, contract and temporary employees, and interns.



In order to protect the human rights of employees, the training courses on human rights and labor-related laws and regulations are introduced to employees. In addition, an employee suggestion box is set up, so that employees can promptly and smoothly respond to opinions and complaints on human rights and labor practices, and the management replies and responds promptly in a regular basis. There were no complaints in the 2022 employee suggestion box.

Sexual Harassment Prevention

In accordance with Article 13 of the Act of Gender Equality in Employment and Article 4 of the Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace, issued by the Ministry of Labor, we also promulgate the "San Fu Chemical Co., Ltd.'s Written Statement on the Prohibition of Sexual Harassment at Workplace" to provide a workplace free of sexual harassment for all employees of the company.

- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
 - 5.1 Manpower Employment
 - 5.2 Employee Care
 - 5.3 Labor-Management Communication
 - 5.4 Career Development
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

We will not tolerate any of the company's management, colleagues (including job applicants), customers and third parties, etc., to engage in or suffer from sexual harassment as stipulated in the regulations of Article 12 of the Act of Gender Equality in Employment, including:

Employers (or high-level executives) express or implied sexual demands, sexual connotation or gender discriminatory remarks or behaviors to employees (or job applicants), as a quid pro quo for labor contract establishment, existence, change, or distribution, allocation, remuneration, performance appraisal, promotion, demotion or reward and punishment.

Any person (including a customer or a third party) who creates a hostile, intimidating or offensive work environment towards an employee with sexually demanding, sexually suggestive or sexist remarks or conduct while performing their duties, which infringes or interferes with her (or his) personal dignity, personal freedom, or affects her (or his) work performance.

At the same time, we have also planned a complete complaint channel. If any of the employees of the company is violated by the above acts, or witness or hear such incidents, the employee shall immediately notify the company's designated personnel to assist in handling. In principle, the investigation will be conducted as confidential as possible. The Company absolutely prohibits any retaliation against those who report such incidents, those who make such complaints, and those who assist in sexual harassment complaints or investigations. In addition, in order to enhance all employees' awareness and understanding of such incidents, relevant seminars and training courses are regularly held internally to ensure that all colleagues have a clear understanding of the content. No sexual harassment complaints were filed in 2022.

Gender Equality

We actively enforce equal maternity and paternity leave and other leave entitlements for women and men, making it easier for us to recruit and retain top performers, which in turn improving employee morale and productivity. At the same time, according to the "Act of Gender Equality in Employment", the establishment of nursing rooms and the implementation of the system of childcare leave without pay, including male and female employees can apply according to the law.

In order to care for the needs of new mothers to breastfeed and collect milk in the workplace, a standard breastfeeding and milk collection room has been set up for the use of postpartum mothers. The breastfeeding room was officially opened on September 1, 2019. It is equipped with tables, armchairs, cushions, cleaning supplies, UV sterilizers, etc., and a dedicated refrigerator to store breast milk, an emergency telephone, and the "Key points for the use and management of the breastfeeding room", to create a warm, friendly, safe, private and well-equipped breastfeeding room for employees. For pregnant and postpartum mothers, recommendations such as individual health hazard assessment and job suitability assessment are made by physicians.

© Shanhua Factory's Breastfeeding Room



Parental Leave Without Paid

In 2022, female employees accounted for 20% of all employees, unchanged from last year. Generally speaking, the willingness of women to invest in chemical manufacturing is lower than that of men, which is the norm of the distribution of human resources in the industry. San Fu Chemical will continue to improve the protection of maternity rights in order to build a working system and working environment that is friendly to employees. As parental leave without paid is a statutory right, apart from the application rate, the reinstatement rate and retention rate are also worthy of attention. The former is about "whether the employee needs" and the latter is about "whether the employee wants" to show whether the enterprise's adherence to talents is sufficient. In 2022, although no colleague has applied for parental leave, one person who had the parental leave from 2021 to 2022 should be reinstated in the same year, so that the reinstatement rate is 100%. In the three years since 2020, San Fu's reinstatement rate and retention rate have both been 100%, indicating that employees have a sufficient sense of psychological security towards the company.

Content

Message from the Chairman

About the Report

About Us

Economic Performance

Sustainable Environment

Customer Commitment and Supply Chain Management

Creating Employee Enthusiasm

5.1 Manpower Employment

5.2 Employee Care

5.3 Labor-Management Communication

5.4 Career Development

Occupational Safety and Health Management

Social Public Welfare Action

Appendix

© Statistics on Parental Leave Application and Restatement

		2020	2021	2022
No. of people eligible for parental leave	Male	34	24	36
	Female	10	11	10
	Total	44	35	46
Actual no. of applicants	Male	1	0	0
	Female	1	1	0
	Total	2	1	0
No. of people who should be reinstated	Male	1	0	0
	Female	1	1	1
	Total	2	1	1
Actual number of people reinstated	Male	1	0	0
	Female	1	1	1
	Total	2	1	1
Reinstatement rate	Male	100%	--	--
	Female	100%	100%	100%
	Total	100%	100%	100%
Number of people who have been reinstated in the previous year and remain in office for a year or more	Male	--	1	--
	Female	1	1	1
	Total	1	2	1
Employee retention rate	Male	--	100%	--
	Female	100%	100%	100%
	Total	100%	100%	100%

Note: 1. The number of eligible applicants for parental leave was calculated based on the annual number of applicants for maternity allowance and parental allowance

2. Reinstatement rate = actual number of reinstatements / number of people who should be reinstated (if the denominator is zero and cannot be calculated, it will be represented by "--")

3. Retention rate = Number of people who have been reinstated for one year in the previous year / Number of people who have been reinstated in the previous year (if the denominator is zero and cannot be calculated, it will be represented by "--")

4. The number of people who have been reinstated in the previous year and remain in office for one year: if the number of people reinstated in the previous year is zero, it will be represented by "--"

Employee Benefits

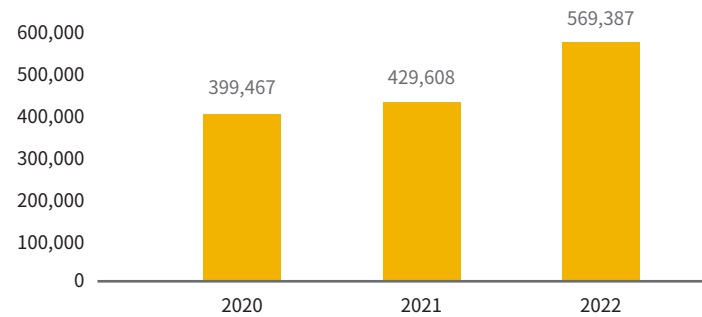
On-leave system	Better than the special leave system of the Labor Standards Act
Wedding cash gift	Cash gifts for the marriage of employees themselves and their children
New year and festival cash gift Eve	Cash gifts for the three major festivals and employee birthday
Bereavement condolences	Bereavement benefits for employees, children, spouses or parents
Injury hospitalization condolences	Injury and sickness hospitalization condolences for employees themselves and their spouses
Maternity subsidy	Maternity benefits for employees themselves or their spouses
Childcare allowance	Childcare allowance according to government standard
Education grant	22 years of education grant for employees' children from birth to college graduation
Company trip	Expansion of the allowance for employees' family
Year-end dinner party	Expansion of the allowance for employees' family
Group Insurance	Term life insurance, hospitalization/cancer medical, accident, accident on duty, critical illness

We believe that the major events in the life of employees are the major events of San Fu Chemical, so that in addition to employees, many welfare measures are also extended to employees' families. Through the implementation of various benefits, including group insurance, education subsidies, employee travel and other benefits, we take care of employees' life and matters, so that colleagues can work with peace of mind without any worries.

In order to encourage employees to have higher willingness to bear children, San Fu is actively planning a diversified family-friendly policy to make further contributions to Taiwan's society, the president of San Fu Group, upholding the original intention of cherishing talents, delivered the shares under his name to the trust and designated the earnings to the children of San Fu Chemical employees. In 2016, the following maternity allowances were announced: (1) employee maternity allowance, (2) employee childcare allowance, and (3) employee child schooling bonus. The first two measures are in accordance with Taipei City's parenting welfare policy, which includes a subsidy of \$20,000 per child; and a monthly child-care allowance of \$2,500 to 5 years old, with a total of up to \$170,000 in welfare allowances. In addition, for the school year of employees' children from junior high school, high school to university, etc., a schooling bonus of \$10,000 is provided in the current period. In order to take good care of working parents with dual-income families, San Fu takes care of employees and their children in a family style, so that the employees can feel relieved and their burden can be effectively alleviated, and San Fu Chemical is doing its best to fulfill its responsibility and efforts for the society.

- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
 - 5.1 Manpower Employment
 - 5.2 Employee Care
 - 5.3 Labor-Management Communication
 - 5.4 Career Development
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

◎ Employee benefit expenses (unit: thousand dollars)



◎ Benefits Subsidy Items

	Provided by the Company	Provided by the Welfare Committee
Marriage allowance	●	●
Funeral allowance	●	●
Hospitalization subsidy		●
Children' s education grant	●	●
Children' s enrolment grant	●	
Maternity benefits	●	●
Childcare allowance	●	
Staff dormitory	●	
Staff meal	●	
Employee Medical Checkup	●	
Year-end party and activities	●	
Labor day gifts		●
Cash Gift (three festivals, birthday)		●
Meal allowance		●
Travel grant		●
Employee Group Grant		●

◎ Year-end parties and activities



◎ Outdoor activities



- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
 - 5.1 Manpower Employment
 - 5.2 Employee Care
 - 5.3 Labor-Management Communication
 - 5.4 Career Development
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Staff Dormitory

San Fu Chemical has set up single staff dormitories for employees in Tainan and Hsinchu respectively, providing a comfortable and safe accommodation environment for employees who come from other counties and cities to work for the company.



Staff Canteen

In order to be sympathetic to the hard work of employees, the factory has a staff canteen for colleagues to use. The company absorbs 65% of the cost, allowing employees to enjoy a self-service meal with two main dishes, three side dishes, soup and fruits after meal for only \$30. The dishes are changed every day, so that colleagues can enjoy delicious and healthy lunches and dinners. In order to make colleagues eat with peace of mind and health, San Fu regularly goes to the group catering company to audit the feeding equipment and environmental sanitation to ensure the safety and health of the employees' meals, and to safeguard the health of colleagues.

Health Promotion

In order to provide employees with a high-quality healthy workplace, San Fu Chemical not only provides professional physicians in-plant services in accordance with regulations, but also cooperates with full-time nurses in the factory to handle various health promotion activities and guide employees to actively create a healthy lifestyle. Every year, we provide health physical examination items that are better than those stipulated by laws and regulations. Additional physical examination items such as cancer screening, abdominal ultrasound examination, cardiovascular examination, and examination of thyroid, glycosylated hemoglobin, etc. are provided. Through more oriented health screening items, hazard factors can be found to achieve the purpose of early detection and early treatment and prevention. Abnormal health examination results are filed for analysis, and individualized health and hygiene education guidance is provided by nurses and factory doctors according to the graded examination results, and at the same time, allowing employees to know more about their own health status, so that they can safeguard their own health, and also increase the knowledge of proper medical treatment.

In addition to legal special operations, we also combine environmental monitoring data to identify the risk of possible health hazards, and arrange special operation health inspections for special operations, including noise, manganese, lead, nickel and its compounds, etc. Employees engaged in special hazardous operations are managed in accordance with special operation health inspections by the company.

The results of the special health examination are classified into one to four levels. For those who are judged to fall within the level-2 management, employees are required to receive health guidance; for those who are judged to fall within level-3 management or above, the nurse will make arrangement for employees for the on-site service of the occupational doctor to conduct health tracking and review, and if necessary, an on-site evaluation of the suspected work-related diseases should be conducted in order to provide recommendations for engaging in the workplace. After tracking and reviewing the results of those who are initially judged to be at Level 3 or above, the results shall be provided to the occupational doctor for health and work risk assessment, and the results of the assessment shall be written in the labor health service implementation record form and the job evaluation recommendation form, and the company and the employees shall be formally notified in writing of the results of the health assessment of the fitness for duty, the adjustment of the job assignments, or the recommendation of the replacement of the plan for the protection measures and the supervisor of the department shall be responsible for coordinating the assignment of the employee to the appropriate job. The supervisor of the department will be responsible for coordinating the employee's reassignment to a suitable job or taking other appropriate measures. After tracking and reviewing the results of Level 3 management and above, they shall be reclassified according to the evaluation results, and the classification results and the measures taken shall be notified in the form of an announcement by the central competent authority. After review, there is currently one person at the Level 4 of noise operation management. After the health consultation and work site risk assessment conducted by the factory on-site doctor, there is no need for the employee to be appropriately assigned to another job, but it is still recommended that the employee in the noise operation area should be required to wear the relevant protective gears and to implement a hearing protection plan when they enter the work site.

The number of special health examination visits in 2022 was 27, with one abnormal staff and one Level 4 after re-examination, all of which have completed the tracking. In 2022, the rate of special health checkups is 100%. The company also organizes health seminars (chronic disease prevention, exercise, nutrition, etc.), provides health knowledge and information, and also announces health information, disease prevention, infectious disease prevention, and other health information from time to time on the intranet site or by e-mail.

- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
 - 5.1 Manpower Employment
 - 5.2 Employee Care
 - 5.3 Labor-Management Communication
 - 5.4 Career Development
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

In addition, San Fu also manages employees' health through the "Health Management System" and promotes disease prevention programs initiated through abnormal workload. After the annual health checkups, San Fu analyzes the results of the health checkup reports and workload questionnaires to define moderate and high-risk management cases, and in 2022, San Fu has carried out individualized health management measures for the 64 moderate-risk and 7 high-risk cases, and the company will also implement administrative and health management measures for high-risk groups, including restricting overtime work, proactively tracking medical appointments, monitoring medication compliance, and establishing a habit of measuring blood pressure every day, as well as providing health guidance. We also plan to organize educational training for employees on cerebral and cardiovascular diseases, so that employees can understand the dangers of cerebral and cardiovascular diseases and the proper ways to prevent them.

We hope to strengthen the competitiveness of the enterprise and the labor force, and to maintain and protect the physical and mental health of all employees by providing them with perfect care. In order to reduce the "human factors hazards" caused by long-term repetitive or poor posture operations, we have introduced the concept of human factors engineering into our daily operations, analyzed and eliminated the hazardous factors, and carried out a high-risk improvement plan for human factors engineering, with the aim of reducing the discomfort caused by musculoskeletal injuries and constructing a safe and efficient working environment.

During the period of 2022, the risk exposure of workers was evaluated according to the Human Factors Identification Checklist, and the result was that 16 employees were suspected to be exposed to hazards, and after consulting with the nurses and factory doctors, all of them were found not to be exposed to any hazards related to their work. In addition, during the health guidance, we will also regularly check the correct posture of the workers, and take the initiative to ask the employees about their musculoskeletal status, so that we can effectively minimize the risk of human-caused hazards due to the long-term repetitive or bad posture operations.

In order to ensure the well-being and protect the health of all female employees, the Company implements maternal health protection activities and management, taking into account gender differences and the impact of pregnancy on health risks, by adopting the following measures:

1 Establish relevant assessment and health protection measures in accordance with the "Maternal Health Protection Rules for Female Workers" and related guidelines. 2022 Conduct risk assessment and classification of maternal health protection for one female employee within one year of pregnancy and childbirth, and for work or other personal health conditions that may affect the health of the mother, fetus, or baby as assessed by a physician, adopt hazard control, work deployment, and health management in addition to personal health guidance. In addition to personal health guidance, hazard control, work and health management will be carried out.

2 Pregnant employees are provided with health guidance during pregnancy and breastfeeding, and are provided with comfortable rest rooms and breastfeeding rooms to create a friendly work environment for female employees under the principles of maternity protection and affirmative action in employment.

San Fu has provided employees with free influenza vaccines in the factories for 3 consecutive years, and the cost is borne by the company. In 2022, the seasonal influenza vaccine application rate of employees reached 39%, which effectively reduces the intangible cost for the employees going back and forth to medical institutions to administer vaccines and improve the employees' health protection.

The Covid-19 pandemic is raging around the world. San Fu established an epidemic prevention team at the first time of the outbreak, and cooperated with the government's epidemic prevention policy to formulate the "Epidemic prevention measures", including: entry and exit control, visitors filling out a health declaration form, and temperature measurement and other related measures, and encourage employees to vaccinate against COVID-19. By 2022, the coverage rate of employees in the factory area is 99%. In order to track and care for the physical and mental health of our employees during the epidemic, we have implemented a self-managed health care report system. In case of employees reporting fever or respiratory symptoms, our nurse will activate the tracking care to ensure the physical and mental health of the employees and prevent cluster infection in the workplace, so as to ensure that every employee can be protected in all aspects.

For the health care of contractors, the security guards in the factories are all middle-aged and elderly workers. Based on the principle of equal care, the company will include them in the annual health checkups of employees, and will take the initiative to care for their physical health and other preventive measures against overwork. In addition to the security personnel, the company will also activate the health care program for the employees of contractors in the factories and provide necessary assistance in a timely manner.

- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
 - 5.1 Manpower Employment
 - 5.2 Employee Care
 - 5.3 Labor-Management Communication
 - 5.4 Career Development
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Health education promotion course

San Fu Chemical is committed to providing employees with a correct concept of health. The factory will invite resident doctors from time to time to conduct health education and publicity, and plan online courses for employees at the same time.

◎ The courses conducted in 2022 are as follows:

Item No.	Class (Online) Date	Course	Instructor	Remarks
1	2022/07/14	Tips for Maintaining Mental Health During COVID-19 Pneumonia	San Fu chemical's nurse	Online course
2	2022/08/02	How to deal with stress	San Fu chemical's nurse	Online course
3	2022/09/01	How to Improve Immunity and Environmental Immunity	San Fu chemical's nurse	Online course
4	2022/11/09	Metabolic Syndrome	San Fu chemical's nurse	Online course

Retirement Plan

The old pension system is based on the Labor Standards Act, and the new pension system is based on the Labor Pension Act. 6% of the monthly salary is paid to the labor pension personal account established by the Labor Insurance Bureau. Workers may also contribute up to 6% of their monthly salary to the special account according to their own wishes. In order to ensure the rights and interests of employees in claiming pensions, San Fu has also established a "Labor Retirement Reserve Supervision Committee" to supervise the use of employee pensions.

In accordance with the provisions of International Accounting Standards No. 19 (IAS19R), an actuary is regularly appointed to conduct pension actuarial and submit an evaluation report every year, so that the amount set aside by the company is sufficient to pay employee pensions. In addition, the Labor Retirement Reserve Supervision Committee also holds meetings from time to time for discussions, and ad hoc meetings when necessary. The content of the meeting focuses on the review of the amount of labor retirement reserves, the review of fund saving and expenditure, and the payment of labor pensions. Although we have not established a union, we still follow the government labor laws and hold regular labor-management meetings for two-way communication and collective consultation.

In addition, the company will evaluate the retiree's personal wishes and post-retirement arrangements. If the company still needs to utilize the retirees' experience and abilities, the company will re-hire them as consultants to assist their successors in their work, and at the same time, they will serve as career coaches to assist their successors in their career development. This retiree program not only buffers employees from shifting their focus after retirement, but also enhances their sense of achievement in their post-retirement life by serving as consultants.

◎ Retirement Award



- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
 - 5.1 Manpower Employment
 - 5.2 Employee Care
 - 5.3 Labor-Management Communication
 - 5.4 Career Development
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Labor-Management Communication

Compliance with the Labor Laws

We follow local labor regulations. When the company is about to undergo major operational changes, it will affect employees' employment rights and changes in various labor conditions. We 100% abide by the Labor Standards Act and the Act for Workers Protection for the Mass Redundancy to give advance notice before terminating the employment contract.

Communication Channels

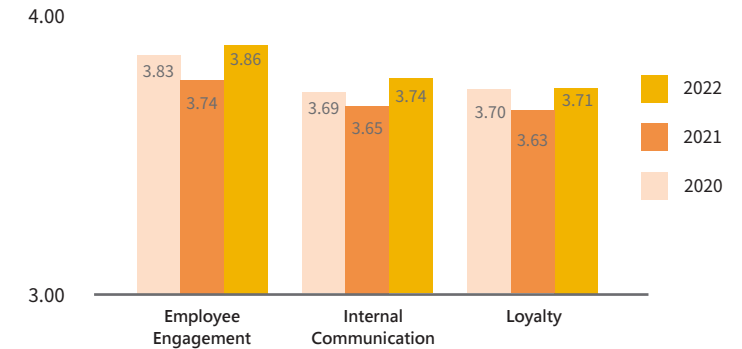
San Fu has set up an exchange platform for labor-management communication meetings. The chairman leads the senior executives every quarter to exchange opinions and discuss with labor representatives appointed by employees on a regular basis. When necessary, an ad hoc meeting can be held. The two sides will discuss issues such as the promotion of labor-management cooperation, the coordination of labor-management relations, the improvement of labor conditions, and the labor welfare planning. The communication channels are kept open, and employees' questions are promptly responded and handled. The goal is to create an environment where every employee can work hard and grow together.

Employee Satisfaction

San Fu believes that employee satisfaction comes from the leadership and good system of managers. As long as employees can achieve their self-realization needs in San Fu, San Fu will be a happy enterprise that enables employees to have a high degree of work engagement and job satisfaction. . The content of the questionnaire covers three aspects of employee engagement, internal communication, and loyalty, in order to have a more accurate measurement of employee satisfaction.

© 2022 Employee Satisfaction Survey Results (Five-point Scale)

Aspects of Survey	2020	2021	2022
Employee Engagement	3.83	3.74	3.86
Internal Communication	3.69	3.65	3.74
Loyalty	3.70	3.63	3.71
Total Average	3.74	3.67	3.77



According to the results of the employee satisfaction survey, although the year 2022 is higher than the year 2021 in all three aspects, San Fu upholds the spirit of continuous improvement, conducts in-depth investigations and interviews on relatively backward projects, and formulates relevant action plans to stabilize employees' attitude towards the centripetal force of the company. For San Fu, business runners attach great importance to the harmonious atmosphere between labor and management and the overall working environment, and the human resources unit also designs a series of questionnaires about self-actualization needs based on the famous psychologist Maslow' s hierarchy of needs theory, including "the opportunities for employees to maximize their abilities" and "continuously learning new things". Through follow-up, it is listed as one of the key points for the direction of the human resources work, and continuous communication with supervisors about employees' satisfaction and sense of achievement at work can build a happy company.

- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
 - 5.1 Manpower Employment
 - 5.2 Employee Care
 - 5.3 Labor-Management Communication
 - 5.4 Career Development
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Career Development

Performance Appraisal

In order to achieve the mission of sustainable operation and fulfill social responsibility, San Fu introduced the "Balanced Scorecard" in 2017 as the promotion model of the company's strategic development goals, and also used it as the work index and the ability to quantify work objectives and characterize functional behaviors. For the annual performance appraisal system, San Fu will examine the integrity and fairness of the appraisal system from time to time, including the rationality of target setting, the consistency of measurement standards, the connection between vertical and horizontal targets, the implementation of performance interviews and feedback mechanisms, performance coaching system, and personal development plan, etc. In terms of system, the company's overall operating profit is linked to individual performance, and special bonuses are issued every six months based on the evaluation results to effectively motivate employees with outstanding performance. In addition, the evaluation results are also used as a reference for the company's future training and career development, as well as the basis for salary adjustment and promotion. In 2022, the proportion of people who received performance appraisal accounted for 100% of the total number of appraisals.

◎ Balanced Scorecard



◎ Performance Appraisal System



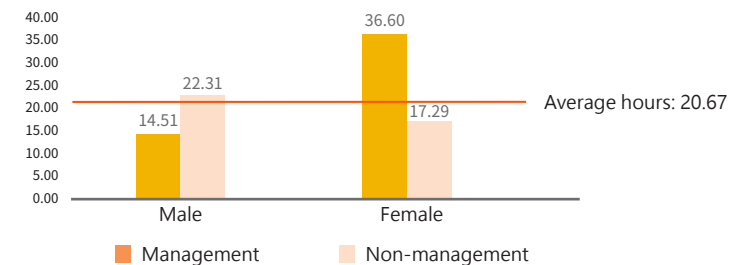
Employee Training Hours

San Fu Chemical has spared no effort in the training and development of employees. In addition to providing the skills required for employee development, it also accumulates management talents needed for the company's operation and development, and also improves the employee retention rate, so as to achieve the synchronization of employee and company development and a win-win situation for labor and management. This is one of the most important social responsibilities of San Fu Chemical.

In 2022, the average number of hours per person participating in education and training is 20.67 hours, a significant increase of 84% from the year 2021. We provide equal education and training rights for all employees regardless of gender. If further divided by gender, male employees receive an average of 21.21 hours of training each year, and female employees receive an average of 18.53 hours of training each year. Because the on-site shift personnel are mainly male, and must take the training course for the environmental safety and health certificate, so that the average training hours for men is slightly higher than that for women.

◎ Average number of hours of education and training per employee each year by gender and employee category

		Male	Female	Total
Management	Actual number of persons during the reporting period	43	5	48
	Hours of training during the reporting period (physical courses)	341.13	129	470.13
	Hours of training during the reporting period (online courses)	282.9	54.02	336.92
	Average hours of training during the reporting period	14.51	36.60	16.81
Non-management	Actual headcount during the reporting period	262	73	335
	Hours of training during the reporting period (physical courses)	3036.5	592	3628.5
	Hours of training during the reporting period (online courses)	2809.78	670.28	3480.06
	Average hours of training during the reporting period	22.31	17.29	21.22
Total	Number of people	305	78	383
	Hours	6470.31	1445.3	7915.61
Total No. of employees at the end of the reporting period	Number of people	305	78	383
	Average hours of training per employee	21.21	18.53	20.67



- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
 - 5.1 Manpower Employment
 - 5.2 Employee Care
 - 5.3 Labor-Management Communication
 - 5.4 Career Development
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Professional Training Course

San Fu Chemical has more diversified plans and more adequate training courses, providing employees with a variety of course options, including professional skills courses, to enhance their job functions. In 2018, the online learning system was launched to increase the convenience of learning courses, allowing employees to learn and grow continuously, so as to expand their personal potential, enrich their career planning, and promote self-realization. Training categories were divided into six categories: Basic Training, Functional Professional Skills, Advanced Job Skills, General Managerial Functions, and Executive Leadership Training Courses.

In order to achieve sustainable development, San Fu must survive and prosper in the competitive market environment, and continue to pursue growth momentum. In order to continue the “Organizational Development Workshop in 2021, the “OKR Objectives and Key Results” online course was designed in 2022 to cultivate the ambition of the supervisor, play the role of linking the previous and the next, stimulate the potential of the entire team, and create a prosperous development of San Fu. A total of 23 people have participants in this training course.

In addition, based on San Fu’s emphasis on ESG issues, in 2022, San Fu commissioned an external certified instructor to come to the factory to teach the “Introduction to Energy Management System and Essentials Course”, which includes development trends and overview, benefits of introduction, and case studies, etc., so as to facilitate the promotion of energy saving and carbon reduction related programs in the future. A total of 25 people have been trained in this course.

In addition, in order to enhance employees’ awareness of workplace bullying prevention and complaint channels, as well as their understanding of interpersonal boundaries and psychological protection in the workplace, the company has organized the “Workplace Bullying - No One Can Stay Out of It” online course, which effectively guides employees to understand the relevant issues through the use of laws and regulations, explanations by administrative agencies, and case sharing. A total of 370 people have been trained in this course.

Finally, in accordance with the Occupational Safety and Health Act and the Occupational Safety and Health Education and Training Rules, San Fu will regularly review the validity of the safety, environmental and health certificates of its employees and arrange retraining courses for those certificates that are about to expire. Starting from 2020, in order to enhance the effectiveness of the training provided and to minimize the hardship of the training employees, San Fu will assign employees from the factories to be the instructors of the courses of “Hazardous Operation Supervisor Safety and Health Education Training” and “First Aid In-service Training”. By taking into the account of the internal resources, the “Safety and Health Education and Training for Hazardous Work Supervisors” and “On-the-job Training for First Aid Providers” courses will be taught by in-house staff, and the on-the-job training will be tailored to the characteristics of the company’s own industry and operating environment.

During the year 2022, a total of 27 trainees have been trained in the “Safety and Health Education and Training Course for Hazardous Work Supervisors”.

Professional Training Course

Category	Professional Skill	Upper Management	Middle Management	Junior Staff	Professional staff	General employee	Recommended Course
Leadership	Strategic planning and vision leadership	●					Efficient decision
General management Skill	Nurturing and developing subordinates		●				Four vocations of leadership, OKR management
	Team leadership and collaboration		●				The Catfish Effect, The Seven Habits of Highly Effective People
Advanced job skills	Language skills			●	●		English course, Vietnamese course
Functional expertise	Professional skills training				●		SEAL lecture and practical operation course Lv.2, TPM Total Production Management
	ISO system training				●	●	ISO Auditor Training
	Safety and sanitation certificate training				●	●	Hazard general knowledge, hazardous operation supervisor, forklift and other work safety certification training
Basic Training	Core Values/ Organizational Culture	●	●	●	●	●	Integrity management, communication funnel, telephone etiquette, investment and financial management concept
	New employee training	●	●	●	●	●	Company Profile & Work Rules, General Safety and Health Education and Training, Promotion of Environmental Awareness and Description of Environmental Management System, ISO 9001 Quality Management System, SA 8000 Corporate Social Responsibility



- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
 - 5.1 Manpower Employment
 - 5.2 Employee Care
 - 5.3 Labor-Management Communication
 - 5.4 Career Development
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

E-learning System

In the past, learning was mainly physical learning. Nowadays, digital technology is changing rapidly. In order to keep pace with the time, the human resources unit introduced a digital learning platform at the end of 2018, so that colleagues are no longer limited by time and space, and can learn new knowledge through the Internet. The platform integrates various functions such as career learning map, knowledge management, license management, textbook e-learning and learning mobile device, so that colleagues can continuously improve their own abilities and the company's strength, and implement corporate business strategic goals and sustainable business responsibility.

During 2022, the effectiveness of the digital learning platform was as follows:

Online training for new recruits

A total of 31 tiers were conducted to save a total of 248 hours of face-to-face teaching by internal lecturers.

Online face-to-face courses

A total of 11 courses, including defensive driving training, ISO45001 hazard identification and risk assessment education and training, seven major methods of quality management, GHP food good hygiene practices guidelines, integrity management procedures and behavior guidelines, and SPC statistical process control, FMEA failure mode & effect analysis, on-the-job employee safety and health education and training, hazardous chemicals and fire general education and training, 8D methods of problem analysis and solution courses, and internal personnel education and training.

Online courses

OKR Objectives and Key Results, Workplace Bullying - No one is exempt.

Health promotion materials

Tips for maintaining mental health during COVID-19 epidemic, how to deal with stress, how to improve immunity and environmental immunity, and metabolic syndrome.

2022, Integrity Management Online Course

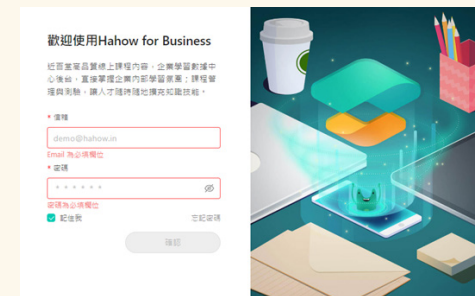
- The board of directors had a total of 8 participants with a completion rate of 100%
- A total of 362 internal colleagues participated in the training with a completion rate of 100%.

District/Gender	Female	Male	Total	Rate of Completion
Taipei	14	18	32	82.05%
Chupei	8	21	29	87.88%
Shanhua	45	163	208	96.74%
Liuying	11	65	76	98.70%
Kaohsiung	0	17	17	89.47%
Total	78	284	362	94.52%

Learning Organization Culture

San Fu regards every employee as an important asset. In addition to planning diversified and rich physical and online courses to enhance their work functions, San Fu also emphasizes on employees' own learning needs, therefore, in 2022, San Fu has collaborated with the Hahow Learning Platform to introduce the "Hahow for Business" corporate project, which includes a wide range of courses such as business management, digital marketing, data analysis, workplace skills, programming, visualization, foreign languages for business, and diversified life. Each trainee can choose any course they are interested in during the project period, regardless of time and place, to expand their personal potential, promote self-actualization, and further cultivate a learning-oriented organization culture to enhance the internal learning atmosphere of the company.

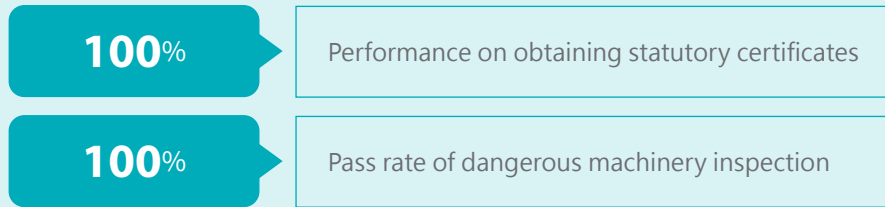
The project has been implemented for six months, with a total of 559 lessons, 887 hours of training, 7.6 hours of learning per person, and an overall satisfaction rate of 4.3.



- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management**
- Social Public Welfare Action
- Appendix

Occupational Safety and Health Management

- 6.1 Implementation of Occupational Safety and Health Management 79
- 6.2 Chemical Hazard Emergency Response Drill 83



- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
 - 6.1 Implementation of Occupational Safety and Health Management
 - 6.2 Chemical Hazard Emergency Response Drill
- Social Public Welfare Action
- Appendix

Implementation of Occupational Safety and Health Management

Management Policy

We continue to implement health and safety management standards (HS), establish a responsible team and management system, and formulate rigorous policies, procedures and management standards to promote internal safety and health management. We also actively cooperate with the Southern District Occupational Safety Center, Fire Department (Team), Labor Bureau and Shanhua District Health Center to create a safe, hygienic and healthy working environment.

Below is our safety policy

Compliance with the safety and health laws and regulations	To ensure that products, activities and services inside and outside the organization comply with regulatory requirements, we establish a safety and health management system, and regularly check the compliance of relevant regulations to ensure that they meet the requirements.
Continuous Injury Prevention and Health Management	Through safety and health non-conformance, correction and preventive measures, accident prevention skills and proposal improvement, and hierarchical management of personnel health examination results, effective control of workplace hazards and regular environmental testing can prevent work-related injuries, unhealthy and accidents and maintain the safety, hygiene and health of the community of all employees, suppliers, contractors and visitors, in order to achieve the goal of zero disasters and zero accidents.
Full participation and continuous improvement	Through continuous auditing activities and safety and health management reviews, drawbacks are found, and appropriate risk control techniques are used to effectively reduce and improve the risk of harm to stakeholders, so as to achieve the goal of "zero disasters".
Hazard identification and risk assessment	According to the regulations of the management system, each department must conduct hazard identification and risk assessment for the organization and products and services every year to identify high-risk operations, machinery, equipment or raw materials. Management solutions and budgets are made to improve and reduce organizational risk.
Establishment of corporate safety and health culture to strengthen safety and health education and communication	Promoted by implementing manager performance appraisal and employee safety, health and sanitation bonus measures, establishing corporate safety and health culture, and popularizing safety and health education and training among employees, workers and contractors, providing time and resources, and consulting employees and their representatives, participating in the implementation of safety and health management system.

Set up the occupational safety and health management committee

In accordance with Article 23 of the "Occupational Safety and Health Act", we have established a formal occupational safety and health management organization "Industry Safety Division", which is a dedicated first-level unit directly under the President's Office to assist in supervising and recommending occupational safety and health related planning, and reviewing related occupational safety issues. In addition, the "Occupational Safety and Health Committee" is also established and consisted of the company's President acting as the chairperson, and various department heads, and the company's Chairman personally chairs the meetings to review and improve the environment, safety, health, fire prevention, food safety and other related matters.

Complete Occupational Safety and Health Management System Validation

Through various occupational safety and health third-party certifications, we have implemented the health and safety management in line with national and international standards. At present, we have obtained the following third-party certifications of occupational safety and health management systems: ISO 45001 and CNS 45001.

Statistics of Third Party Certifications of Health and Safety (HS) Management Standards

	ISO 45001	CNS 45001
Shanhua Factory	●	●
Kaohsiung Factory	●	
Liuying Factory	●	

Hazard Identification Risk Assessment

Based on the laws and regulations, and the rules of the management system of the company, the company conducts risk identification for the employees, workers, contractors and guests in each factory who are engaged in various operations, operation of machinery and equipment, and use of chemicals in accordance with the "Hazard Identification, and Risk Assessment Control Procedures" on a regular basis every year, and defines a quantitative risk score according to the severity and frequency of accidents that may be caused by performing various operational activities, operating machineries or using chemicals. When the risk score falls between 120 and 159.9, it is considered "high risk", and the existing protection measures should be reviewed and prioritized for improvement to reduce the risk. If the risk score is greater than 160, it is considered an "unacceptable risk", and the operation needs to be stopped and the integrity of the existing protection measures should be reviewed immediately or an improvement plan should be implemented or the response ability should be strengthened. According to the hazard identification risk score of each department in 2022, there were 4 cases with high risk or above, and they were included in the current year management plan of 2022 for inspections, and all 4 cases were improved in 2022 with an achievement rate of 100%.

- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
 - 6.1 Implementation of Occupational Safety and Health Management
 - 6.2 Chemical Hazard Emergency Response Drill
- Social Public Welfare Action
- Appendix

Safety and Zero Disaster

According to the company's philosophy and policies, the Industrial Safety Department sets management goals, formulates execution plans, tracks and checks management performance according to the plans, and takes "safety and zero disasters" as the goal, attaching importance to the safety and health of each employee, and improves employees' risk awareness and safety knowledge by implementing risks evaluation, hazard identification, safety and health education and publicity, and pre-work meeting.

In order to achieve the goal of zero disasters in accordance with the law, in addition to formulating the "Code of Safety and Health Work" and sending it to the competent authority for certification, the company has formulated Chapter 8 "Accident Notification and Report" of the "Code of Safe and Healthy Work" for workers and expressly stated that workers exercising the right of withdrawal in accordance with the law shall not be subject to termination of labor contracts, demotions, loss of allowances and other unfavorable treatment.

Statistics and analysis of FR, SR and FSI are made monthly, and reports are made in the quarterly Occupational Safety and Health Committee and announced to employees. The FSI performance statistics over the years are as follows. In 2022, there were no disabling injuries to employees, and FSI=0. Looking forward to 2023, all colleagues of the company will continue to work hard to maintain the goal of zero disasters.

Occupational Accident Total Injury Index FSI Statistical Chart

$$\text{Formula: } \sqrt{\frac{\text{FR} \times \text{SR}}{1000}}$$

Item/Year	Employee			Non-employee (Contractor)		
	2020	2021	2022	2020	2021	2022
Experienced working hours (Hr)	662,370	722,632	750,065	70,742	64,159	54,098
Number of disabling injuries	2	1	0	0	1	0
Disabling Frequency Rate (F.R)	2.58	1.38	0	0	15.59	0
Loss in days of disabling injury	3	1	0	0	8	0
Disabling Injury Severity Rate (S.R.)	4	1.38	0	0	124.69	0
Frequency Severity Indicator (FSI)	0.1	0.04	0	0	1.39	0

2022 occupational injury statistics are as follows:

Item/Year	Employee			Non-employee (Contractor)		
	2020	2021	2022	2020	2021	2022
Experienced working hours (Hr)	662,370	722,632	750,065	70,742	64,159	54,098
Occupational Injuries Caused Deaths	0	0	0	0	0	0
Occupational Injuries Cause Mortality	0	0	0	0	0	0
Serious occupational injuries	0	0	0	0	0	0
Serious Occupational Injury Rate	0	0	0	0	0	0
Number of recordable occupational injuries	2	1	0	0	1	0
Rate of recordable occupational injuries	5.59	1.38	0	0	15.59	0
Lost day rate (LDR)	--	0.3	0	--	--	0
Total days of absence	--	6.9	0	--	--	0
Absence rate (AR%)	--	0.01	0	--	--	0
Main types of occupational injuries	Harmful substances Contact Stumble	Harmful substances Contact	None	None	Fall	None

Note 1: Except the lost day rate (LDR) in the table above, the rates were calculated based on 1,000,000 work hours and it covered all workers.

Note 2: Serious occupational injuries were disabling injuries which cannot be recovered within 6 months.

Note 3: Loss day rate (LDR, with the second decimal place unconditionally rounded off)=(Total number of lost days for disabling injuries/ Total number of hours worked) x 200,000.

Note 4: Absence rate (AR, with the second decimal place unconditionally rounded off and including casual leave, sick leave and absence, etc.)=(Total number of days absent/Total number of man-days worked) x 100%.

- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
 - 6.1 Implementation of Occupational Safety and Health Management
 - 6.2 Chemical Hazard Emergency Response Drill
- Social Public Welfare Action
- Appendix

Traffic Safety Management

We aim at traffic safety management, and then expand the tanker transportation safety management and employee traffic safety management, and establish a safety management with product safety and employee care as the core, mainly to enhance and promote the continuous efficiency of employee traffic safety of San Fu Group, invite employees' family members to participate in traffic safety activities and have a positive impact on the society by the promotion of traffic safety.

Vehicle accident frequency rate (VAFR) is calculated mainly based on long-term contractors and self-owned drivers.

$$VAFR = \frac{\text{number of accidents}}{\text{total number of driven km}} \times K \quad (K = \text{constant} = 1,000,000)$$

Employee traffic accident frequency rate (ETAFR): The employees make statistics on the property loss or casualty caused by traffic accidents in the factory, outside the road and in the customer's factory.

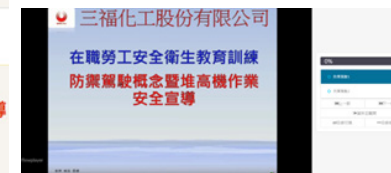
$$ETAFR = \frac{\text{Employee traffic accidents}}{\text{Total Employee Hours}} \times K \quad (K = \text{constant} = 1,000,000)$$

© Traffic Safety Performance Statistics

		2022
No. of traffic accidents	3	VAFR=3.36
Total mileage (km)	893,710	
No of employee's traffic accidents	2	ETAFR=45.36
Total employee's working hours (hr)	750,065	

San Fu Chemical has established a complete environmental safety and health system, and conducts defensive driving education courses for employees every year. The factory drivers and long-term contractors have specially formulated the "Transportation Safety Management Standard", and drivers are regularly educated on driving safety and training and publicity of transportation accident cases every year to develop correct concepts of personnel and reduce the chance of accidents.

Since 2019, employee defensive driving and forklift operation safety education courses have been offered on the San Fu online learning website, allowing employees to use their training time more flexibly.



Statistics and Improvement of Major Fines for Violations in Labor Safety

The company has not been subject to any penalties or major occupational disasters in 2022.

In 2022, the Tainan City Occupational Safety and Health Department has visited the factories once and the Southern District Occupational Safety and Health Center has visited the factories twice for labor inspections, and the deadlines for improvement are listed below.

© Statistics on Violations after Labor Inspection

Date	Cause	Competent Authority	Improvements
01/31	The process is not risk assessed.	Tainan City Labor Standards Section	The process is risk assessed.
	Explosion-proof electrical equipment is not inspected regularly.		Explosion-proof electrical equipment not inspected regularly.
06/21	An occupational safety and health management plan should be established based on the size of the business unit, including management of contractors. (Transportation contractors are not required to organize meetings and confirm insurance coverage.)	Southern Occupational Safety and Health Center of Occupational Safety and Health Administration, Ministry of Labor	In the future, the purchasing unit is required to request the relevant transportation contractors to complete the signing back of the minutes of the relevant organization meetings and the compilation of the insurance card information, which has been improved.
12/14	Less than 3 hours of pre-service training on hazardous chemicals for new employees.	Southern Occupational Safety and Health Center of Occupational Safety and Health Administration, Ministry of Labor	New employees and in-service laborers are required to complete education and training on hazardous chemical labels and to complete the trainee sign-in record.

- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
 - 6.1 Implementation of Occupational Safety and Health Management
 - 6.2 Chemical Hazard Emergency Response Drill
- Social Public Welfare Action
- Appendix

Safety and Health Education and Training

The company has established a complete environmental safety and health system, and organized various training courses on legal licenses in accordance with regulations and operational requirements to ensure production and industrial safety. For statistics on education and training data, please refer to "Statistics on Occupational Safety Education and Training" and "Statistics on the Performance of Colleagues in the Factory Obtaining Licenses".

© Statistics on occupational safety education and training in 2022

Course	Object	Type of course	Training hours	Training Rate
Work safety instructions	Contractor	Physical courses	3	100%
Defensive driving	All employees in the factories	Online course	1	100%
Hazardous chemicals Fire general knowledge and fire extinguisher operation training	All employees in the factories	Online course	3	100%

© Statistics on the performance of factory employees in obtaining statutory licenses in 2022

Certificate Item	No. of people obtained	Compliance with regulatory standards?
Occupational safety and health business manager	14	100% compliance
Occupational safety and health managers	1	100% compliance
Construction Industry Occupational Safety and Health Business Supervisor	2	100% compliance
Operators of stationary cranes over three metric tons	32	100% compliance
Specific Chemical Substance Work Supervisor Trainer	106	100% compliance
Operators for forklifts over 1 metric ton	134	100% compliance
Dangerous and Hazardous Materials Labeling and Communication Rules	172	100% compliance
Safety valve inspection and pressure, air tightness test	21	100% compliance
High pressure gas specific equipment operators	17	100% compliance
On-site safety and health supervisors	15	100% compliance
The first pressure vessel operator	11	100% compliance
First aider	54	100% compliance
Dust Operations Supervisor	8	100% compliance
Hypoxia operation supervisor	32	100% compliance
Organic Solvent Operations Supervisor	79	100% compliance
Boiler operator	12	100% compliance
Process Safety Assessor	2	100% compliance
Road Dangerous Goods Delivery Personnel	4	100% compliance
Security supervisor	2	100% compliance
Security inspector	2	100% compliance
Fire management	4	100% compliance
Health Services Nursing Staff	0	100% compliance

- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
 - 6.1 Implementation of Occupational Safety and Health Management
 - 6.2 Chemical Hazard Emergency Response Drill
- Social Public Welfare Action
- Appendix

Chemical Hazard Emergency Response Drill

Two tiers of drills are held every year to strengthen response ability

Chemical substances are prone to chemical hazards in the process of production, manufacture, storage, and transportation. Therefore, the company attaches great importance to the daily work safety awareness training, and holds two chemical disaster emergency response drills in the factory every year to ensure the safety of employees inside and outside the factory and the community, and achieve the ultimate goal of ensuring the safety of life and property of people.

From time to time, the company invites the Poison Disaster Response Team of National Kaohsiung University of Science and Technology and Fire Brigade to guide the emergency response training and review deficiencies, as the focus of the next drill to improve, and to implement the safety management of tanker transportation.

The company has established "Emergency Response and Handling Procedures". All duties, notification and handling procedures are handled in accordance with this procedure to minimize personnel and property losses when an accident occurs. All factories hold fire and disaster prevention drills every six months in accordance with regulations and cooperate with the supervision and guidance of the fire brigade to prevent disasters before they occur.

Photo of Chemical Hazard Emergency Response Drill (Kaohsiung Factory)



Photo of Chemical Hazard Emergency Response Drill (Shanhua Factory)



Content

Message from the Chairman

About the Report

About Us

Economic Performance

Sustainable Environment

Customer Commitment and Supply Chain Management

Creating Employee Enthusiasm

Occupational Safety and Health Management

6.1 Implementation of Occupational Safety and Health Management

6.2 Chemical Hazard Emergency Response Drill

Social Public Welfare Action

Appendix

© Chemical Hazard Emergency Response Drill

Factory	Item No.	Drill Time	Factory (Inside/outside)		Emergency drill items	Hypothetical drill items/contents
			Inside	Outside		
Shanhua Factory	1	2022/04//20	●		"Self-defense fire-fighting emergency response drill" held at Shanhua Factory in the first half of 2022	Contingency drill for a fire occurred in the R&D Department's clean test plant due to damaged electric wires in an earthquake.
	2	2022/10/19	●		"Self-defense fire-fighting group emergency response drill" held at Shanhua Factory in the second half of 2022	Contingency drill for a fire occurred in the gasoline storage area of the Management Section's waste storage yard due to an earthquake.
	3	2022/11/29	●		Fire Disaster Prevention and Fire Fighting Training	Fire Disaster Prevention and Fire Fighting Training.
	4	2022/11/23		●	National Kaohsiung University of Science and Technology-Southern District Poison Disaster Response Consultation Center Chemical Tanker Leakage Response Exercise	Commander-level Chemical Hazard Emergency Response Drill
Liuying Factory	1	2022/05/31	●		"Self-defense fire-fighting group emergency response drill" held at Liuying Factory in the first half of 2022	In the event of a simulated fire in the warehouse, emergency evacuation, emergency broadcast and evacuation guidance are conducted immediately, electrical facilities are shut down, injured patients are transported, and outdoor fire hydrants are used to extinguish the fire, and finally the personnel are assembled for a roll call.
	2	2022/10/24	●		"Self-defense fire-fighting group emergency response drill" held at Liuying Factory in the second half of 2022	This is a simulation of a tanker fire at 13:00 on October 24, 2022, with immediate emergency evacuation and emergency broadcasting and evacuation guidance, stopping the use of electrical facilities, moving injured patients and using outdoor fire hydrants to extinguish the fire, and finally assembling the personnel for roll call.
	3	2022/10/24	●		"Emergency response drill" held at Liuying factory in 2022	The tanker driver is driving the MEA tanker from the Liuying Factory to the filling area. On the road of the second and third phases of the Liuying Factory, there is a leakage of MEA from the tank body. The tanker driver and other personnel are not injured, but related personnel are required to assist in emergency response and leak prevention operations.
Kaohsiung Factory	1	2022/04/27	●		"Self-defense fire-fighting group emergency response drill" held at Kaohsiung Factory in the first half of 2022	C201 Reaction Tower is on Fire.
	2	2022/10/19	●		"Self-defense fire-fighting group emergency response drill" held at Kaohsiung Factory in the second half of 2022	Contingency drill for the leakage of aniline from drums of the filling factory.

Content

Message from the Chairman

About the Report

About Us

Economic Performance

Sustainable Environment

Customer Commitment and Supply Chain Management

Creating Employee Enthusiasm

Occupational Safety and Health Management

 6.1 Implementation of Occupational Safety and Health Management
 6.2 Chemical Hazard Emergency Response Drill

Social Public Welfare Action

Appendix

Medical Checkups for General and Special Operations

According to Article 20 of the "Occupational Safety and Health Act" and the labor health protection rules, San Fu Chemical stipulates the relevant matters of labor health examination, and provides employees with comprehensive health examinations to ensure that every employee can control their own health conditions. General medical checkups include adult health examinations of blood pressure, blood sugar, total cholesterol, liver, kidney function and urine protein check, electrocardiogram, chest X-rays, etc. to detect potential causes of disease in advance.

In addition, for employees whose work poses health hazards, such as work the involving noise, dust, lead, benzene, arsenic, manganese, cadmium, nickel, mercury and their compounds, a special medical checkup will be carried out every year according to law. In 2022, a total of 27 employees took the checkup, and 26 of them were judged to be requiring Level I or Level II management, where personal health guidance and relevant health education were provided, health management was carried out in accordance with the health inspection grading system, and follow-up tracking was carried out continuously. In addition, there was one employee who was classified as Level 4 management for noise operation. After the health consultation and risk assessment of the work site conducted by the factory doctor of the department of occupational medicine, there was no need for the employee to be appropriately assigned to another work site, but it was still recommended that the employee should be equipped with relevant protective gears and hearing protection when entering in the noise operation area of the work site.

Through a complete employee medical health examination for general and special operations and a grading management system for health risks, early detection of high-occurrence groups was carried out, and improvement at the source and health care at back end were combined to create a healthier and more comfortable working environment. For those who are unwell and suspected to be work-related, we will continue to formulate relevant occupational health care mechanisms to protect the health of our employees. Therefore, there were no cases of occupational diseases. Regarding the health care of contractors, the security guards in the factories are all middle-aged and elderly workers. Based on the principle of equal care, the company will include them in the annual health checkups of employees, and will take the initiative to care for their physical health and other preventive measures against overwork. In addition to the security personnel, the company will also activate the health care program for the employees of contractors in the plant and provide necessary assistance in a timely manner.

© Implementation of health examination statistics in 2022 (unit: person)

Category of Medical Checkup	Total no. of people	Level-1 management	Level-2 management	Level-3 management	Level-4 management
General health check	288	--	--	--	--
Special operation health check: Noise	5	--	4	--	1
Special operation health check: Dust	2	2	--	--	--
Special operation health check: Lead	15	15	--	--	--
Special operation health check: Arsenic	11	9	2	--	--
Special operation health check: Manganese	11	11	--	--	--
Special operation health check: Chromic acid	3	3	--	--	--
Special operation health check: Cadmium	11	11	--	--	--
Special operation health check: Nickel	11	11	--	--	--
Special operation health check: Mercury	9	8	1	--	--
Special Operation Health Check: DMF	2	2	--	--	--
Special Operation Health Check: TCE	1	1	--	--	--
Special Operation Health Check: Benzene	1	1	--	--	--
Special Operation Health Check: Bipyridine	1	1	--	--	--

- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
 - 6.1 Implementation of Occupational Safety and Health Management
 - 6.2 Chemical Hazard Emergency Response Drill**
- Social Public Welfare Action
- Appendix

Four major plans

In response to the four major plans proposed by the Occupational Safety and Health Administration, including human hazards, maternal health protection, abnormal workload, and illegal workplace violations, the company takes countermeasures as follows:

<div style="text-align: center; background-color: #f08080; color: white; padding: 5px; border-radius: 10px; margin-bottom: 10px;">Human hazards</div> <p>In the human factor hazard plan, the company conducts human factor health assessment questionnaires and assessment identification checklists according to different types of operations, and evaluates the level of risk exposed to workers. The quality control analysis experimenters found that there were 4 employees with the result of high and moderate risk. We visited the site together with the factory doctor and the personnel of the environmental safety unit, formulated and implemented improvement measures with the unit supervisor, and analyzed the reason for the long-term repetitive hand movements, which led to the risk of carpal tunnel syndrome and was adjusted to an automatic blender to reduce the risk of carpal tunnel syndrome.</p>	<div style="text-align: center; background-color: #4682b4; color: white; padding: 5px; border-radius: 10px; margin-bottom: 10px;">Maternal health protection</div> <p>When knowing an employee is pregnant, the employee and her supervisor will fill out the "Female Labor Maternal Health Risk Assessment Form". In 2022, one female pregnant employee was covered by the maternal employee health program, and the medical staff interviewed and assessed whether there is any hazardous substance that causes a risk of maternal health in the workplace, and provided health protection measures such as health guidance, hazard notification, and work adjustment if necessary, to ensure the physical and mental health of pregnant, postpartum, and breastfeeding female colleagues, so as to achieve the purpose of protecting maternal health, and informing relevant information of maternity subsidies and allowances, etc.</p>
<div style="text-align: center; background-color: #90ee90; color: white; padding: 5px; border-radius: 10px; margin-bottom: 10px;">Abnormal workload</div> <p>The "Overload Scale" is filled out for assessment annually. According to the risk level screened by personal risk factors, occupational specialists conduct interviews and health guidance for medium- and high-risk employees, and nurses provide relevant health information for low-risk employees and notify their supervisors for appropriate assistance.</p>	<div style="text-align: center; background-color: #ffa500; color: white; padding: 5px; border-radius: 10px; margin-bottom: 10px;">Workplace misconduct</div> <p>In the education and training of new and on-the-job employees, the training course on prevention of unlawful abuse in the workplace is included, and "Hazard Identification and Risk Assessment of Unlawful Abuse Prevention in the Workplace" is carried out for all employees every year. The senior management signs and declares the "Written Statement on the Prevention of Unlawful Abuse in the Workplace", through the configuration of a safe workplace and the appropriate deployment of manpower; another human resources unit establishes an "unlawful abuse notification and complaint investigation team" to carry out the investigation of illegal abuses and complaints and implement a workplace unlawful abuse prevention plan to reduce the chance of unlawful abuse both inside and outside the workplace.</p>

Hazardous machinery and equipment inspection 100% qualified

The installation status and quantity of hazardous machinery and equipment in each department are as follows. During the reporting period, the annual regular inspections were all qualified, and each department carried out inspections in accordance with its amended "Automatic Inspection Plan" every year.

Statistics on the number of qualified inspections of dangerous machinery and equipment

Managed objects	Name	Quantity
Hazardous equipment	The first pressure vessel	19
Hazardous equipment	High pressure gas setting equipment	13
Hazardous equipment	high pressure gas container	2
Hazardous equipment	boiler	2
Dangerous machinery	None	0
Total Qualified Quantity		36

On-site safety and health patrol inspection

We have formulated the "Responsibilities and Authority Control Procedures for Personnel at All Levels of Safety and Health", requiring supervisors at all levels, employees at each factory or special security personnel to conduct on-site safety and environmental inspections in their jurisdictions, as long as various violations of safety regulations are found, and deficiencies are reported in accordance with the Operational Procedures for Handling, Corrective and Preventive Measures for Environmental/Safety and Health Nonconformities, and begin to improve tracking and recording.

Tracking and Inspection

According to the regulations of the occupational safety management system, the company has established the "Internal Audit Management Procedures", which regularly audits the implementation of internal safety and health regulations, procedures and standards every year, and planned to conduct cross-audits of various departments. In 2022, there were 18 deficiencies in Shanhua Factory, 9 deficiencies in Liuying Factory, and 7 deficiencies in Kaohsiung Factory, all of which were improved in the current year.

Content

Message from the Chairman

About the Report

About Us

Economic Performance

Sustainable Environment

Customer Commitment and Supply Chain Management

Creating Employee Enthusiasm

Occupational Safety and Health Management

- 6.1 Implementation of Occupational Safety and Health Management
- 6.2 Chemical Hazard Emergency Response Drill

Social Public Welfare Action

Appendix

Assist in improving the occupational safety and health situation of business partners

Before the contractor enters the factory for construction, in addition to completing at least 3 hours of education and training courses of the relevant in-plant construction safety and health regulations in accordance with the "Contractor Management Procedures", the pre-construction safety and agreement organization meetings are held in accordance with the law, and necessary construction site occupational safety and health management units and designated personnel are set up, in addition to daily hazard notification before construction site operations, toolbox meetings, and in conjunction with the construction site supervisors in accordance with the "Safe Work Permit Procedures" to implement the relevant work before, during and after the operation.

In order to enhance the safety and health awareness of contractors and workers related to various constructions, the supervisors and occupational safety personnel of each department will visit the construction site regularly or irregularly, and those found to be violating regulations may be reported, improved, traced and recorded in accordance with the "Environment/Safety/Sanitation Non-compliance Handling, Correction and Preventive Measures Operation Procedures". If there is still no improvement, a fine or suspension will be imposed until the improvement is completed in accordance with the "Penalty Standards for Contractors Violating Safety, Health and Environmental Protection Regulations".

Safety and Health Information Sharing

In meetings or on bulletin boards, information or case sharing about major industrial safety accidents are posted and publicized regularly or irregularly to enhance the safety and environmental awareness of each factory, and the experience of others is used as a model to be vigilant at all times.

Bottom-up management encourages colleagues to make proposals

The "Accident Prevention Skills" as shown in the figure below is formulated to encourage employees to report more than one incident related to occupational hazards or dangers per month.

In 2022, a total of 2,005 company-wide reports were filed.

Perform according to the APT plan established by the supervisor, including the required frequency and the objects and subjects of observation.

Stay in the work area for observation.

Immediately contact the security or make improvement when unsafe behaviors, conditions or near-accidents are detected.

After safe communication, return to your desk and record the situation in your record book.

The APT operation is completed after the record is completed, and handed over to the department supervisor for compilation and statistics.

6S competition, more than one- million-dollar prizes have been given away.

The "6S Sorting and Rectification Activities Evaluation Management Procedure" and "6S Sorting and Rectification Implementation Standard" were formulated, and the 6S work reports and praise at the Occupational Safety and Health Committee meeting were conducted every quarter. All factories have implemented the 6S competition activities, which have 16 years of experience since promotion. Over the years, more than one million dollars of incentive bonuses have been distributed to departments with excellent performance so far.



- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
- Appendix

Social Public Welfare Action

7.1 Respond to Public Welfare with Practical Actions 89

- 98** hours

Community Service Hours: Adoption Road 0.5 km
- 150,000** dollars each

Sponsor Shanhua Junior High School and Elementary School Baseball Teams
- 1,000,000** dollars

Donation to Fu Lu Culture Foundation
- Cumulative Amount to **3,500,000** dollars

Scholarships for low-income students in public and private universities
- Total of **100,000** dollars

Sponsor the promotion of chemical events
- 10,000 to 20,000** dollars each

Sponsor local community/neighborhood events
- 40,000** dollars

Sponsor HannStar Foundation's movie documentary "No Man is An Island"
- 22,000** dollars each

Sponsor Graduation Ceremony Gifts for for Xiao Xin Elementary School and Jiaba Elementary School
- Since **2022**

Collaborated with the Blood Donor Center to organize blood donation activities in the factory



- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
 - 7.1 Respond to Public Welfare with Practical Actions
- Appendix

Respond to Public Welfare with Practical Actions

Adhering to the gratitude of "taking from the society and using it for the society", San Fu Chemical continues to invest in social welfare, give back to the neighboring communities through each operating base, and use relevant resources to contribute to the society's corporate responsibility, such as: cleaning the provincial roads outside the factory area, sponsoring neighborhood activities, participating in the promotion of community activities in neighboring schools, supporting local agricultural products, etc. In addition, to cultivate chemistry and chemical engineering talents, the company has set up scholarships and grants in relevant departments of domestic universities, hoping to cultivate outstanding talents and feed back to the society.

Adopting and cleaning roads to create a clean and beautiful living environment

In order to improve the air quality and clean environment in Tainan City, we responded to the road adoption by the Environmental Protection Bureau and took the initiative to maintain the surrounding traffic road environment and effectively suppress the generation of dust from vehicles.

Since 2012, manpower was arranged to clean the surrounding area and entrance and exit roads of the factory during office hours every day, and the total length of the road was 0.5 kilometers, and the number of community service hours was 98 hours. San Fu Chemical took the responsibility of maintaining the cleanliness of the surrounding environment and maintained a clean and beautiful environment and a good quality.



Cultivating Talents and Feeding Back to Society

Sponsor local community schools and associations for Siosinli and Jiabali in Shanhua District, Tainan

Sponsor the graduation gifts for Xiao Xin Elementary School in Xiao Xin of Shanhua District and Jiaba Elementary School in Jiaba of Shanhua District to encourage the graduates to move forward in their next journey in life.



Sponsor the Shanhua Junior High School and Shanhua Elementary School Baseball Teams and donate NT\$150,000 to each team to encourage students to learn and grow with passions.



In order to cultivate outstanding talents that are beneficial to the society and encourage students from the disadvantaged to study, we have set up scholarships and grants in the Department of Chemical Engineering of National Taiwan University, National Cheng Kung University and Tunghai University since 2015. NT\$150,000 is donated to each school annually. As of 2022, the total cumulative amount was \$3.55 million, and hoped that their professional knowledge could be used to invest in the industry and feedback to the society.



- Content
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating Employee Enthusiasm
- Occupational Safety and Health Management
- Social Public Welfare Action
 - 7.1 Respond to Public Welfare with Practical Actions
- Appendix

Promote chemistry, and popularize education

San Fu believes that education can inspire young minds, provide students with a full understanding of scientific knowledge and make learning more interesting. Therefore, San Fu continues to fund popularization that can improve quality education, such as education camps, seminars, etc.

Sponsor \$50,000 for Taiwan Chemical Industry Forum & Exhibition



The photo is taken from the website of Taiwan Chemical Industry Association.

Sponsor \$50,000 for Taiwan Chemical Engineering Association's 69th Annual Meeting.



The photo is taken from <https://2022twiche.tw/index.html>

Non-Stop Cultural Heritage

Responding to the needs of society and its cultural mission, we are committed to the collection and preservation of traditional artifacts and folk art, as well as their display, education and promotion.

Donate \$1,000,000 for the Fu Lu Culture Foundation



The photo is taken from the website of Beitou Museum.

On-going Community Involvement

In order to promote neighborhood harmony and maintain good community relations, Tainan Shanhua Factory has started involving in community involvement since 22 years ago. For Siao sinli and Jiapali in Tainan's Shanhua District, we sponsor the local community and participate in district activities.

Sponsored \$10,000 each for Siao sinli Community Patrol Team and Longevity Club Anniversary, and \$20,000 for Xiaoxinying Ancestor Temple Fellowship.



Sponsored \$10,000 for the Xiaoxinli community development of Shanhua district.



Sponsored \$16,000 for the Liuying District Volunteer Fire Squad



Spare No Effort for Medical Care

Concern about the impact of the epidemic, show the process of people embracing themselves warmly on this land with their own strength and courage during the epidemic, and drive the beautiful concept of kindness.

Sponsored \$40,000 for the HannStar Foundation's movie documentary "No Man is An Island"



The photo is taken from the website of HannStar Foundation.

The epidemic situation continues to be severe. As people reduce going out, blood safety stocks in blood donation centers in various places have declined rapidly. San Fu Chemical has joined hands with blood donation centers to hold blood donation activities in the factory



Content

Message from the Chairman

About the Report

About Us

Economic Performance

Sustainable Environment

Customer Commitment and Supply Chain Management

Creating Employee Enthusiasm

Occupational Safety and Health Management

Social Public Welfare Action

Appendix

- **GRI content index**
- Industry Standards of SASB: Chemicals
- Disclosed Items for the "Practices of Listed Companies in Preparing and Reporting Corporate Social Responsibility Reports"

GRI content index

Statement of use	San Fu Chemical Co., Ltd. has reported in accordance with the GRI Standards for the period [2022/01/01-2022/12/31].
GRI 1 used	GRI 1: Foundation 2021

	Disclosure	Page No.
	GRI 2: General Disclosures 2021	
2-1	Organizational details	4, 5
2-2	Entities included in the organization's sustainability reporting	5
2-3	Reporting period, frequency and contact point	4, 5
2-4	Restatements of information	4
2-5	External assurance	4, 26
2-6	Activities, value chain and other business relationships	22-25
2-7	Employees	65
2-8	Workers who are not employees	65
2-9	Governance structure and composition	29-31
2-10	Nomination and selection of the highest governance body	29-31
2-11	Chair of the highest governance body	29-31
2-12	Role of the highest governance body in overseeing the management of impacts	29-31
2-13	Delegation of responsibility for managing impacts	29-31
2-14	Role of the highest governance body in sustainability reporting	29-31
2-15	Conflict of interest	29-31
2-16	Communication of critical concerns	29-31
2-17	Collective knowledge of the highest governance body	Please refer to the San Fu' s 2022 Annual Report-Corporate Governance/ Directors' Continuing Education for more details, and enhance the overall knowledge of Board members on economic, environmental and social issues through regular quarterly Corporate Sustainability Reports and Management Team Reports.
2-18	Evaluation of the performance of the highest governance body	29-31
2-19	Remuneration policies	29-31
2-20	Process to determine remuneration	29-31

	Disclosure	Page No.
	GRI 2: General Disclosures 2021	
2-21	Annual total compensation ratio	30, 67
2-22	Statement on sustainable development strategy	14-18
2-23	Policy commitments	31, 32, 58, 59, 67, 68
2-24	Embedding policy commitments	31, 32, 58, 59, 62, 63, 76, 77
2-25	Processes to remediate negative impacts	58, 74
2-26	Mechanisms for seeking advice and raising concerns	58, 59, 74
2-27	Compliance with laws and regulations	32, 55
2-28	Membership associations	26
2-29	Approach to stakeholder engagement	8-9
2-30	Collective bargaining agreements	The company has not set up any labor union and there is no group agreement, but regular quarterly labor-management meetings are held and there is a smooth communication channel.
	GRI 3: Material Topics 2021	
3-1	Process to determine material topics	7
3-2	List of material topics	10-13
3-3	Management of material topics	11-13

Content

Message from the Chairman

About the Report

About Us

Economic Performance

Sustainable Environment

Customer Commitment and Supply Chain Management

Creating Employee Enthusiasm

Occupational Safety and Health Management

Social Public Welfare Action

Appendix

- GRI content index
- Industry Standards of SASB: Chemicals
- Disclosed Items for the "Practices of Listed Companies in Preparing and Reporting Corporate Social Responsibility Reports"

Major Topic 1: Economic Performance

Disclosure		Page No.
GRI 2: Economic Performance 2016		
201-1	Direct economic value generated and distributed	38, 55
201-2	Financial implications and other risks and opportunities due to climate change	34-36
201-3	Defined benefit plan obligations and other retirement plans	73

Major Topic 2: R&D Technology (Industrial Self-Defined Standard)

Disclosure		Page No.
R&D Technology		
1.	R&D expenditures	27-28
2.	Successful development of technologies or products	

Major Topic 3: Raw Material

Disclosure		Page No.
GRI 301: Raw Material 2016		
301-1	Materials used by weight or volume	48
301-2	Recycled input materials used	48
301-3	Reclaimed products and their packaging materials	48

Major Topic 4: Emissions

Disclosure		Page No.
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	51
305-2	Energy indirect (Scope 2) GHG emissions	51
305-3	Other indirect (Scope 3) GHG emissions	51
305-5	Reduction of GHG emissions	52
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	52

Major Topic 5: Sewage and Waste

Disclosure		Page No.
GRI 303: Water and Effluents 2018		
303-2	Management of water discharge-related impacts	53-54
303-3	Water withdrawal	52
303-4	Water discharge	53
303-5	Water consumption	52
GRI 306: Waste 2020		
306-3	Waste generated	54-55
306-4	Waste diverted from disposal	54
306-5	Waste directed to disposal	54-55

Major Topic 6: Labor/Management Relations

Disclosure		Page No.
GRI 401 Employment 2016		
401-1	New employee hires and employee turnover	66
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	69-70
401-3	Parental leave	68-69
GRI 402 Labor/Management Relations 2016		
402-1	Minimum notice periods regarding operational changes	74

Content

Message from the Chairman

About the Report

About Us

Economic Performance

Sustainable Environment

Customer Commitment and Supply Chain Management

Creating Employee Enthusiasm

Occupational Safety and Health Management

Social Public Welfare Action

Appendix

- GRI content index
- Industry Standards of SASB: Chemicals
- Disclosed Items for the "Practices of Listed Companies in Preparing and Reporting Corporate Social Responsibility Reports"

Major Topic 7: Occupational Safety and Health

Disclosure		Page No.
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	79
403-2	Hazard identification, risk assessment, and incident investigation	79-80
403-3	Occupational health services	85
403-4	Worker participation, consultation, and communication on occupational health and safety	79-80
403-5	Worker training on occupational health and safety	76, 77, 82
403-6	Promotion of worker health	71, 72, 73, 77
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	87
403-9	Work-related injuries	80
403-10	Work-related ill health	85-86

Major Topic 8: Training and Education, Employee Diversity and Equal Opportunity

Disclosure		Page No.
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	75
404-2	Programs for upgrading employee skills and transition assistance programs	76-77
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	30, 65, 66

Major Topic 9: Customer Health and Safety

Disclosure		Page No.
GRI 416: Customer Health and Safety 2016		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	32

Major Topic 10: Product and Service Quality

Disclosure		Page No.
GRI 417: Marketing and Labeling 2016		
417-3	Incidents of non-compliance concerning marketing communications	32

Major Topic 11: Customer Privacy

Disclosure		Page No.
GRI 418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	32

Major Topic 12: Environmental Protection and Social Economic Compliance (Industrial Self-Defined Standards)

Disclosure		Page No.
Environmental Compliance		
	Non-compliance with environmental laws and regulations.	32, 55
Sociueconomic Compliance		
	Non-compliance with laws and regulations in the social and economic area	32

Major Topic 13: Procurement practices, supplier environmental/social assessment

Disclosure		Page No.
GRI 204: Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	60-61
GRI 308: Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	61-63
GRI 414: Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	61-63

Content

Message from the Chairman

About the Report

About Us

Economic Performance

Sustainable Environment

Customer Commitment and Supply Chain Management

Creating Employee Enthusiasm

Occupational Safety and Health Management

Social Public Welfare Action

Appendix

- GRI content index
- **Industry Standards of SASB: Chemicals**
- Disclosed Items for the "Practices of Listed Companies in Preparing and Reporting Corporate Social Responsibility Reports"

Other General Topics Disclosure

Anti-Corruption

Disclosure		Page No.
GRI 205 Anti-corruption 2016		
205-2	Communication and training about anti-corruption policies and procedures	31, 77
205-3	Confirmed incidents of corruption and actions taken	31

Sustainability Disclosure Topic of Sustainability Accounting Standards Board (SASB)

Industry Standards: Chemicals

Topic	Code	Accounting Metric	Page No.
Greenhouse Gas Emissions	RT-CH-110a.1	Gross global Scope 1 emissions	51
		Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	0% (In 2022, Shanhua, Liuying and Kaohsiung factories were not regulated by the Environmental Protection Administration (EPA) and not subject to emission limitations.
Air Quality	RT-CH-110a.2	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	52
		Air emissions of the following pollutants: (1) NOx (excluding N ₂ O), (2) SOx, (3) volatile organic compounds (VOCs), and (4) hazardous air pollutants (HAPs)	52
Energy Management	RT-CH-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable, (4) total self-generated energy	50
Water Management	RT-CH-140a.1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	53
	RT-CH-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	0 case
	RT-CH-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	53-54
Hazardous Waste Management	RT-CH-150a.1	Amount of hazardous waste generated, percentage recycled	54

SASB Topic	SASB Code	Accounting Metric	Page No.
Community Relations	RT-CH-210a.1	Discussion of engagement processes to manage risks and opportunities associated with community interests	88-90
Workforce Health & Safety	RT-CH-320a.1	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	80
	RT-CH-320a.2	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	79
Product Design for Use-phase Efficiency	RT-CH-410a.1	Revenue from products designed for use phase resource efficiency	Currently, there are no statistics on the efficiency of our products at the using stage.
Safety & Environmental Stewardship of Chemicals	RT-CH-410b.1	(1) Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances	88.75%
	RT-CH-410b.2	(2) percentage of such products that have undergone a hazard assessment	100%
Genetically Modified Organisms	RT-CH-410c.1	Discussion of strategy to (2) develop alternatives with reduced human and/or environmental impact	35, 36, 61
Management of the Legal & Regulatory Environment	RT-CH-530a.1	Percentage of products by revenue that contain genetically modified organisms (GMOs)	San Fu has no GMOs-related products
Operational Safety, Emergency Preparedness & Response	RT-CH-540a.1	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	1. Invited to participate in industry forums from time to time. 2. Regularly discuss the impact of environmental laws and regulations at safety and environmental meetings
	RT-CH-540a.2	Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)	0 count/0%/0%
	RT-CH-540a.2	Number of transport incidents	1 case

Content

Message from the Chairman

About the Report

About Us

Economic Performance

Sustainable Environment

Customer Commitment and Supply Chain Management

Creating Employee Enthusiasm

Occupational Safety and Health Management

Social Public Welfare Action

Appendix

- GRI content index
- Industry Standards of SASB: Chemicals
- Disclosed Items for the "Practices of Listed Companies in Preparing and Reporting Corporate Social Responsibility Reports"

Disclosed Items for the "Practices of Listed Companies in Preparing and Reporting Corporate Social Responsibility Reports"

Item No.	Regulation	Page No.
Paragraph 2 of Article 3		
	The corporate social responsibility report mentioned in the preceding paragraph shall cover the evaluation of relevant environmental, social and corporate governance risks, and set establish relevant performance indicators to manage the major topics identified.	11-13
Paragraph 2 of Article 4		
1	Specify the types of injuries suffered by employees and calculate the injury rate, occupational disease rate, lost workday rate, absence rate, and number of work-related fatalities.	80
2	Point out the operations that have a significant actual or potential negative impact on the local community	55
3	Use specific and effective mechanisms and actions taken by enterprises and their suppliers to minimize negative impacts on the environment or society.	61-63
Paragraph 4 of Article 4		
1	Listed companies under Article 2 shall disclose the number of full-time employees who are not in supervisory positions, and the average and the median salary of full-time employees who are not in supervisory positions, and the difference of these three items with those of the previous year.	67
2	With regard to the corporate governance of climate-related risks and opportunities, and the actual and potential climate-related impacts, how a company identifies, assesses and manages the climate-related risks and the indicators and targets for assessing and managing the climate-related issues.	34-36

Content

Message from the Chairman

About the Report

About Us

Economic Performance

Sustainable Environment

Customer Commitment and Supply Chain Management

Creating Employee Enthusiasm

Occupational Safety and Health Management

Social Public Welfare Action

Appendix

- GRI content index
- Industry Standards of SASB: Chemicals
- Disclosed Items for the "Practices of Listed Companies in Preparing and Reporting Corporate Social Responsibility Reports"

PwC's Independent Limited Assurance Report



會計師有限確信報告

三福化工股份有限公司 公鑒：

本事務所受三福化工股份有限公司（以下稱「貴公司」）之委任，對 貴公司選定民國 111 年度永續報告書所報導之關鍵績效指標（以下稱「所選定之關鍵績效指標」）執行確信程序。本會計師業已確信竣事，並依據結果出具有限確信報告。

標的資訊與適用基準

本確信案件之標的資訊係 貴公司上開所選定之關鍵績效指標，有關所選定之關鍵績效指標及其適用基準詳列於 貴公司民國 111 年度永續報告書第 97 頁之「確信項目彙總表」。前述所選定之關鍵績效指標之報導範圍業於永續報告書第 5 頁之「報告書範疇與邊界」段落述明。

上開適用基準係為臺灣證券交易所「上市公司編製與申報永續報告書作業辦法」與相關問答集及有關法令之規定，以及 貴公司依行業特性與其所選定之關鍵績效指標參採或自行設計其他基準。

管理階層之責任

貴公司管理階層之責任係依照臺灣證券交易所「上市公司編製與申報永續報告書作業辦法」與相關問答集及有關法令之規定，以及 貴公司依行業特性與其所選定之關鍵績效指標參採或自行設計其他基準，以編製永續報告書所選定之關鍵績效指標，且維持與所選定之關鍵績效指標編製有關之必要內部控制，以確保所選定之關鍵績效指標未有導因於舞弊或錯誤之重大不實表達。

會計師之責任

本會計師係依照確信準則 3000 號「非屬歷史性財務資訊查核或核閱之確信案件」，對所選定之關鍵績效指標執行確信工作，以發現前述資訊在所有重大方面是否有未依適用基準編製而須作修正之情事，並出具有限確信報告。

本會計師依照上述準則所執行之有限確信工作，包括辨認所選定之關鍵績效指標可能發生重大不實表達之領域，以及針對前述領域設計及執行程序。因有限確信案件取得之確信程度明顯低於合理確信案件取得者，就有限確信案件所執行程序之性質及時間與適用於合理確信案件者不同，其範圍亦較小。

本會計師係依據所辨認之風險領域及重大性以決定實際執行確信工作之範圍，並依據本委任案件之特定情況設計及執行下列確信程序：

資誠聯合會計師事務所 PricewaterhouseCoopers, Taiwan
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27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei 110208, Taiwan
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- 對參與編製所選定之關鍵績效指標之相關人員進行訪談，以瞭解編製前述資訊之流程、所應用之資訊系統，以及攸關之內部控制，以辨認重大不實表達之領域。
- 基於對上述事項之瞭解及所辨認之領域，對所選定之關鍵績效指標選取樣本進行包括查詢、觀察及檢查等測試，以取得有限確信之證據。

此報告不對民國 111 年度永續報告書整體及其相關內部控制設計或執行之有效性提供任何確信，另外，民國 111 年度永續報告書中屬民國 109 年度之資訊未經本會計師確信。

會計師之獨立性及品質管理規範

本會計師及本事務所已遵循會計師職業道德規範中有關獨立性及其他道德規範之規定，該規範之基本原則為正直、公正客觀、專業能力及專業上應有之注意、保密及專業行為。

本事務所適用品質管理準則 1 號「會計師事務所之品質管理」，因此維持完備之品質管理制度，包含與遵循職業道德規範、專業準則及所適用法令相關之書面政策及程序。

先天限制

本案諸多確信項目涉及非財務資訊，相較於財務資訊之確信受有更多先天性之限制。對於資料之相關性、重大性及正確性等之質性解釋，則更取決於個別之假設與判斷。

有限確信結論

依據所執行之程序與所獲取之證據，本會計師並未發現所選定之關鍵績效指標在所有重大方面有未依臺灣證券交易所「上市公司編製與申報永續報告書作業辦法」與相關問答集及有關法令之規定，以及 貴公司依行業特性與其所選定之關鍵績效指標參採或自行設計其他基準編製而須作修正之情事。

其它事項

貴公司網站之維護係 貴公司管理階層之責任，對於確信報告於 貴公司網站公告後任何所選定之關鍵績效指標或適用基準之變更，本會計師將不負就該等資訊重新執行確信工作之責任。

資誠聯合會計師事務所

會計師 游 淑 芬



中華民國 112 年 7 月 12 日

Content

Message from the Chairman

About the Report

About Us

Economic Performance

Sustainable Environment

Customer Commitment and Supply Chain Management

Creating Employee Enthusiasm

Occupational Safety and Health Management

Social Public Welfare Action

Appendix

- GRI content index
- Industry Standards of SASB: Chemicals
- Disclosed Items for the "Practices of Listed Companies in Preparing and Reporting Corporate Social Responsibility Reports"

附錄 確信項目彙總表

編號	確信標的	頁碼	適用基準	其它說明
1	<p>2022 年度善化廠、柳科廠及高雄廠各能源使用量以 10 億焦耳為單位換算熱能之總額共計 212,786，分別為：</p> <p>(1)外購電力 134,474</p> <p>(2)柴油¹ 2,236</p> <p>(3)天然氣 76,076。</p> <p>¹ 柴油使用量邊界主要使用於本公司自有運輸車輛，包括歐翼車 1 台及槽車 5 台，做為出貨運輸使用。</p>	50	三福化工彙整外部供應商繳費單據統計能源使用量總和。	「上市公司編製與申報永續報告書作業辦法」第四條第一項規定之應加強揭露永續指標。
2	<p>2022 年度之取水量共計 379.92 百萬公升，分別為：</p> <p>(1)善化廠：自來水 25.59 百萬公升 地下水 286.40 百萬公升</p> <p>(2)柳科廠：自來水 17.49 百萬公升</p> <p>(3)高雄廠：工業用水 50.44 百萬公升。</p> <p>2022 年度善化廠、柳科廠及高雄廠耗水量²分別為 134.99 百萬公升、11.49 百萬公升及 21.44 百萬公升，共計 167.92 百萬公升。</p> <p>2022 年度善化廠、柳科廠及高雄廠廢水量分別為 177 百萬公升、6 百萬公升及 29 百萬公升，共計 212 百萬公升。</p> <p>²耗水量計算為總取水量減廢水量。</p>	53 54	<p>三福化工彙整外部供應商繳費單據之自來水及工業用水之取水量總和；及自行統計並申報經濟部水利署水權資訊網之地下水取水量總和。</p> <p>三福化工自行統計並申報環境保護局之廢(汗)水排放量總和。</p>	「上市公司編製與申報永續報告書作業辦法」第四條第一項規定之應加強揭露永續指標。
3	<p>2022 年度善化廠、柳科廠及高雄廠之有害廢棄物共計 842.34 公噸，種類如下：</p> <p>(1)其他含有毒重金屬且超過溶出標準之混合廢棄物 0 公噸</p> <p>(2)廢液 pH 值≤ 2.0 842.34 公噸。</p>	54	<p>依據環境保護署「廢棄物清理法」及三福化工「事業廢棄物清理計劃書」之規定所清理之有害廢棄物。</p> <p>三福化工委託清運並申報環境保護署事業廢棄物申報及管理資訊系統之有害廢棄物清運量總和。</p>	「上市公司編製與申報永續報告書作業辦法」第四條第一項規定之應加強揭露永續指標。

編號	確信標的	頁碼	適用基準	其它說明
4	<p>2022 年度員工之失能傷害發生次數共 0 次，員工之失能傷害頻率(FR)、失能傷害嚴重率(SR)及綜合傷害指數(FSI)皆為 0。</p> <p>2022 年職業傷害統計如下：</p> <ul style="list-style-type: none"> - 職業傷害比率 0 - 損工率(LDR) 0 - 缺勤總天數(天) 0 - 缺勤率(AR%) 0 	80	依據職業安全衛生法統計之各項數據。	「上市公司編製與申報永續報告書作業辦法」第四條第一項規定之應加強揭露永續指標。
5	<p>2022 年度之空氣污染物排放量共計 7.28 噸，分別為：</p> <p>(1)善化廠：</p> <ul style="list-style-type: none"> 氮氧化物(NO_x) 3.25 噸 硫氧化物(SO_x) 0 噸 揮發性有機化合物(VOC) 2.18 噸 懸浮微粒(PM) 0.07 噸 <p>(2)柳科廠：</p> <ul style="list-style-type: none"> 揮發性有機化合物(VOC) 1.33 噸 <p>(2)高雄廠：</p> <ul style="list-style-type: none"> 揮發性有機化合物(VOC) 0.45 噸 <p>2022 年度善化廠、柳科廠及高雄廠放流水 COD 值平均濃度分別為 57 mg/L、94 mg/L 及 37 mg/L。</p>	52 54	三福化工彙整廠區空氣品質檢測數據及水質檢測數據。	「上市公司編製與申報永續報告書作業辦法」第四條第一項規定之應加強揭露永續指標。
6	<p>2022 年度供應商年度評比精密化學品 54 家及基礎化學品 55 家，共計 109 家。</p> <p>2022 年度供應商稽核總計 21 家。</p>	61 62	三福化工彙整供應商評比及稽核評鑑數據。	「上市公司編製與申報永續報告書作業辦法」第四條第一項規定之應加強揭露永續指標。
7	<p>2022 年度產品產量分別為精密化學品 36,630 噸及基礎化學品 4,441 噸，共計 41,071 噸。</p>	23	依據三福化工股東會年報揭示生產量值數據。	「上市公司編製與申報永續報告書作業辦法」第四條第一項規定之應加強揭露永續指標。



2022
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