

ESG REPORT



2021
SAN FU CHEMICAL CO., LTD.



SAN FU

CONTENTS

Message from the Chairman	2
About the Report	4
1. About Us	20
2. Economic Performance	33
3. Sustainable Environment	41
4. Customer Commitment and Supply Chain Management	57
5. Creation of Employee Enthusiasm	67
6. Occupational Safety and Health Management	82
7. Social Public Welfare Action	94
Appendix	98

Contents

Message from the Chairman

About the Report

About Us

Economic Performance

Sustainable Environment

Customer Commitment and
Supply Chain Management

Creating of Employee Enthusiasm

Occupational Safety and Health
Management

Social Public Welfare Action

Appendix



Message from the Chairman

Message from the Chairman

3



The economic situations in 2021 continue to be affected by the Covid-19 pandemic. There was a slight delay in construction and test run of San Fu (Vietnam) ASU plant and material plant. The U.S.-China trade war and high-tech sanctions have resulted in adjustments of productions and supply chains. Electronics industries such as telecommunications, teaching, 5G, AI, electric vehicles, and servers are still booming. Taiwan's GDP growth has reached 6.28%.

Our company's revenue has increased by 25% and profit by 68% and we performed very well. This is the outcome resulted from the efforts of all colleagues in the company, and I thank you for your efforts. We know that when digging soil with a shovel, the harder we dig, the deeper we get, and the same applies to doing things, only if we put up all efforts and strengths, we will have good results. There are several driving powers in the operation of the company (1) Creativity (2) Productivity (3) Sales Power (4) Purchasing power (5) Investment power (6) Management power. These are the results of our colleagues who have put forth the greatest possible effort intentionally to make them happened.

The percentage of the use of renewable raw materials will be increased to 20%. As to the recovery of Greenhouse gas CO₂, the joint venture - Hong Cheng Enterprise recovered 6,697 T CO₂, a 9% increase from last year.

As the PHBA production increases, we also consume more CO₂ relatively, summing up to a total of 1,970 T CO₂ in 2021. It is a pity that LiFu had no CO₂ recycled from CPDC (Toufeng Plant) last year and the production did not start until 2021/12/30. At present, we are also studying whether the CO₂ emitted by a chemical plant can be effectively recovered? If possible, there will be a recovery of 36,000T CO₂ per year. The implementation of sustainable management also needs to start from employees and their

families, practice frugality in concept, and promote 5S practices to families in behavior. Each employee is given a 360cc thermos bottle, and all employees bring their own water and containers for meetings and trips, and use less plastic bottles and paper cups. After the meeting, we turn off the lights and air conditioners, relocate tables and chairs, and clean up garbage, and the factory conducts 5S observation and competition every month to develop the habit of saving resources. For social welfare, in addition to the donations to National Taiwan University, National Chengchi University, and Tunghai University, we also continue to support Shanhua Elementary School and Junior High School Baseball Teams, and donate to the Foundation for Children with Developmental Delay, the Fu Lu Culture Foundation, and the K-T Wang Bioorganic Chemistry Foundation. In fact, in recent years, the Fu Lu Culture Foundation has cooperated with the National Taiwan Normal University Art Museum to organize and display modern art works, which has made great contributions to the preservation of modern art. 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, the mankind, and the earth.

2022.05.11

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

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



About the Report

Overview	5
Corporate Sustainability Committee	7
Identification of Stakeholders and Major Themes	8
Sustainable Development Management Indicators	14
2021 Sustainability Performance Highlights	19

Overview

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 2021, and the information disclosure period of the 2021 ESG Report is from January 1, 2021 to December 31, 2021. The report released last time was in June 2021. 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

The information is revised as follows:

- (1) The "bank" used in the illustration for the 2020 stakeholders identification is a typographical error and corrected to "investor/shareholders".
- (2) The 2020 Greenhouse Gas Emissions Intensity Unit of 24,674 kg CO₂e is a typographical error and corrected to 24,674 ton CO₂e.

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. At the same time, this report follows the core options of the GRI guidelines 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 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 by Taiwan Accreditation Foundation (TAF) authentication.

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 verified by the British Standards Institution (BSI) Taiwan Branch.
- The GHG performance data of the Shanhua, Liuke 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.
- Third-party verification of the AA1000AS v3 Assurance Standard Type 1 Moderate Assurance Level.
- This report has obtained the accountant's limited assurance from PwC Taiwan, according to the Standard on Assurance Engagement Bulletin No. 1 "Assurance Engagment on Non-financial Information Audit or Review"



Category Boundaries

The data source for the economic and social categories of this report is the consolidated financial statements published in the "2021 San Fu Chemical Annual Report", which includes the Taipei Head Office, Tainan Shanhua Plant, Liuying Plant, and Kaohsiung Plant. In the environmental category, the product manufacturing factories: Tainan Shanhua Plant, Liuying Plant, and Kaohsiung Plant are the main exposure boundaries; the Taipei Headquarters mainly uses water-saving measures for

domestic water and indoor use of LED fluorescent lamps to reduce greenhouse gas emissions. This report discloses a total of 4 operating sites. Some of the information is different from the previous version of the report. The difference is that from 2021, a third-party organization will be added to verify the GHG performance, which will be expanded to Liuying Plant and Kaohsiung Plant.

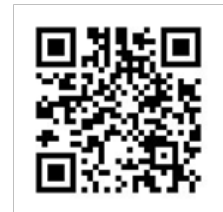
| Operating Bases and Report Information Disclosure Boundaries

Operations	Address	Number of employees	Responsibility	Scope of Disclosure		
				Economy	Environment	Society
Taipei Headquarters	7F, No. 21, Section 2, Zhongshan North Road, Zhongshan District, Taipei City	43	Decision Making Center	●	●	●
Tainan Shanhua Plant	No.340, Xiaoxinying, Shanhua District, Tainan	198	Product Manufacturing	●	●	●
Tainan Liuying Plant	No. 1 Huanyuan E. Rd. Sec. 1, Liaoying District, Tainan	65	Product Manufacturing	●	●	●
Kaohsiung Plant	45 Zhongheng St., Xiaogang District, Kaohsiung City	18	Product Manufacturing	●	●	●

Contact Information

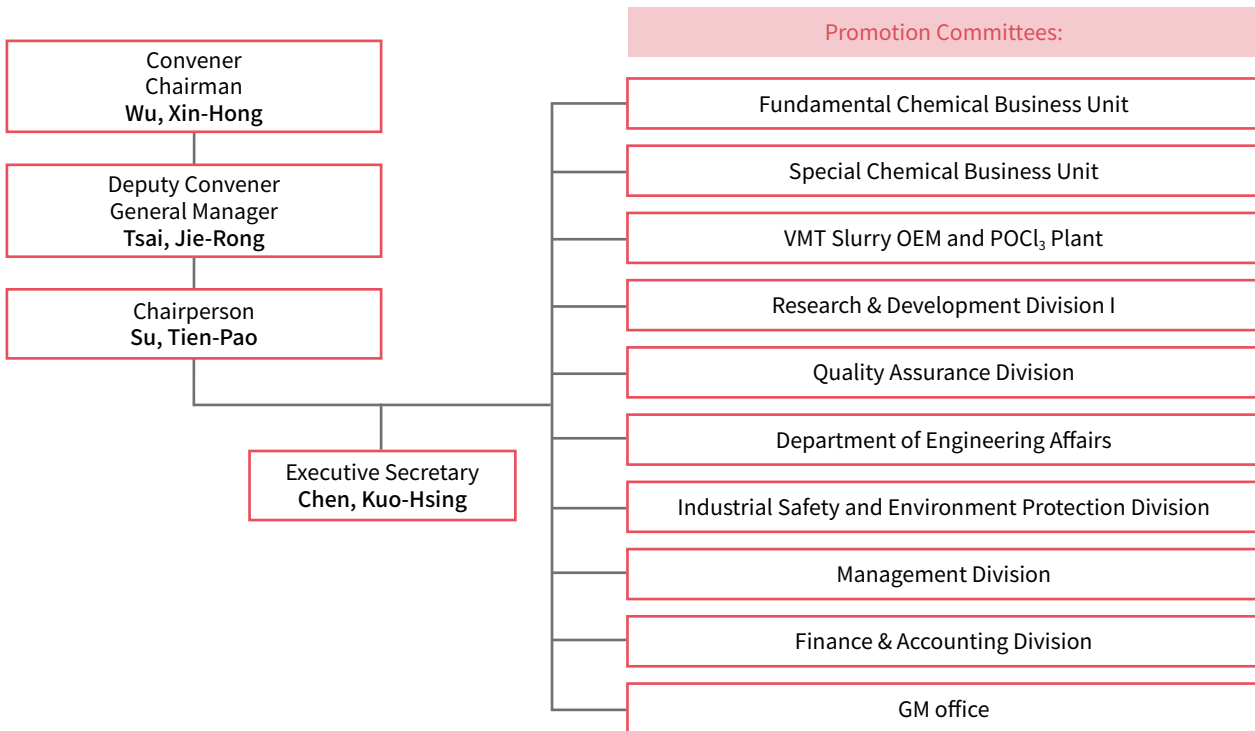
If you have any suggestions or information about the "San Fu Chemical Co., Ltd. 2021 ESG Report", you are welcome to contact us through the following methods. For the convenience of inquiries, we also publish the report on the official website at the same time.

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



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 department is responsible for promotion and coordination, each major department has separate implementation committees and executive committees, with a total of 28 staff members.

- Information collection
 The executive committee is responsible for promoting relevant issues and compiling data. The implementation committee 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, regularly reports to the board of directors on the sustainability performance and strategic goals.

Identification of Stakeholders and Major Themes

Communication with Stakeholders

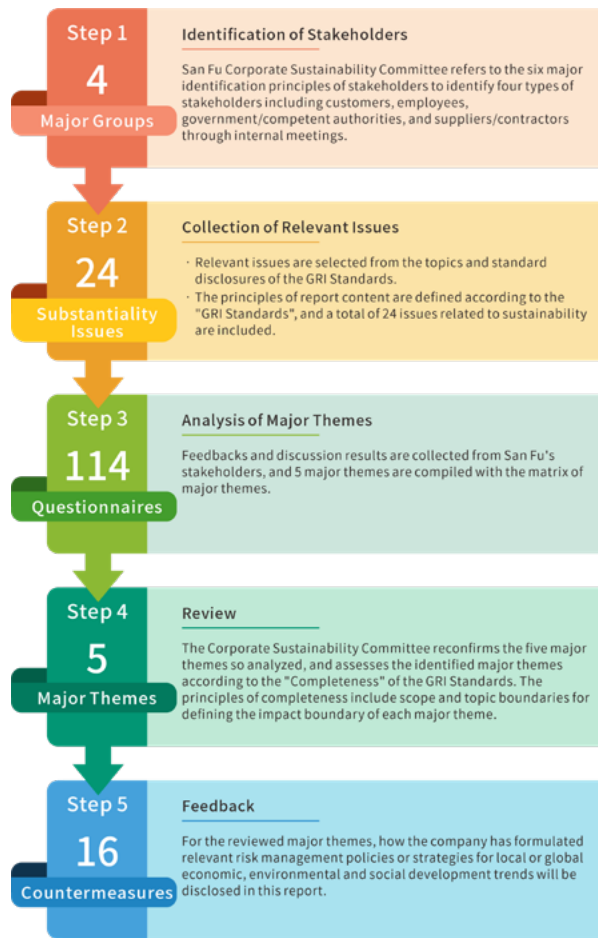
The Corporate Sustainability Committee identifies the types of stakeholders based on six aspects: responsibility, influence, intimacy, policies and strategies, representativeness, and dependence of various stakeholders, implements the

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.



Note: The "bank" used in the illustration for the 2020 stakeholders identification is a typographical error and corrected to "investor/shareholders"

| 5 steps to identify major themes



* 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.

Extensive Collection of Various International Sustainability Indicators

In addition to the GRI guidelines, we also incorporate more 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 of the TCFD

For external stakeholders, a general meeting of shareholders 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,

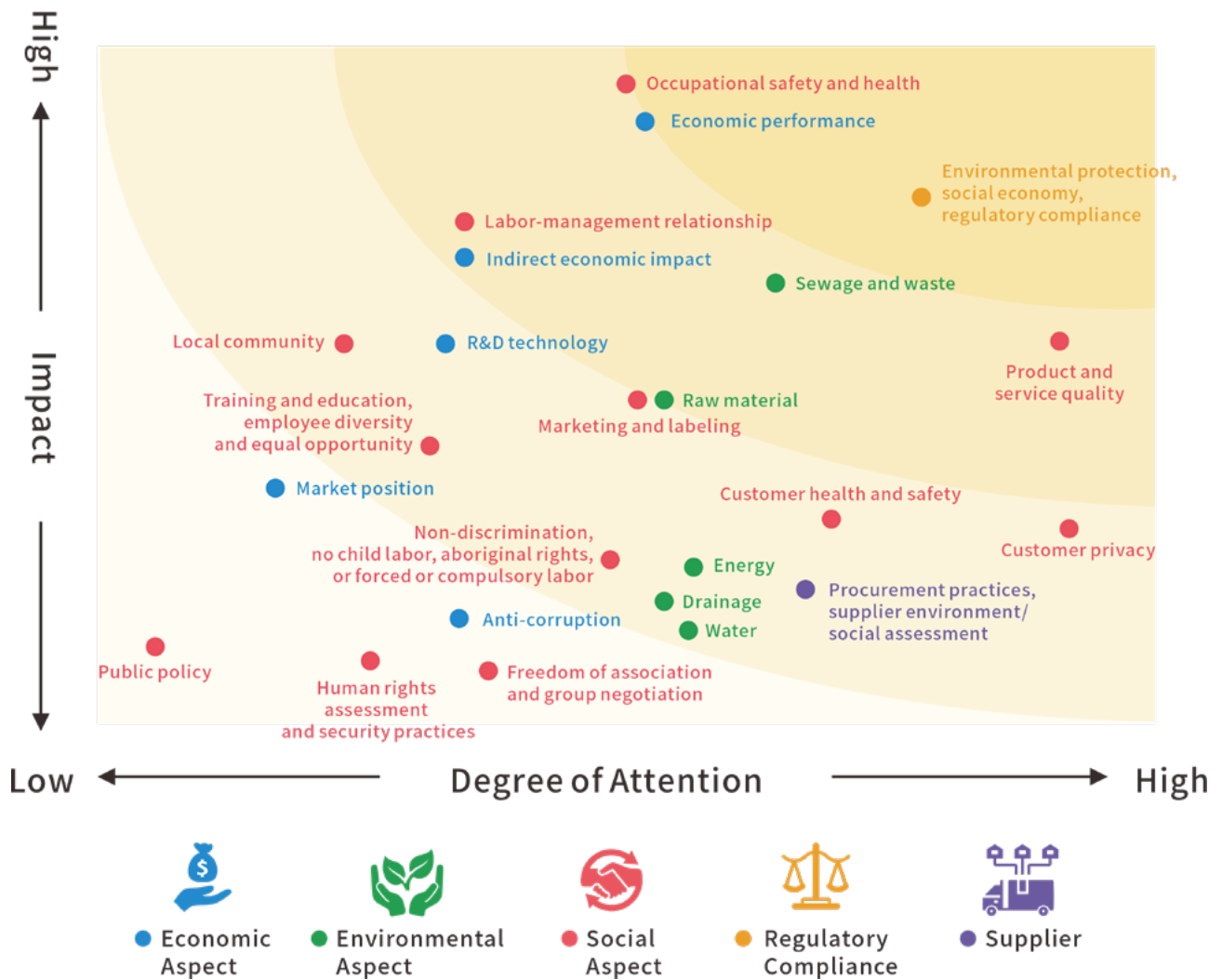
we will hand it over to the accounting department to formally respond to the media's questions, and issue a public press release on the Taiwan Stock Exchange's Market Observation Post System or the company's official website. At the same time, we are also actively working closely with our internal stakeholders.

Communications includes holding the board of directors at least once a quarter, and holding the labor-management, occupational safety, health and environmental protection committee 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 of engagement method, frequency and specific procedure for all stakeholders.

| Engagement Method, Frequency and Specific Procedures for All Stakeholders

Types of Stakeholders	Ways of Communication	Concerned Issues	San Fu's Response	Countermeasures
Customers	Telephone, e-mail, face to face visit, company website/irregularly Customer Satisfaction Survey/yearly	Product and service quality Environmental protection, Social economy Regulatory compliance Economic performance	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	See "About Us" (1) Economic performance (2) Sustainable environment (3) and customer commitment and supply chain management (4) Chapter
Employees	Announcement platform, employee opinion platform, market observation Post system/Irregularly Labor-management meeting, welfare committee meeting, safety and environmental protection committee/quarterly	Labor-management relationship Occupational safety and health Economic performance Environmental protection, Social economy Regulatory compliance	San Fu provides equal employment opportunities 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.	See "About Us" (1) Economic performance (2) Sustainable environment (3) Creating Employees' Enthusiasm (5) and occupational safety and health management (6) Chapter
Government/ Competent Authorities	Competent authority inspection, e-mail, official documents, Internet, and competent authority policy announcement Guidance meeting, market observation post system/irregularly	Environmental protection, Social economy Regulatory compliance Occupational safety and health Labor-management relationshi	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.	See "About Us" (1) Economic performance (3) Creating Employees' Enthusiasm (5) and occupational safety and health management (6) Chapter
Suppliers/ Contractors	Supplier audit/yearly Telephone, e-mail, factory audit, written letter/irregularly	Product and service quality Environmental protection, Social economy Regulatory compliance Economic performance Occupational safety and health	Sanfu 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.	See "About Us" (1) Economic performance (2) Sustainable environment (3) and customer commitment and supply chain management (4) and occupational safety and health management (6) Chapter

| Analysis of Matrix of Major Themes



The 24 sustainability-related issues in 2020 and 2021 are the same, but due to the different results on the identification of stakeholders, the major themes in 2021 are slightly different from those in 2020. There are 5 major themes identified in 2021, and the number of major themes in 2021 decreases by one compared with the previous year, and the differences in the matrix of major themes are described as follows:

| Differences in the matrix of major themes

2021 Sustainability Issues	Year-to-Year	DifferenceDescription
Labor-management relationship	Improved substantially	2021 primary theme
Customer privacy	Reduced substantially	2021 secondary theme
Customer health and safety	Reduced substantially	2021 secondary theme

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

● Direct Impact ○ Indirect Impact ◎ Commercial Impact

Aspect	Echoing SDGs	Major theme	Importance to operation	Responding chapter	Responding to GRI indicator	Impact boundary value chain		
						Upstream Supplier/ customer	Midstream San Fu	Downstream Customer
Social aspect		Occupational safety and health	People are San Fu's important assets. Maintaining the safety and health of employees is the key to sustainable operation, and letting employee work safely and happily can produce the highest labor efficiency	Occupational safety and health Management (6.)	403-1 403-2 403-3 403-4 403-5 403-6 403-7 403-9 403-10	◎	●	◎
		Employee-employer relationship	Providing high-quality remunerations and benefits to attract and retain talents, feeding back to employees for their dedication and contribution, increasing employees' sense of belonging in addition, and using a good Labor-management communication bridge to reflect colleagues' suggestions and views in order to prevent future losses incurred by labor disputes.	Creating employees' enthusiasm (5.)	401-1 401-2 401-3 402-1		●	
		Product and service quality	Maintaining the stability and compliance of product and service quality to full meet customer needs and gain recognition from customers	Customer commitment and supply chain management Chapter (4.)	417-3	○	●	◎
Economic aspect		Economic performance	Solid financial performance is a driving force of sustainable business operations. San Fu is committed to creating a higher economic value to feed back to shareholders, investors and relevant stakeholders	Economic performance (2.)	201-1 201-3		●	
Regulatory compliance		Environmental protection, social economy, regulatory compliance	Actively promoting the environmental protection, prevention and control measures, and enforcing the regulatory compliance which is an important foundation for the steady growth and sustainability of the company and allows the organization to avoid any violation of laws, regulations, contracts, and perform its bounden duties.	About Us (1.) Sustainable environment (3.)	307-1 419-1	○	●	●

Major Theme Management Policy

Major Theme	Policy	Commitment	Middle- and Long-term Goals	Responsible Unit	How we manage Countermeasures and Actions Taken	Performance Results (Corresponding Chapter)	Evaluation Mechanism
Occupational safety and health	Environmental safety and health policy	Ensuring the health and safety of employees	Zero-disaster safety and traffic safety management	Work safety division, and president office's management team	<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. 	Occupational Safety and Health management (6.)	Management System (ISO 45001/ CNS 45001)
Labor-management relationship	Corporate social responsibility Policy and human rights policy	Protecting the rights and interests of employees	Company benefits and rewards; two-way interaction and communication between employees and the company and grievance mechanism, etc.	President office's management team	<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. 	Creating employees' enthusiasm(5.)	Labor-Management Communication Meeting
Product and service quality	Quality policy	Upholding the quality policy of customer satisfaction to provide customers with products and services, and follow the principle of corporate responsibility management	Maintaining the quality stability and compliance of products and services, as well as the relationship with customers.	Sales division, and quality assurance division	<p>Continuous quality monitoring of products, if there are unqualified products, follow-up improvement and treatment will be carried out by relevant units to ensure the quality and stability of the delivered products.</p> <ul style="list-style-type: none"> Special salespersons visit customers on a regular basis by telephone and on-site visits to provide customers with an immediate feedback window, and the in-plant support unit will assist in handling customer needs.. Conducting questionnaires to investigate customer satisfaction every year, and the company will immediately review and propose improvement suggestions in correspondence to suggestions provided by customers. 	Customer Commitment and Supply / Chain Management chapter (4.)	Management System (ISO 9001)
Economic performance	Corporate governance code of practice	Creating greater economic value to feed back to stakeholders including shareholders and investors.	Operating economic performance and investment profit and loss, operating costs, etc.	Finance & accounting office	<ul style="list-style-type: none"> In response to climate change and the rise of the concept of carbon reduction, we perform innovative green technology research and development to strengthen market competition Improving the production efficiency of each production plant and reduce the operation cost. Diversified operations to reduce damage caused by large environmental impacts resulting in a decline in operating performance. 	Economic performance (2.)	Professional Accounting Firm Audit
Environmental protection, social economy regulatory compliance	Environmental safety and health Policy, corporate governance code of practice. integrity operation procedures and conduct guidelines	Following the laws to avoid illegal activities, enforcing the integrity management policy, and engaging in business activities with fairness, honesty, trustworthiness and transparency	The business activities shall follow domestic and foreign laws and regulations	Work safety division, and president office's management team	<ul style="list-style-type: none"> Dedicated personnel monthly conduct regular inspections of relevant laws and regulations test. Promoting and tracking in-plant regulatory compliance during the quarterly safety and environment meeting, or at the executive meeting,. Conducting education and training on integrity business for employees and board members annually 	About Us (1.) Sustainable Environment (3.)	Regulatory review, and internal audit

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 2021, we will focus on the issues that stakeholders will focus on to set up short-, medium- and long-term goals for sustainable development with the company's sustainability development management, and promote and communicate our goals 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 continue to implement and deepen 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 Bronze Award of the "2021 Taiwan Corporate Sustainability Report" in the Traditional Manufacturing Category and has been recognized for five consecutive years since 2017.



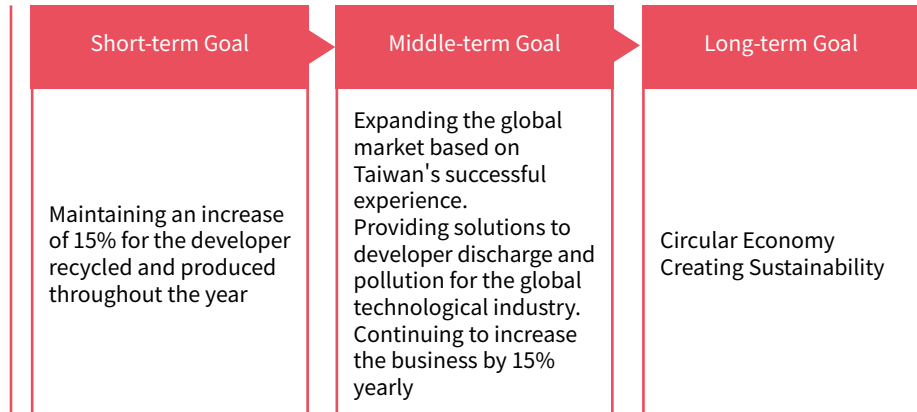
| Short-, medium- and long-term corporate sustainability management performance indicators

Major Theme	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%	Expanding the global market based on Taiwan's successful experience. Providing solutions to developer discharge and pollution for the global technological industry Continuing to increase the business by 15% yearly	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 Average annual increase percentage in employee benefit expenses is 3%	Transportation safety management for containers and traffic safety management for employees and their dependents Continuing to promote diversified welfare policies	Product Safety Employee Care 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

Economic/Environmental Performance

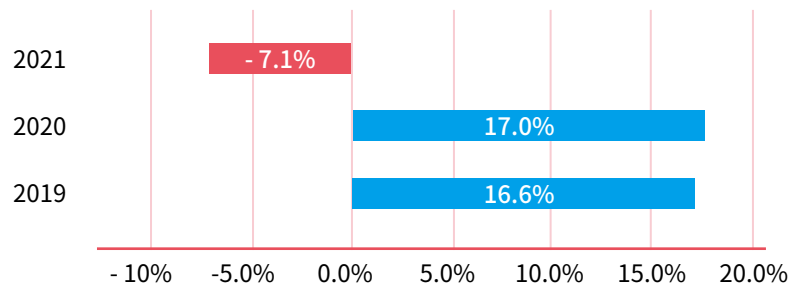
San Fu Sustainable Development Goals and Actions

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

By San Fu Chemical's patented TMAH recycling technology, the TMAH waste liquid from the client is electrolytically dialyzed into TMAH developer with a quality comparable to that of electronic-grade new products.

In the near future, the waste liquid can be returned to the market supply chain, but due to the continued increase in the alert of the COVID-19 epidemic in 2021, San Fu Chemical follows the central epidemic guidelines.

According to the "Guidelines for Continued Operation of Enterprises in Response to the Severe Special Infectious Pneumonia (COVID-19) Epidemic" issued by the Central Epidemic Command Center and other epidemic prevention measures, production adjustment and group diversion were initiated, resulting in a 7.1% decrease in the production of recycled TMAH liquid in 2021 compared with 2020

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

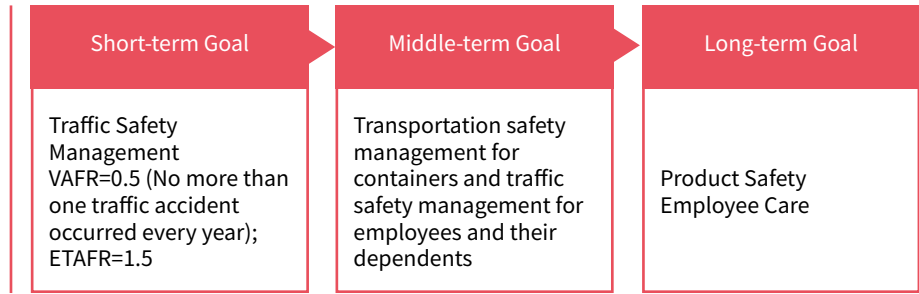
San Fu continues to invest in improving each link of the product life cycle. In TMAH waste liquid recycling, in addition to cooperating with major domestic and foreign technological factories, we provide customers with recycling solutions to

reduce costs and increase competitiveness, and also create their own value, so as to achieve the goals of circular economy and creating sustainability.

Social Performance

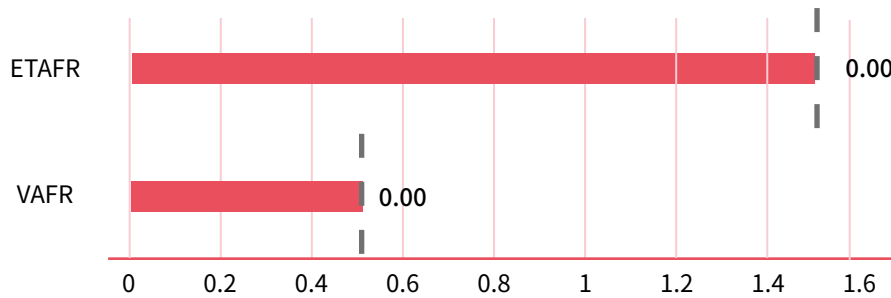
San Fu Sustainable Development Goals and Actions

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 2021, 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

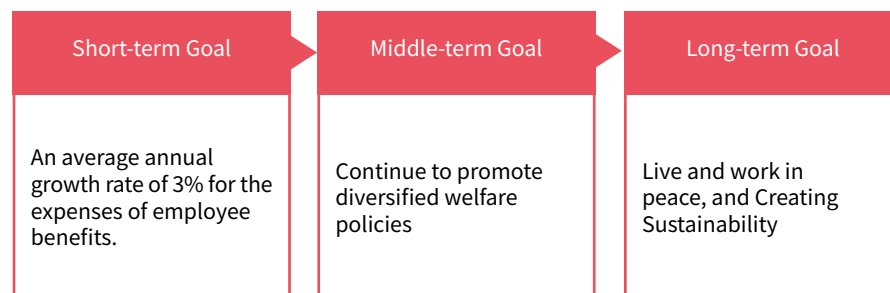
a sound environmental safety and health system, and conducts defensive driving education courses for employees every year to ensure that employees have a correct concept of traffic safety.

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

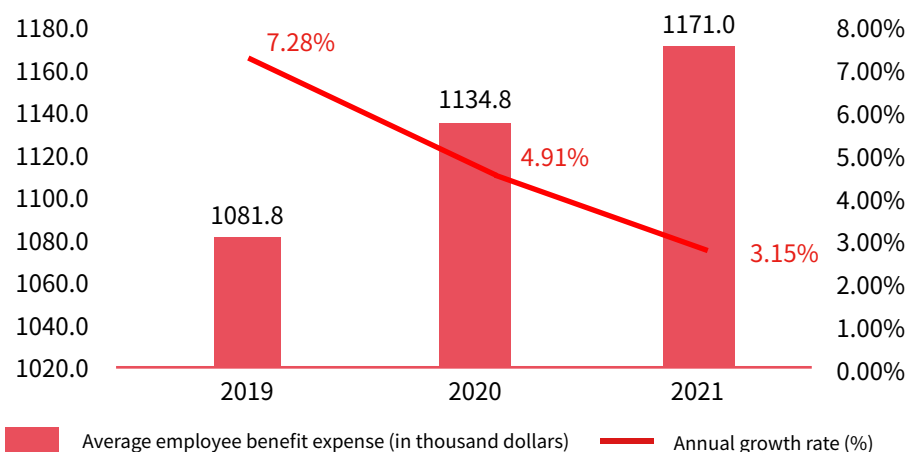
employees' family members are invited to participate in traffic safety activities, so as to have a positive impact on the society in the promotion of traffic safety.

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 2021, the welfare expense for each regular employee is 1,171,000 dollars, an increase of 3.15% compared with 2020, achieving the target. We plan to meet the needs of colleagues,

in addition to providing statutory compensation and basic benefits, and regard employees as important assets, with the mission of improving employee rights and benefits steadily.

Actions Taken

According to the annual operating performance and profit of the company, different salary adjustment ranges are given according to the performance of employees' performance appraisal under a sound performance management system to

encouraged colleagues to contribute and put up all efforts, and the company also emphasizes on profit sharing.

Long-Term Policy

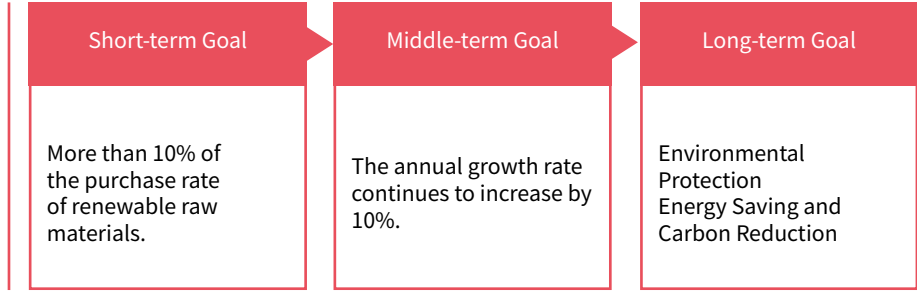
We continue to optimize the welfare policies for employees and their dependents, provide complete living security, and create a working environment for employees to live and work

in peace and contentment, and aim at a sustainable company that can bring the feeling of happiness to employees.

Environmental Performance

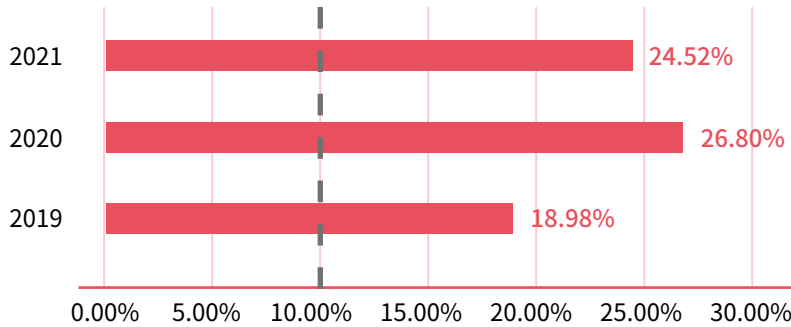
San Fu Sustainable Development Goals and Actions

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 2021, the statistics for recycled raw materials is 24.52%, which meets the target of 10%. San Fu Chemical continues to cooperate with suppliers to recycle and purify useless wastes

from clients, provide such raw materials for processes at other ends, and find possible new uses.

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.

2021 Sustainability Performance Highlights

Economic Aspect



Awarded by the Ministry of Economic Affairs as a company with a long history of more than 40 years
 The 75th Industrial Festival was awarded by the Ministry of Economic Affairs to companies with a long history of entrepreneurship



Participating in TCSA Taiwan Corporate Sustainability Reward and revealing the commitment and performance of social responsibility
 Won the "14th Taiwan Corporate Sustainability Report" Bronze Award



Promoting the integrity management operating procedures and the education and training for conduct guidelines
 For integrity management operating procedures and conduct guidelines, supervisors and sales colleagues should complete 100% of the related education and training.



Anti-corruption
 Zero cases of corruption by employees

Environmental Aspect



TMAH waste liquid recycling and clearance continue to increase by 20%.
 The TMAH waste liquid recycling volume is 18612.61MT, which is converted for the use by customers, thereby saving 1105.59MT of carbon emissions, an increase of 20.79% compared with 2020.



Percentage of Renewable Materials
 a. The accumulated total amount of recycled TMAH liquid is 97,879 tons
 b. The percentage of using renewable raw materials reaches 24.52%



Greenhouse Gas Emissions, Water Consumption or Total Weight of Waste
 They have been reviewed and verified externally. The Sanhua, Kaohsiung and Liuke Factories have completed the verification of greenhouse gas emissions.



Water Resource Recycle and Reuse
 The amount of water recycled and reused by Shanhua Factory accounts for 2.61% of the total water intake



Reduction of Waste and Sludge
 The amount of waste organic sludge is reduced by 91.16%.



Air Pollutant Emissions
 The air pollutant emissions are 100% in line with regulations and standards.



Leakage
 Zero cases of oil/fuel/waste/chemical/product transportation spills



Environmental Investment
 The amount of investment in promoting environmental protection in the past three years has reached \$69.31 million.



Adoption of road cleaning program to create a clean living environment
 Community service of 98 hours

Social Aspect



Certificates
 The performance of obtaining certificates is 100%.



Employees' Annual Training and Benefits
 a. Employees' benefit expense is \$429,608,000
 b. Average training hours per employee is 11.22 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 40 visits



Assessment of Sound Suppliers' Corporate Social Responsibility Practices
 a. 100% of 3 new suppliers have completed the CSR assessment
 b. The percentage of existing suppliers who have completed CSR practice assessment is 84% or more.
 c. A total of 9 suppliers have been audited



Customer Service
 a. The overall customer satisfaction rating reaches 93 points
 b. There are no complaints of proven violation of customer privacy or loss of customer information
 c. Products do not use prohibited or restricted substances.



Compliance with Regulations
 a. There are zero cases of fines or violations on product labeling
 b. There are zero cases of fines or violations on labor laws and regulations



Social Engagement
 a. Donation of \$150,000 each to Shanhua Junior High School and Junior Baseball Teams
 b. Gifts for the graduation ceremony of Siao-sin Elementary School and Jiaba Elementary School
 c. A total of \$3.1 million has been donated to the scholarships for poor students in public and private universities
 d. Donation of \$10,000 each to the Siao-sinli's Society Development Association, Longevity Club, and Community Patrol Team.
 e. Sponsoring \$20,000 for the chemical camp activities of National Taiwan University Department of Chemical Engineering
 f. Sponsoring \$100,000 for the "Periodic Table Roundabout 2.0" event of Chinese Chemical Society
 g. Sponsoring \$50,000 for the 2021 Taiwan Chemical Industry Summit
 h. Donation of \$500,000 for the KT Wang Foundation.
 i. Donation of \$100,000 for the comprehensive activity building of Tunghai University
 j. Donation of \$100,000 for the renovation of the Chemical Engineering Department of National Taiwan University

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



1. About Us

Company Profile	21
Industry Introduction	23
Corporate Governance	27
Risk Control	30

100 <small>%</small>	95.24 <small>%</small>	0 <small>case</small>
Attendance rate of compensation committee members	Attendance rate of board members	Number of complaints and reports due to company operations or employees violating moral integrity or engaging in illegal activities in 2021

Company Profile

From Localization to Internationalization; from sustenance to Altruistic Willingness

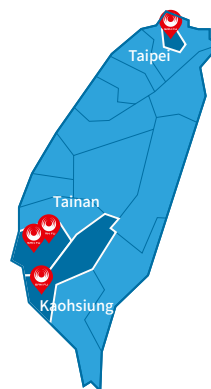
In 1952, San Fu Group launched its business in Banqiao, producing food-additive chemicals with self-developed production technology. In the early stage of establishment, San Fu developed its own production technology and manufactured food additives, etc. and the main product line is chemical raw material. For half a century, we have profoundly cultivated in Taiwan and expanded our business globally, and the company has been expanded from a single chemical

factory to a scale of manufacturing specialty chemicals for high technology, beverages and foods, and developed towards diversification.

The paid-in capital in 2021 is \$1.007 billion, the number of regular employees is 367, and the company is a listed company (stock code 4755 of Taiwan Stock Exchange).

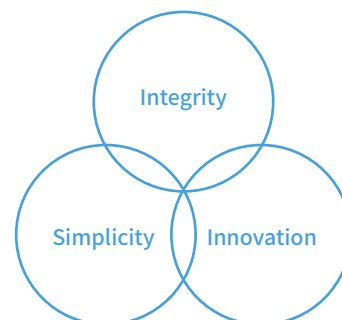
Locations

- Taipei Headquarters Office
- Tainan Liuying Plant: Manufacturing fine chemicals and basic chemicals
- Tainan Shanhua Plant: Manufacturing basic chemicals
- Kaohsiung Siaogang Factory Manufacturing basic chemicals



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.



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 fine 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



| Types of Products and Distribution of Outputs

Types of Products	Product Item	Description	Serviced Customer	Sales Market	Production in 2021 (tons)
Fine Chemicals	Wet Chemicals	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.	Wafer foundry Panel factory Solar panel LED epitaxy factory	Taiwan China Singapore	38,485
	VMT	Polishing fluid OEM			
	TMAH Recycling	Developer waste solution			
Basic Chemicals	Chemical Industrial Raw Materials	Benzoic acid (sodium), sulfanilic acid, cyclohexylamine, dicyclohexylamine, aniline, parahydroxybenzoic acid, parabens, oxalic acid, sodium gluconate, sodium hexametaphosphate, isophthalic acid.	Cosmetic factory Chemical factory Pharmaceutical factory	Taiwan U.S. Japan India China South Korea	6,057
	Food Additives	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.	Food factory	Taiwan	
	Food Raw Materials	Monohydrate/anhydrous glucose, maltodextrin, trehalose, high maltose powder, corn starch.	Pharmaceutical factory	Taiwan	



Industry Introduction

Fine Chemicals

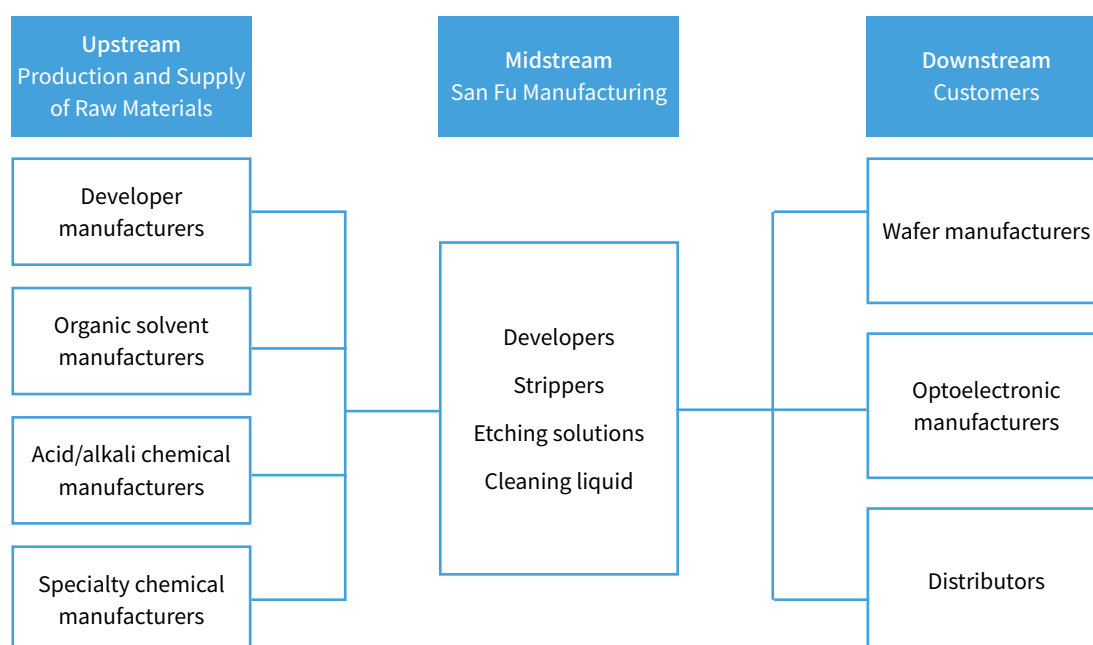
Fine chemicals are also known as specialty chemicals. The company's products are mainly acids, alkalis, solvents, etc. used in the manufacturing process of the electronics industry, and the products mainly include developer, etching solution, stripper solution, diluent, cleaning fluids and polishing fluids, etc. which are high value-added products for the purpose of completing the manufacturing process and improving the product characteristics

The electronics manufacturing industry is the main driving force for Taiwan's economic growth, and the value of the IC and optoelectronic industry chains plays an important role. 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, specialty 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.

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



Application Areas of Specialty Chemicals

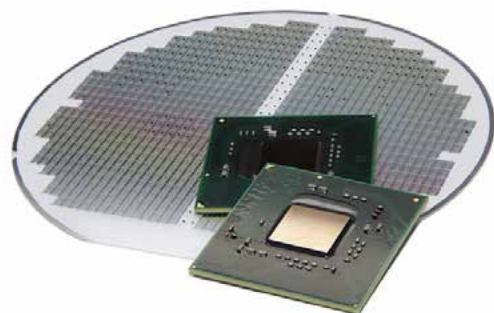
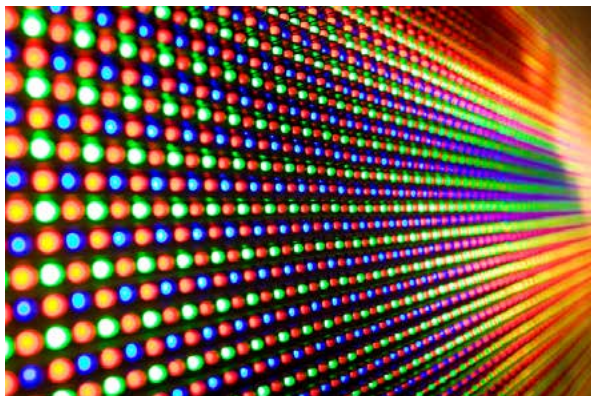
One of the main processes in the wafer industry and the panel display industry is to form a thin film with a specific pattern on a wafer or glass plate. The material of the thin film can be insulating silicon dioxide or polysilicon. A layer of photoresist is coated on a wafer or glass plate, dried, exposed, developed, and then etched to produce the desired pattern. Finally, a patterned film can be completed by a photoresist removal process. Developers can be divided into two types: organic alkali and inorganic alkali. They are used in the development of photoresists and provide good imaging ability and high contrast characteristics.

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.

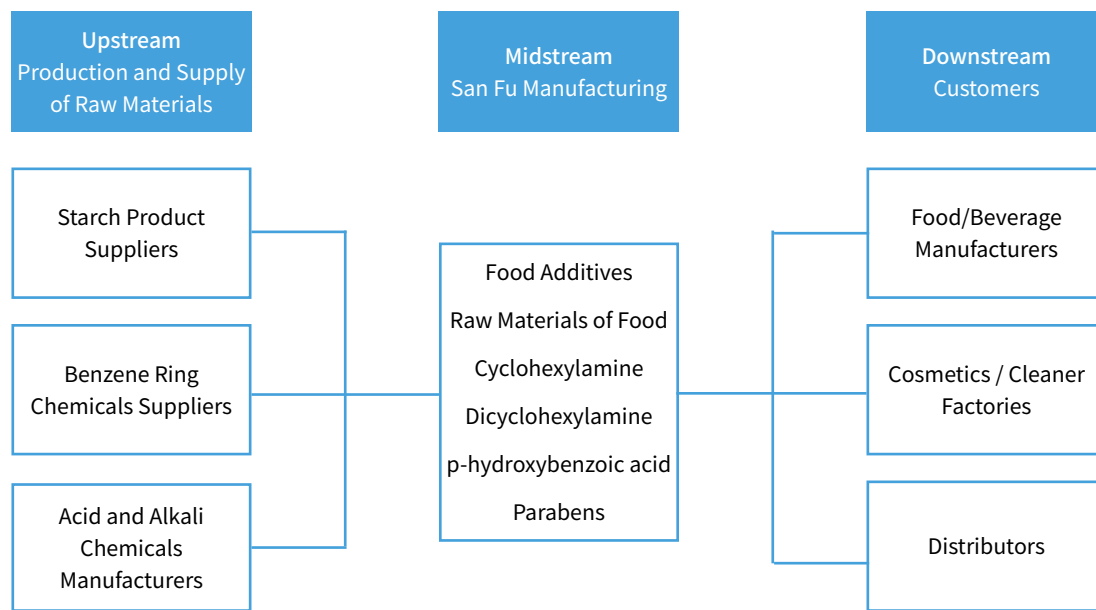
The use of cleaning solution can be divided into:

1. Used to recycle the piece of glass after the color filter process fails.
2. Used to clean the substrate before entering into the machine.
3. 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 a new generation of IoT and flexible displays, and the advancement of a new generation of technologies and processes, such as 1x nanometer, FinFET, 3D stacking, AMOLED, IGZO, LTPS, and the development of copper processes, the output value of the global specialty 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.



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.

Application Areas 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, and 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

(CODEX) 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 CODEX 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 main demands of food market development.

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 Plant	Liuying Plant	Kaohsiung Plant
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 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 to the Taipei Chemical Suppliers Association for membership in order to promote the law and related communications with the manufacturers of the 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.

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. All shareholders form the board of directors by 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

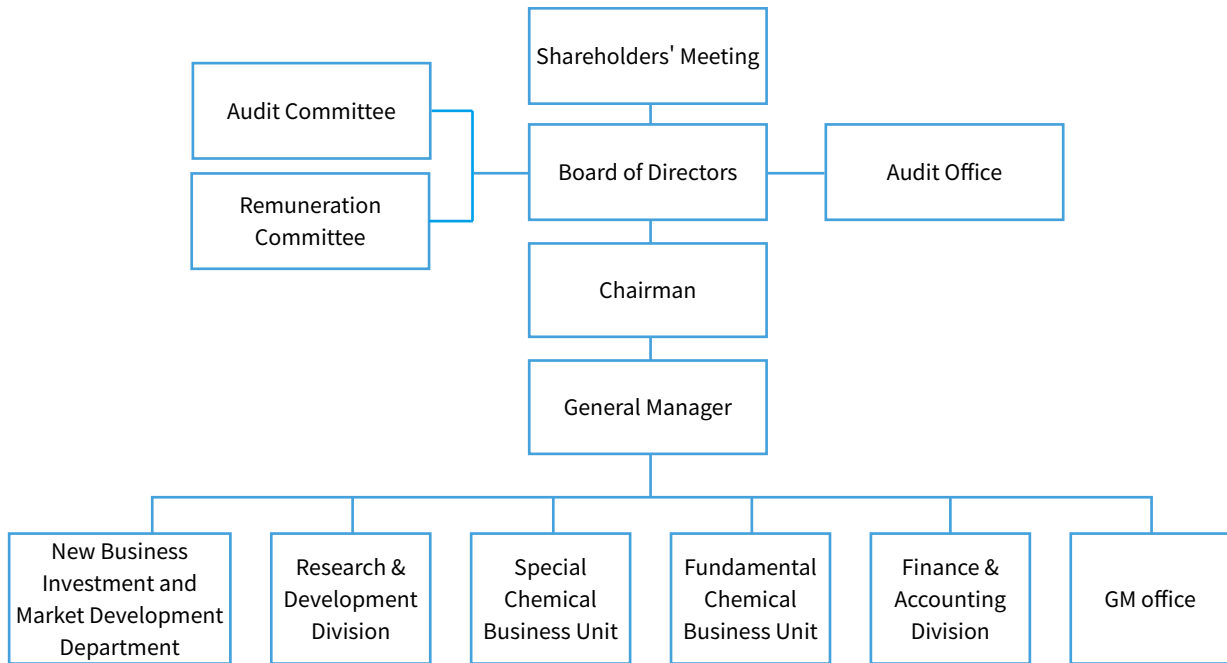
In the reporting year, there are 9 directors, including 3 independent directors, and the number of independent directors accounted for 33.3%. By strengthening the independence and diversity of the board of directors, the board will play a strategic guiding function. The chairman, Wu Xin-Hong, is mainly 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.

| Board Members, and their Gender Composition and Major Responsibilities

No.	Title	Name	Gender	Responsibilities
1	Chairman	Wu, Xin-Hong	Male	<ol style="list-style-type: none"> 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 make up for loss 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	
3	Director	Tsai, Jie-Rong	Male	
4	Director	Su, Tien-Pao	Male	
5	Director	Zhang, Yi-Zong	Male	
6	Director	Liang, Guo-Yuan	Male	
7	Independent Director	Li, Zhong-Xi	Male	
8	Independent Director	Wu, Dong-Ming	Male	
9	Independent Director	Yang, Hong-Chih	Male	

Organization Chart of the Board of Directors



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 2021, and the attendance rate of all members of the remuneration committee was 100%. 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.

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

In accordance with the requirements of the competent authority, the company forms an audit committee to substitute the supervisory position in 2021. In 2021, the board of directors holds 7 meetings, and the attendance rate of all members is 95.24%. 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.

Implementation Performance

- Publicly disclosing the operating procedures and conduct guidelines for the integrity business operations on the company's official website.
- In 2021, there were no complaints or reports due to company operations or employees that violate the moral integrity or engaging in illegal practices.
- All colleagues complete the execution of the Statement of Commitment to Integrity.
- In 2021, the achievement rate of the online course on integrity management is 100%.

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.

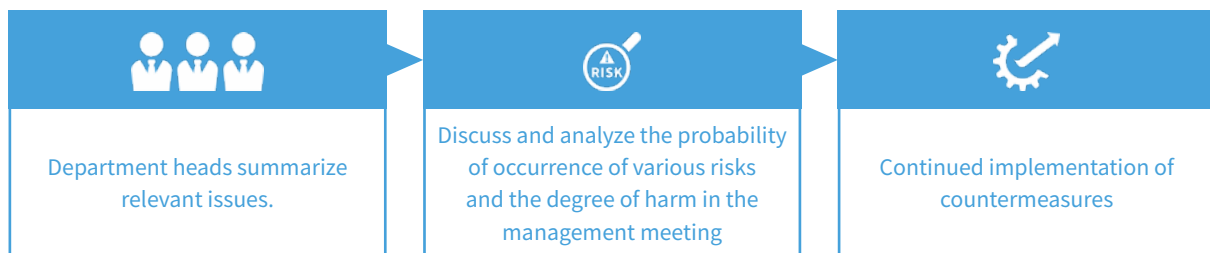
- Compliance with environmental laws and regulations: For domestic environmental protection regulations and environmental protection bureau's inspections at the factory, the number of penalties for violating environmental laws and regulations in 2021 is 1 and improvements have been completed. Please refer to the section on sustainable environment (3) for details.
- Regulatory compliance in the social category: For social issues such as financial reporting, workplace discrimination, or corruption, there were no major penalties for violating the regulations in 2021, and the number of sanctions other than fines is zero.
- Regulatory compliance in product sales: For the sales process, no legal violations occurred or heavy fines were imposed due to the violation of laws and regulations 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 complaints related to violation of customer privacy rights or loss of customer data.
- There were no violations of regulations or voluntary guidelines related to marketing promotion, including advertising, promotion and sponsorship.
- There were no sale of the disputed product.
- There were no violations of regulations or voluntary regulations on product and service information labelling.
- There were no violations of regulations and voluntary guidelines on health and safety impacts of products and services over their life cycle.

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 implements 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
The financial and operational risks identified during the reporting period are as follows

| Potential financial and operational risks identified during the reporting periods are as follows:

Potential Risk	Countermeasures and Practices
	Financial Risk
Changes in interest rates and exchange rates	The Company's risk of interest rate mainly arises from long-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.

Potential Risk

Countermeasures and Practices

Financial Risk

Expansion of Factory

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.

The subsidiary (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 the middle of this year, 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 recovery liquid. Therefore, whether the finished product of the newly built production line can successfully pass through the inspection threshold of T company may have a risk imposed on the building of factory.

Centralization of Purchases and Sales

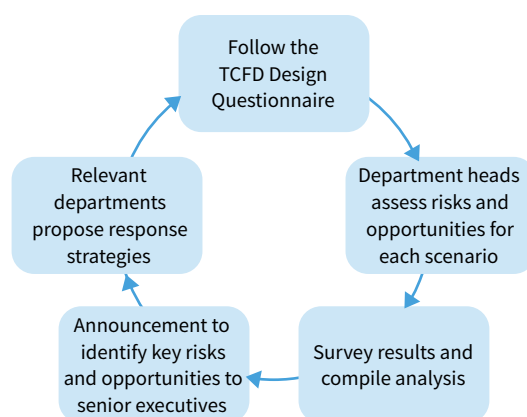
Purchase: The company has a stable channel in the acquisition of raw materials. Our suppliers cooperated with us have high standards in terms of quality and quantity. In addition to the supply to the company, they also supply raw materials to different customers in other places. For special raw materials, 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.

Sales: At present, the company's fine 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

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.



In 2021, the Company identified two climate change risks and three opportunities for the risks and opportunities brought by climate change which are identified by various departments. By formulating appropriate response strategies to deal with the impact of climate change events, put forward feasible response strategies as follows.

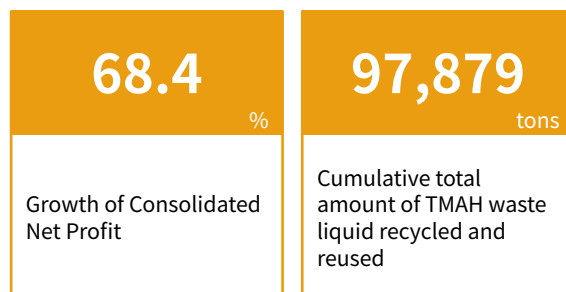
Type	Climate Change Issue	Analysis of Impacts on San Fu	Response Strategies	
Climate Change Risks				
Market Transformation Risk	Changes of customer behaviors	<ul style="list-style-type: none"> The demand and certification of green products may cause suppliers to adopt more eco-friendly conditions for production, resulting in increased procurement transaction costs, thus increasing the burden of the company's operation. 	<ul 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. 	
		<ul style="list-style-type: none"> Company verification system management items and cost increase. 	<ul style="list-style-type: none"> Pass and maintain green environmental protection certification to enhance the company's image and product value. 	
		<ul style="list-style-type: none"> Customers are looking for alternatives that produce less carbon emission or reduce emissions successfully. 	<ul style="list-style-type: none"> Promote solvent recycling strategies for solvent recycle or reuse. 	
	Increase of raw material costs	<ul style="list-style-type: none"> Climate change increases the cost of raw materials required for manufacturing products, resulting in higher operating costs of the company. 	<ul 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 you detect or predict that the price may fluctuate, you should procurement to reduce the risk of rising costs. 	
		<ul style="list-style-type: none"> Reflecting on the cost and price may cause customer complaints. 	<ul style="list-style-type: none"> Update the price fluctuation information of raw materials with customers at any time, reach a consensus with customers, and avoid complaints when adjusting prices 	
		<ul style="list-style-type: none"> Customers seeking process reductions may reduce the purchase of existing products. 	<ul style="list-style-type: none"> Develop alternative products to meet the purpose and efficacy of the products originally purchased by customers. 	
Climate Change Opportunities				
Products and Services	R&D of Innovative Products and Services	<ul style="list-style-type: none"> The demand of customers for recycling and reusing or reducing waste is increasing. 	<ul 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. 	
		<ul style="list-style-type: none"> Environmentally Banned Substances (DMSO, NMP) regulations are in effect, and existing stripper formulations cannot be used. 	<ul style="list-style-type: none"> Developed Non-DMSO/NMP Base Stripper to respond to changes in market demand. 	
	Changes in Customer Preferences	<ul style="list-style-type: none"> 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. 	<ul 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. 	
		<ul style="list-style-type: none"> Existing products are green chemicals using carbon dioxide as a raw material, which is in line with the goal of sustainable development. 	<ul 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. 	
		<ul style="list-style-type: none"> Reduce carbon emissions that may be generated in the production process. 	<ul style="list-style-type: none"> Purchase energy-saving equipment such as variable frequency air compressors. 	
		<ul style="list-style-type: none"> Customers' willingness to invest in the TMAH recycling system and to use reusable products has increased. 	<ul style="list-style-type: none"> Optimization of regeneration purification process. Continuously improve the quality of reused products. The existing vapor recompression system optimizes the raw material process and effectively saves water (condensate recycling). Import the energy management system, take inventory of the power consumption characteristics of the equipment, and conduct energy saving through data analysis can be assessed. 	
	Market	Entering into New Markets	<ul style="list-style-type: none"> There is a lot of room for growth in the development of materials required for green energy. 	<ul style="list-style-type: none"> Research and development of materials related to lithium batteries.
			<ul style="list-style-type: none"> Shortage of raw material supply, resulting in unsustainable supply of existing products. 	<ul style="list-style-type: none"> Develop non-H3PO4 series aluminum etching solutions, develop recyclable copper etching solutions, and evaluate new solvent-based raw materials.

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



2. Economic Performance

2021 Consolidated Net Profit	34
Future Revenue Growth Momentum	36
Sustainable Circular Economy	38

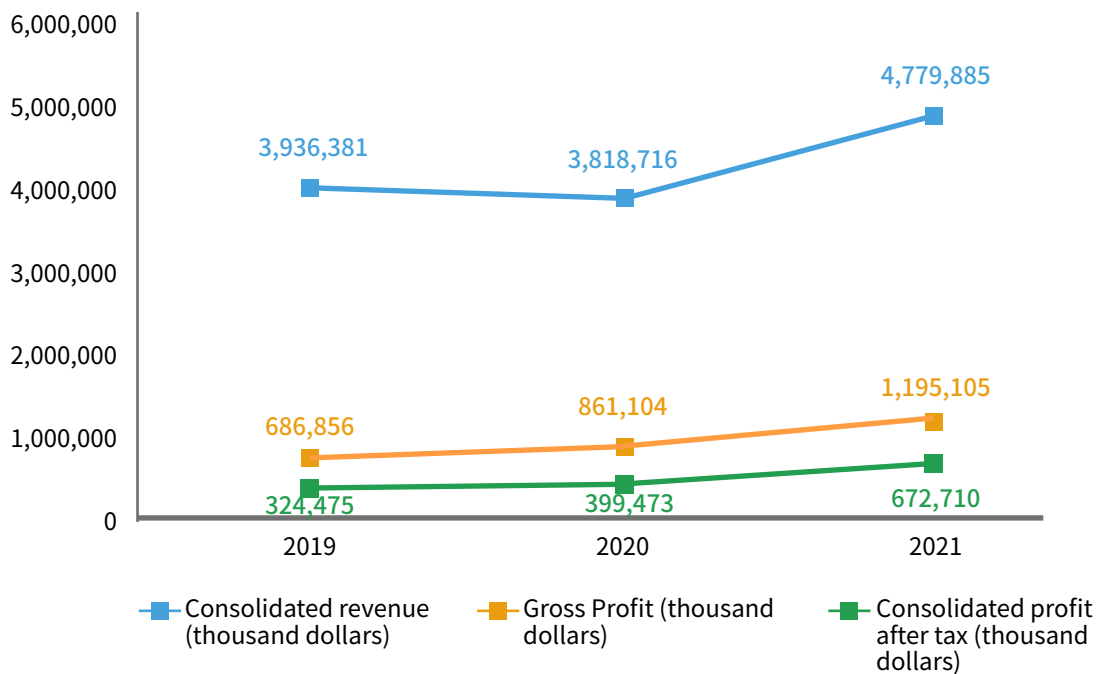


2021 Consolidated net profit of 672,710,000 dollars

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.

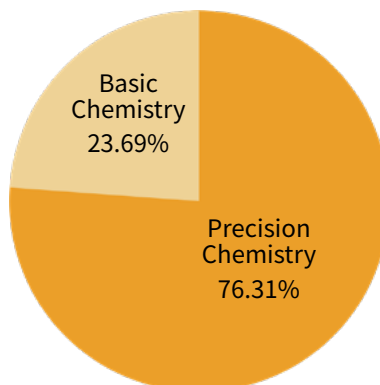
The consolidated revenue for this year is \$4,779,885,000, representing an annual increase of 25.17%. The consolidated net profit is \$672,710,000, representing an increase of 68.4% year-on-year. The taxes paid to the local government are amounted to approximately \$156,690,000. The consolidated profit after tax is \$6.69 per share, representing an annual increase of 53.44%.

Economic performance trend



Looking further at the proportion of revenue, first of all, in terms of fine chemicals, we find that the revenue was \$3,647,671,000, accounting for 76.31% of the consolidated revenue, and the revenue of basic chemicals revenue was \$1,132,214,000, accounting for 23.69% 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

2021 was \$6.69, and the cash dividend per common share was about \$5.0/share (\$3.0/share for earnings distribution and \$2.0/share for capital reserve allotment have been held and voted to pass in the ordinary shareholders' meeting on June 17, 2022).

| Consolidated Revenue and Operational Performance Statistics

	2019	2020	2021	Growth Rate
Capital (thousand dollars)	907,060	1,007,060	1,007,060	0.00%
Consolidated revenue (thousand dollars)	3,936,381	3,818,716	4,779,885	25.17%
Gross Profit (Thousand Dollars)	686,856	861,104	1,195,105	38.79%
Income tax (thousand dollars)	52,490	102,747	156,690	52.50%
Consolidated after-tax earnings (thousand dollars)	324,475	399,473	672,710	68.40%
Earnings per share after tax (dollar)	3.58	4.36	6.69	53.44%
Net worth per share (dollar)	34.79	37.66	41.16	9.29%
Employee salary and welfare expenses (thousand dollars) (Note 2)	371,047	399,467	429,608	7.55%
Payments to contributors: Shareholder dividends are issued in shares (dollar)	0	0	0	0.00%
Payment to funders, in cash (dollar)	2.5	3.0	5.0	66.67%
Amount of social investment (dollar)	5,011,960	2,082,960	1,871,000	-10.18%

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).



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 specialty 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 view of the COVID-19 epidemic still raging around the world in 2021, new mainstream activities such as home office, distance learning, and home economy have given strong recovery strength to the panel industry.

Researches show that Taiwan's annual output value has reached 1 trillion and 40.2 billion dollars, an increase of 23% compared with 2020 due to the impact of the US-China trade war. Among them, the growth of large-size panels (10 inches and above) is the main source of contribution to the panel

industry, which is mainly benefited from the rising demand for residential economy and long-distance business opportunities, which stimulates the price and volume of large-size panels such as IT and TV to increase, and it is the main source of contribution to the growth of the panel industry.

However, small- and medium-size panels (under 10 inches) are affected by the decline in the mobile phone panel market and the US ban on Chinese technological manufacturers.

Semiconductor Industry

Facing the epidemic and geopolitical impacts in 2021, the global semiconductor industry is growing against the trend compared with other industries, and Taiwan's performance is the most prominent. Researches point out that the total output value of the relevant Taiwan IC industry in 2021 exceeds NT\$4 trillion, representing an annual increase of 26%. Taiwan surpasses South Korea/Japan and ranks the second largest in the world, after the United States. Among them, wafer foundry accounts for 75% and packaging and testing accounts for 58% of the global market.

The largest amount of the wafer manufacturing has reached 1.94 trillion, of which the leading TSMC 3nm is expected to be mass-produced in August 2022, and the more advanced 2nm layout has also been planned to be built in Baoshan, Hsinchu. Researches predict that with the popularization of vaccines and the opening and gradual recovery of the economy, the area of wafer manufacturing in the global semiconductor market will grow by another 20% in 2022, and its killer-level applications such as 5G mobile phones and infrastructure, electric vehicles, IoT, cloud technology, and AI chips will continue to play a leading role for the growth of semiconductors.

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.

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.

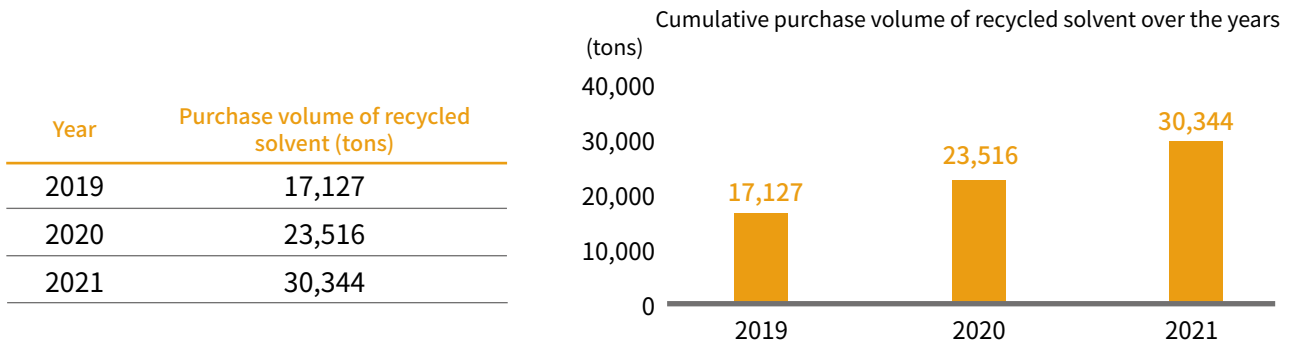
Sustainable Circular Economy

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 30,344 tons of recycled solvents.



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



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 for an object to die, 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. 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. 1366076 (June 2012)



Pat. No. 1462770 (December 2014)



Pat. No. 1607987 (December 2017)

Bringing a win-win situation and sustainable economic transformation

In 2011, the company invested 330 million to build a TMAH recycling and processing plant, which was officially completed. In the same year, the company obtained the first TMAH recycle and reuse permit from a TFT-LCD industry customer. After officially entering mass production, the company has successively received the entrustment of internationally renowned semiconductor and optoelectronic industry manufacturers such as Hsinchu Science Park, Taichung Science Park, Tainan Science Park and outside the park to cooperate with TMAH waste liquid recycling and treatment. In addition, we will continue to invest 120 million funds for expansion and process improvement.

We assist customers such that the TMAH concentration in the process wastewater discharged to the sewage treatment plant can meet the management standard, and follow the EPA regulations that the discharge standard of ammonia nitrogen concentration in the semiconductor and optoelectronic manufacturing business is lower than 20mg/L.

In 2020, more than \$50,000 were invested to add the installation of TMAH recycling plant 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 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.

In response to the increase in the operation of Taiwan's semiconductor industry, San Fu Chemical expanded its

factory in Tainan Science Park, using the transfer of existing technologies, to invest in increasing the projects of TMAH business, in line with the national industrial development plan "5+2" new industries "Integrated with the local industry", "Domestic demand supports the industry" and "Entering into the international market" to provide services in a circular economy model. The San Fu Chemical's patented TMAH recycling technology converts the TMAH waste liquid from the customers into 25% TMAH developer through electrolytic dialysis, with new quality and electronic grade. Similar products 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.

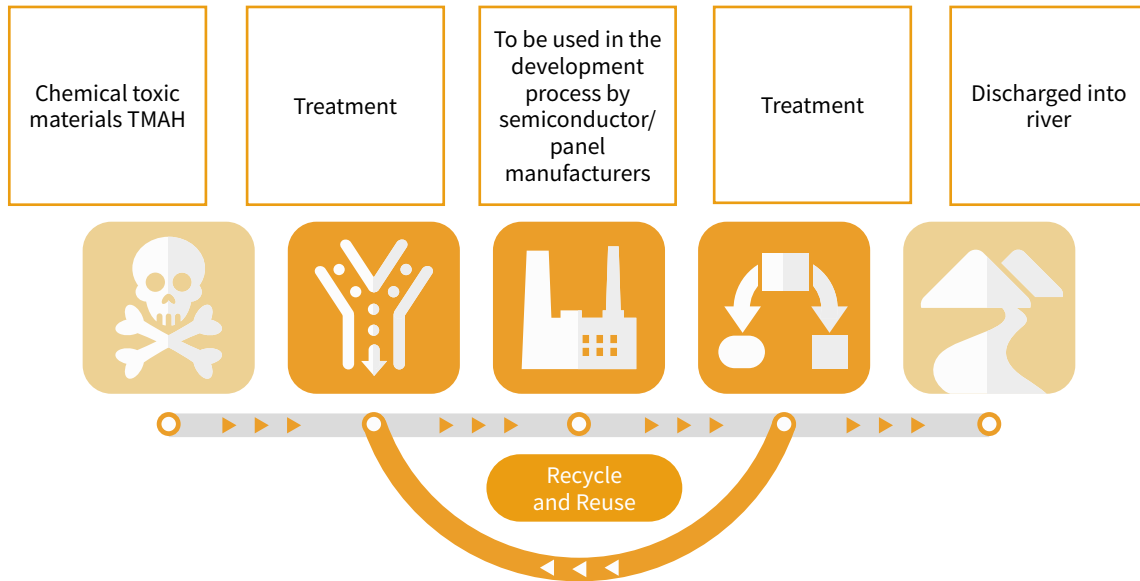
Technology brings the world closer together, and makes us better understand how to balance the three cornerstones of sustainable development, respectively: social progress, economic growth and environmental protection. However, the climate continues to change and our earth is changing. San Fu Chemical continues to invest in product life for the improvements in all aspects of the product 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 win-win vision for the environment, customers and ourselves, and strive to achieve sustainable economic transformation.

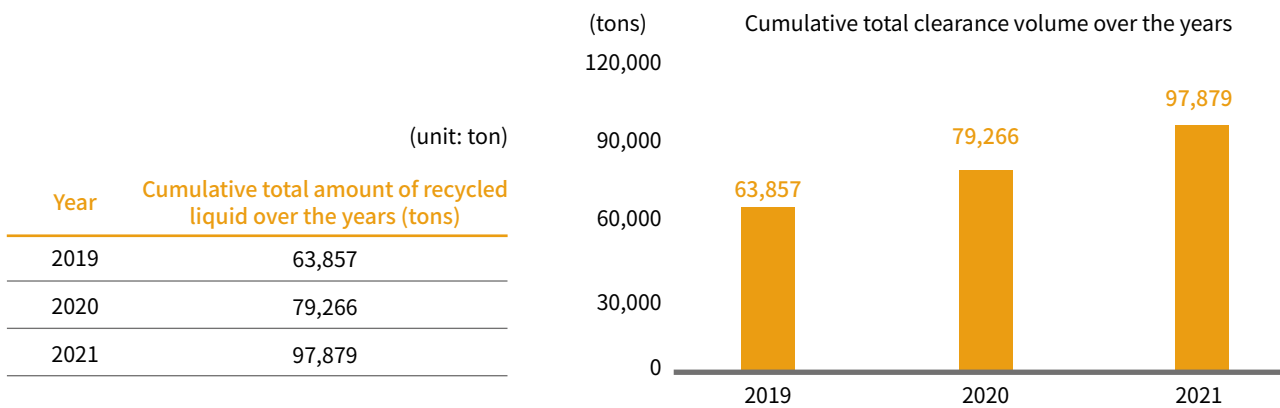
Taiwan is limited by narrow land and dense population, surrounded by the sea and limited resources. Therefore, proper planning of energy management and land use should be made in order to realize the vision of a green technology island. The development waste liquid (TMAH waste liquid) produced by the customers' development process has been recycled and reused by San Fu with a continuous new-record high quantity. San Fu Chemical turns the chemical poison TMAH into gold, and by 2021, the total amount of 25% TMAH in the reused product is about 48,000 metric tons.

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



Since 2011, San Fu Chemical has recycled and reused TMAH waste liquid, accumulating a total of 97,879 tons, and the innovative circular economy operation mode has achieved remarkable results.

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



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. At present, there are 14 electronic technology factories in total, using San Fu Chemical's patented recycling technology to recycle TMAH waste liquid, and help customers treat 1.33 million tons of waste water every year and make it reusable. It is equivalent to the water volume of 530 Universiade swimming pools, which greatly reduces the energy consumption of the semiconductor industry and saves customers more than NT\$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) repurchases 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. 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.

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



3. Sustainable Environment

Implementing Environmental Protection and Management	43
Raw Material Management	45
Energy Management	49
Greenhouse Gas Emissions Management	50
Water Resources Management	52
Proper Dispose of Waste	54





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 chapter one by one.

The following is our management policy for environmental sustainability issues.

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 Plant and Liuying Plant.
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.
15. 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.

Implementing Environmental Protection 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 of 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, waste reduction, so as to comprehensively improve environmental quality, and ensure sustainable operations.

Complete Environmental Management System Certification

Through various third-party inspections and certifications, we have implemented an environmental management in line with national and international standards. At present, we have obtained the following third-party inspections and

certifications:
 ISO 14064-1 Greenhouse Gas Inventory Standard, ISO14001 Environmental Management System.

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

Factory	ISO 14064-1	ISO 14001
Shanhua Plant	V	V
Liuying Plant	V	V
Kaohsiung Plant	V	

ISO 14001 Environmental Management System Certification Certificate



Shanhua



Liuke

Environmental safety education and training

Statistics on the performance of colleagues in the factory to obtain licenses in 2021

Certificate	Number of people obtained	Meeting regulatory standards?
Toxic Chemicals Specialist	11	100% compliance
Wastewater treatment specialist	10	100% compliance
Air pollution control specialist	9	100% compliance
Waste specialist	11	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.



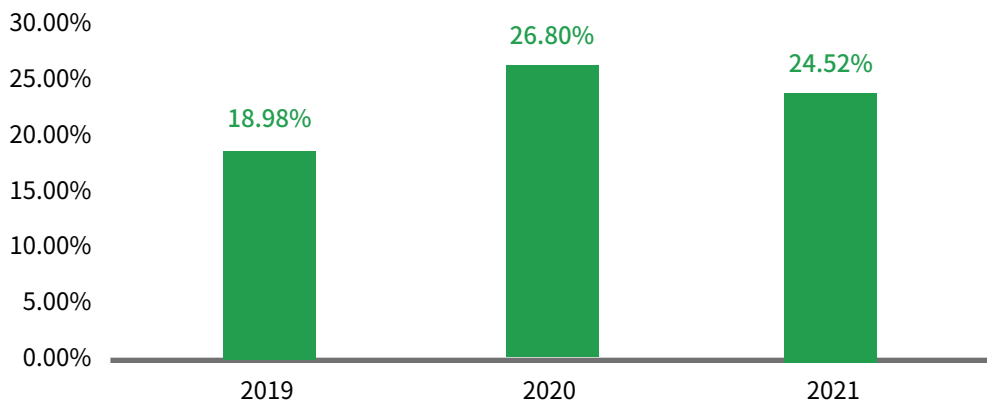
In the operation plan of San Fu, the ultimate goal of green products in the product life cycle is to eliminate any work tasks that cause potential environmental threats and impacts, and is committed to creating a new generation of product research and development, as well as continuous improvement of green processes, so as to achieve environmental friendliness. The proportion of renewable raw materials decreased slightly by 2.28% compared with 2020, mainly because the COVID-19 epidemic alert continued to rise, and epidemic prevention measures such as production adjustment and group diversion were initiated, resulting in a decrease in the production of

TMAH recycled liquid. The renewable proportion of packaging materials in chemical products has also decreased by 3.50% compared with 2020. Due to the decrease in the shipment of chemical products of recycled packaging materials, the use of recycled packaging materials has been indirectly affected; in addition, specialized IC customers based on quality are required to evaluate the risk of product quality contamination caused by reusable packaging materials. The increase in the demand for the use of disposable packaging materials also reduces the renewable proportion of specialized products by 3.10%.

Statistics on Renewable Raw Materials and Recycled Packaging Materials

No	item		Unit	Renewable			Non- Renewable			Sub-total		
				2019	2020	2021	2019	2020	2021	2019	2020	2021
1	Raw Material	Raw Material (Purchase + TMAH-R Output)	Ton	10,876	13,629	13,553	46,419	37,233	41,728	57,295	50,862	55,281
			%	18.98%	26.80%	24.52%	81.02%	73.20%	75.48%			
2	Packaging Material	Packing (Specialty Chemicals)	Kg	48,755	44,506	59,032	41,114	154,380	247,143	89,869	198,886	306,175
			%	54.25%	22.38%	19.28%	45.75%	77.62%	80.72%			
3	Packaging Material	Modified (Chemicals)	Kg	4,800	6,381	4,271	44,343	50,453	51,004	49,143	56,834	55,275
			%	9.77%	11.23%	7.73%	90.23%	88.77%	92.27%			

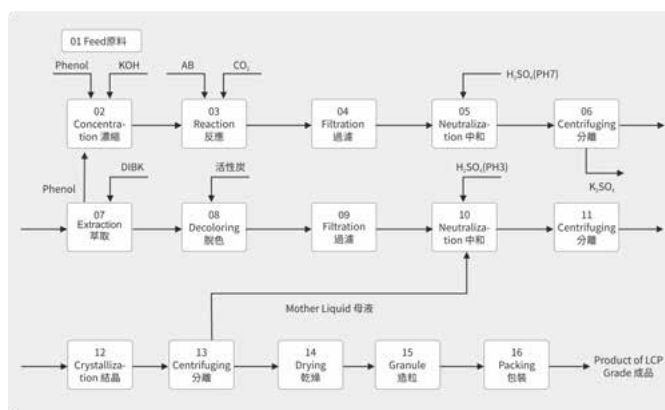
Comparison of renewable raw materials over the years



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. As a rust inhibitor; potassium sulfate, which is a by-product of the production of p-hydroxybenzoic acid in Shanhua Plant, can be used as agricultural potash fertilizer after dehydration.

Shanhua Plant's main products: p-hydroxybenzoic acid



Para-hydroxybenzoic acid is the main product of the company's Shanhua Plant. 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 2020 in the following table. The reason for the increase in production in 2021 is that the

dust collected items are re-dissolved, which produces about 50-60 tons of p-hydroxybenzoic acid, and the H line was opened in February, increasing 600 tons of p-hydroxybenzoic acid every year; the reason for the increase in carbon dioxide consumption is because the H line uses more carbon dioxide for the reaction.

| Statistics of the consumption of main raw materials in Shanhua Plant

Difference from previous year	Product	Annual production of paraben	24.2%	
	Raw Materials	Paraben products, carbolic acid		-1.0%
		Paraben products, potassium hydroxide		-1.2%
		Paraben products, sulfuric acid		-1.7%
		Paraben products, nitrogen gas		-4.8%
		Paraben products, carbon dioxide		4.0%
Materials	Paraben products, FIBC bags		24,585 Kg	

Liuying Plant's main products: specialty chemicals

The company's Liuying Plant 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.



Main products of Kaohsiung Plant: Cyclohexylamine, and Dicyclohexylamine

The main raw materials of the Kaohsiung Plant's products are aniline and hydrogen. However, from May to August 2021, the performance was poor due to catalyst poisoning, resulting

in high consumption of aniline and hydrogen. The unit consumption of main raw materials is compared with 2020 in the following table.

Statistics of the consumption of main raw materials of Kaohsiung Plant

Difference from previous year	Product	Annual output of cyclohexylamine and dicyclohexylamine	4.9%
	Raw materials	Aniline	6.3%
		Hydrogen	14.8%
Material	200L Iron Bucket		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 impose 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 Plant, Tainan Liuying Plant, and Kaohsiung Plant 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 2021 is (1) purchased electricity

126,837 (2) natural gas 110,608 and (3) diesel 1,931, in units of 1 billion joules, as shown in the table below.

Since October 2019, the boilers of the Shanhua Plant have been converted to natural gas equipment. Since 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 3 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 Plant, Liuying Plant and Kaohsiung Plant (unit: 1 billion joules)

Item	2019	2020	2021
Hot fuel	79,650	--	--
Outsourced electric power	131,180	138,154	126,837
Desiel fule	1,629	1,887	1,931
Natural gas	40,082	115,317	110,608

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 2021.

Direct greenhouse gas emissions (Category 1)	7,201 ton CO ₂ e °
Energy indirect greenhouse gas emissions (Category 2)	19,888 ton CO ₂ e °
Other indirect greenhouse gas emissions (Category 3)	4,742 ton CO ₂ e °
Total greenhouse gas emissions	31,831 ton CO₂e °

Note: The unit of total greenhouse gas emissions in 2020 was mistyped as 24,674 kg CO₂e and corrected to 24,674 ton CO₂e

| 2021 Greenhouse Gas Emissions Statistics

Unit: ton CO₂e

Item	Factory	2019	2020	2021
Category 1: Direct Emissions	Shanhua Plant	9,090	7,618	7,026.4
	Liuying Plant	--	--	166.4
	Kaohsiung Plant	--	--	8.1
Category 2: Energy Indirect Emissions	Shanhua Plant	16,840	17,056	14,967.2
	Liuying Plant	--	--	2,002.3
	Kaohsiung Plant	--	--	2,918.7
Category 3: Other Indirect Emissions (Energy upstream, resource upstream, and waste disposal)	Shanhua Plant	--	--	4,176.3
	Liuying Plant	--	--	419.1
	Kaohsiung Plant	--	--	146.2

- Note 1: The electricity carbon emission coefficient was calculated by referring to the 2020 electricity carbon emission coefficient announced by the Energy Bureau of the Ministry of Economic Affairs in 2021: calculated by 00.502 kg of carbon dioxide equivalent/kWh.
- Note 2: In 2019 and 2020, only Shanhua Plant was included in the greenhouse gas inspection; from 2021, Liuying Plant and Kaohsiung Plant were added into the list of greenhouse gas inspection factories and included in the third category of inspection.
- Note 3: The Scope 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 Emission Category (unit: ton CO₂e)

Item	CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	NF ₃	Total Emissions
Emission Equivalent (ton CO ₂ e/year)	31,795	30	6	0	0	0	0	31,831
Gas Category Percentage (%)	99.89%	0.09%	0.02%	0.00%	0.00%	0.00%	0.00%	100.00%

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 2021 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 emissions in 2021 (unit: tons)

	Boundary	Allowable operating quantity	Emissions
Ntrides (NOx)	Shanhua Plant	13.25	2.51
Sulfides (SOx)	Shanhua Plant	0.86	0
Volatile organic compounds (VOC)	Shanhua Plant	7.34	0.9
Volatile organic compounds (VOC)	Kaohsiung Plant	1.35	0.55
Particular matters (PM)	Shanhua Plant	0.59	0.06

Water Resource 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 2021, the total water consumption of the three factories was 372,772 metric

tons. Since 2013, Tainan Shanhua Plant's process water has been reconfigured with pipelines to recycle steam condensate water to boilers or processed and heated for reuse. In 2021, the total amount of water recycled and reused was 7,898 tons, and the recycled water accounts 2.61% of the total water intake in Shanhua Plant. Compared with the previous year, the amount of recycled water has increased by approximately 43.55%, mainly due to the completion of the configuration of the MVR condensate pipeline of the THAH recycling plant.

| Statistics on total water withdrawals by source (tons)

	Shanhua Plant			Liuying Plant			Kaohsiung Plant		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Water company	5,488	5,869	8,392	14,787	15,379	15,580	0	0	0
Underground water	237,035	237,459	293,768	0	0	0	0	0	0
Industrial water	0	0	0	0	0	0	31,417	31,764	55,032
Total water intake	242,523	243,328	302,160	14,787	15,379	15,580	31,417	31,764	55,032
Total recycled and reused water	14,546	5,502	7,898	0			0		
Percentage of total recycled and reused water over total water intake	6.00%	2.26%	2.61%	0%			0%		

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

Note 2: Because the Kaohsiung Plant 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.

Water Saving Measures: Domestic Water

Regarding domestic water usage at the four operating sites in the areas disclosed in this report, we not only added water-saving equipment, but also strengthened publicity to help employees cultivate water-saving awareness and improve water-saving efficiency. The following are various water-saving measures.

Water saving measures: Domestic water

1. Install faucet water saver.
2. Improve the cooling tower liquid level device to reduce the water supply out of control, resulting in overflow and waste of water resources.
3. Adjust the toilet water valve for flushing toilets and adjust the flushing volume of urinals in men's toilets, and conduct daily leakage inspections.
4. Waste water produced by the RO pure water process is recycled and collected for toilet flushing.
5. At night, use stored water, close the water valve, check the water switch, and perform water patrol inspection every day.

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 2021, the average concentration of chemical oxygen demand (COD) in the discharge level of Shanhua Plant was 47mg/L, which is lower than the 100mg/L standard in regulations.

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-control of 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 100 tons of discharge 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 Plant

Item	Unit	2019	2020	2021	National Standard Value	Effectiveness
COD Average concentration	mg/L	53	52	47	100	Compliance with regulatory requirements
Wastewater volume	tons/year	219,126	214,281	105,947	800 tons/day (organic) 200 tons/day (inorganic)	Compliance with regulatory requirements

※There was no inorganic wastewater in 2021

Estimation of Wastewater Volume and COD Concentration in Liuying Plant

Item	Unit	2019	2020	2021	Limit specified by Science Park / Competent Authority	Effectiveness
COD Average concentration	mg/L	19	55	102	500	Better than the standards set by Tainan County Environment Science and Technology Park
Wastewater volume	tons/year	3,332	3,133	4,210	120 tons/day	Better than the standards approved by the competent authority

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

Estimation of Wastewater Volume and COD Concentration in Kaohsiung Plant

Item	Unit	2019	2020	2021	Limit specified by Science Park / Competent Authority	Effectiveness
COD Average concentration	mg/L	30	33	68	480	Better than the standards set by the Combined Wastewater Treatment Plant
Wastewater volume	tons/year	28,833	27,939	36,605	150 tons/day	Better than the standards set by the Combined Wastewater Treatment Plant

※ Kaohsiung Plant 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 the disposal of the company's business waste complies with the "Waste Disposal Act and related sub-acts", the company follows the "Waste Classification and Management Standard", and "Quality Control Section's Safety/Health and Pollution Control Operation Standard" for

the operation control, and entrusts a qualified manufacturer recognized by the environmental protection authority for waste clearance, transportation and disposal, so that the waste can be cleaned up in compliance with relevant regulations.

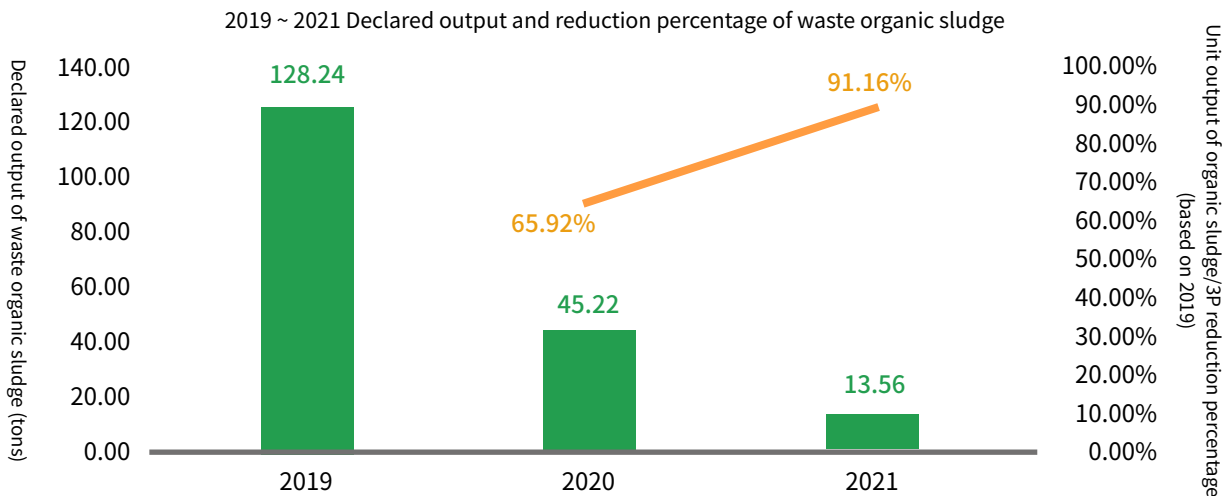
Statistics on wastes and treatment methods of Shanhua Plant, Liuying Plant and Kaohsiung Plant

Processing Unit: Outsourced Treatment / Unit: ton

Item	Type	Treatment Method	Quantity
Other mixed wastes containing toxic heavy metal and exceeding the dissolution standard.	Hazardous waste	Burial Treatment	8.46
Waste Liquid pH value S 2.0	Hazardous waste	Chemical treatment	898.46
Domestic waste	Non-hazardous waste	Incineration (massive combustion)	40.13
Waste inorganic sludge	Non-hazardous waste	Heat treatment	1.55
Waste organic sludge	Non-hazardous waste	Heat treatment	13.56
General business waste (waste iron, waste paper, waste plastic, waste wire and cable, etc.)	Non-hazardous waste	Reuse	48.37

※Both Tainan Liuying Plant and Kaohsiung Plant are located in the park, and relevant emissions are managed by the Park Authority.

Statistics on the output of waste organic sludge



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 Plant by 2025, 65.92% in 2020, and 91.16% in 2021 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	Disciplinary Agency	Amount of Fines and Matters	Improvement Measures
1	Article 7(1) of the Water Pollution Control Act and Article 2 of the Effluent Standards	Take 1 set of water samples from the discharge outlet of Shanhua Plant and send them for inspection. Results: The test value of suspended solids was 41.5mg/L, and the standard value was 30mg/L, thereby failing to meet the Effluent Standards.	Environmental Protection Agency	189,000	<ol style="list-style-type: none"> 1. Set a filter at the end of the pipeline 2. Move the water meter to the back of the filter, and the water pollution measures must be modified or changed

On December 6, 2020, the Tainan City Environmental Protection Bureau inspected the discharge water of Shanhua Plant and found that the suspended solids test value was 41.5mg/L, which violated the regulation of the standard value of discharge water in the chemical industry of 30mg/L. Relevant follow-up corrective and preventive measures were formulated and implemented

1. The 150-meter iron drain pipe was changed to PVC pipe, and a filter was installed at the end of the pipe to filter out iron filings.
2. Since the filter is installed between the discharge line and the discharge port, the water meter must be moved to the back of the filter, and water pollution measures must be modified or changed.

Communication and Response in Neighboring Communities

San Fu Chemical has three production bases, of which only the Tainan Shanhua Plant 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.

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

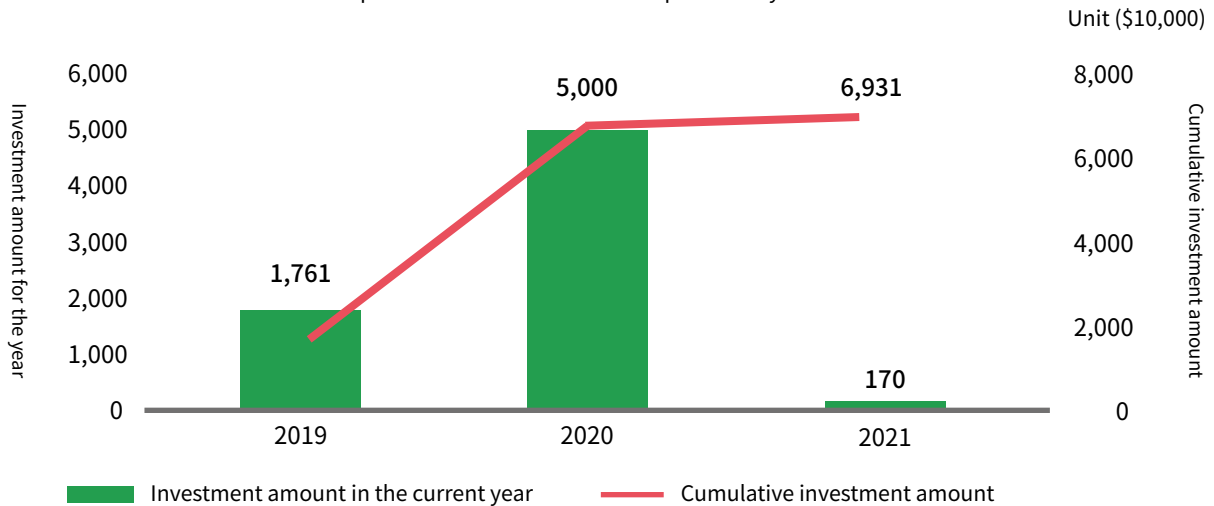
leakage maintenance and irregular inspection. In order to reduce the potential adverse impact on the community, the company has completed the odor improvement plan in 2019, and will continue to track the improvement of pollution prevention equipment in 2021. In addition, each production site has emergency 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 2021 were as follows:

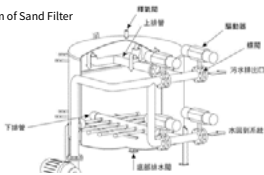
Investment amount in environmental protection accumulated in the past three years



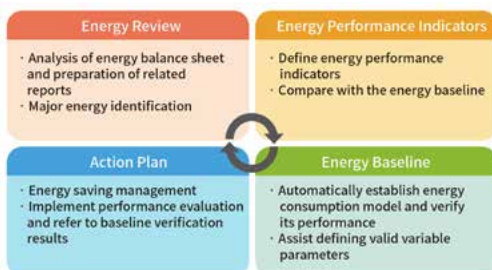
Expenses and effectiveness of environmental protection promotion in 2021

Investment Item	Equipment Activation Month	Investment Amount(\$)	Excellent benefits created from environmental investment
Sand filter refreshing	2021/02	1,200,000	Original wastewater quality SS< 60 mg/l. After sand filtration < 15 mg/l
Energy management system	2021/09	500,000	Examine the trend of electricity consumption of each major equipment and conduct energy saving assessment

Structure Diagram of Sand Filter



- The raw wastewater processed after the fast/slow mixing and flotation equipment is used to reduce the concentration of suspension solid contained in the water to a level below the environmental protection regulations (SS< 30 mg/l).
- Energy management system: Through the Plan-Do-Check-Act (PDCA) management cycle mode, the energy management method is continuously strengthened, thereby reducing the operation cost of management, and integrating the real-time information of energy collected by the front-end equipment meter to compare the actual value with the energy management system. The baseline values are compared and then diagnosed and verified to implement the substantial benefits of the energy management system.
- Importing energy management system benefits: Manage the energy consumption of the TMAH plant by monitoring, analysis, prediction, and adjustment to achieve the effect of energy-saving management.



The results of the process variables regularly reviewed and analyzed by the energy management system can be used to let us know whether the equipment can further improve the operation efficiency, or to find out the real cause of abnormal

influence. Through data analysis, the effect of improvement can be confirmed to achieve the benefits of cost saving and increased production capacity.

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



4. Customer Commitment and Supply Chain Management

Customer Commitment	58
Supply Chain Management	61



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

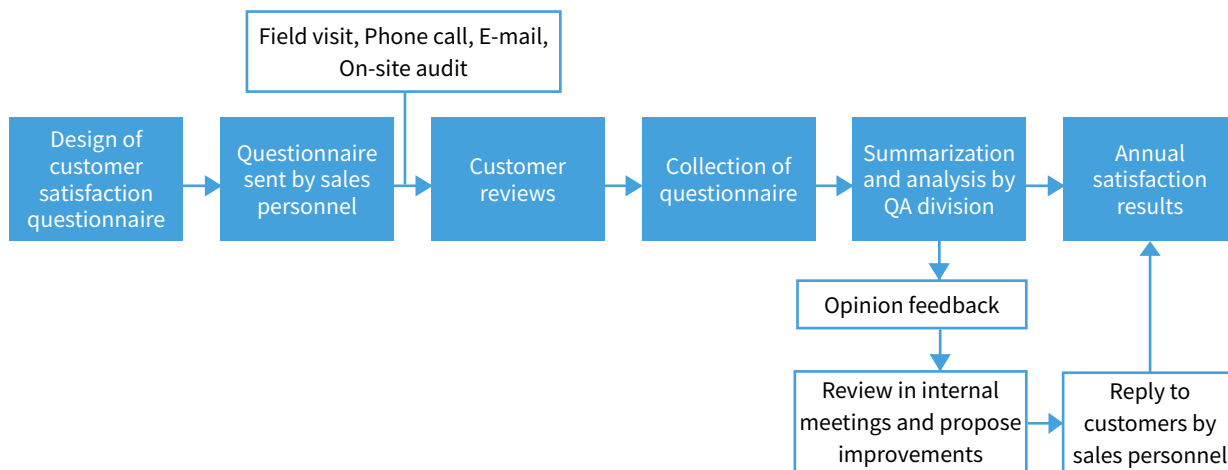
by special personnel, following the most basic law-abiding requirements. There were no complaints related to violation of customer privacy or loss of customer data during the reporting period. In addition, San Fu Chemical adheres to the principle of integrity management, regularly educates employees on the provisions of the "Integrity Management Operation Procedures and Conduct Guidelines", and specifically regulates the matters that the company's personnel should pay attention to when carrying out business operations.

Customer Satisfaction Feedback

In order to understand the customer satisfaction with the company's products or services to control specific and objective evaluation information as a basis for the

improvement of products or services, so as to maintain the customer's recognition and support for the company, the "customer satisfaction survey procedures" is established.

| Customer Satisfaction Survey Process



Customer feedback is the driving force for improving products and services. Therefore, San Fu regards customer satisfaction survey results as an important indicator of corporate performance and an evaluation standard for future growth. In each year, the sales personnel send questionnaires to customers to conduct customer satisfaction surveys. The questionnaire surveys include product quality, delivery level, service quality, professional image, and compliance with laws and regulations.

A total of 145 customer satisfaction questionnaires were returned in 2021. Questionnaire surveys are carried out in the following ways. When 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 auditing 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 93 points and have reached a level of over 90 points for three consecutive years, indicating that San Fu Chemical has gain high confidence from customers and is deeply trusted by customers. The continuous improvement achievement of the operation of the management system can be seen obviously.

Comparing the scores of each evaluation item of satisfaction in 2021 with the previous year, in addition to maintaining the level of compliance with previous years, the supply of raw materials and logistics and transportation have been affected in response to the impact of the global epidemic. In terms of product quality, delivery level, service quality and professional image, the customer satisfaction declined slightly, and the overall satisfaction also declined compared with the previous two years.

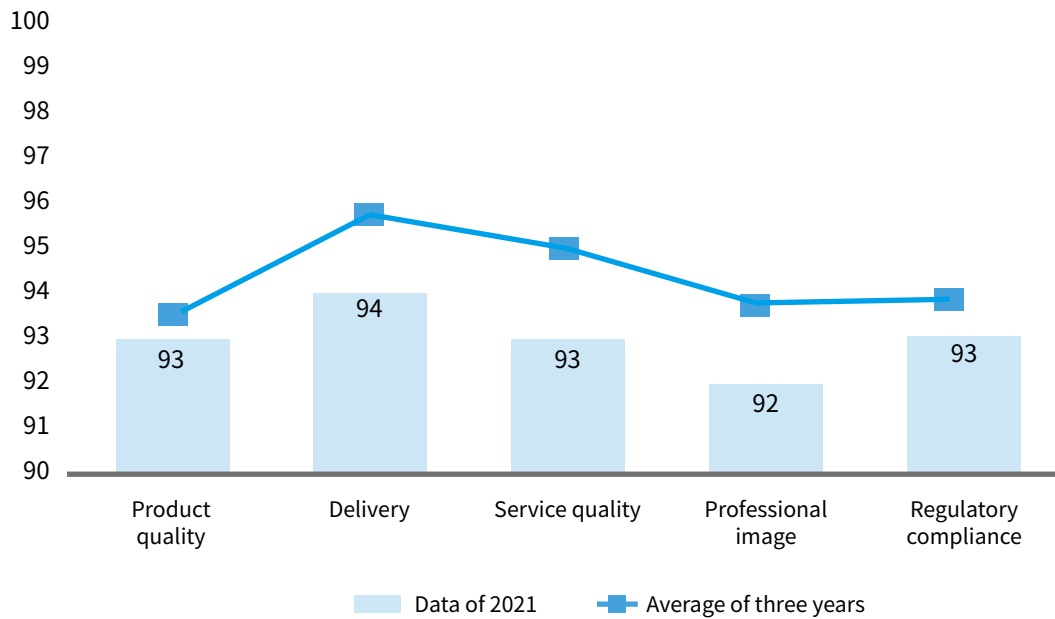
| Number of copies of data collected

Satisfaction copies	Basic chemicals	Fine chemicals	Total Number of copies
Questionnaire	90	55	145
Percentage	62.07%	37.93%	--

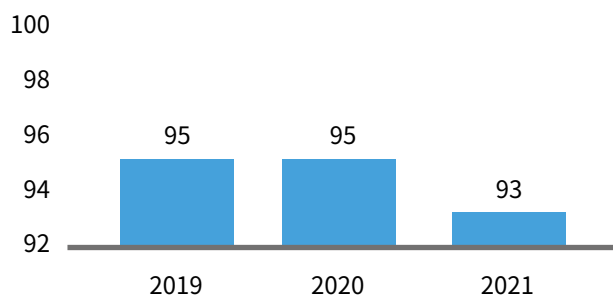
| Customer satisfaction survey

Evaluation item	2019	2020	2021	Average
Product quality	94	94	93	93.5
Delivery	97	96	94	95.7
Service quality	96	96	93	94.9
Professional image	94	95	92	93.7
Regulatory compliance	95	93	93	93.8
Overall satisfaction	95	95	93	94.3

| 2021 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 ECQ QC080000 Hazardous Substances Process Management System Standard
	Declaration of Conflict Metal-Free
	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

Supply Chain Management

Supplier Management Policy

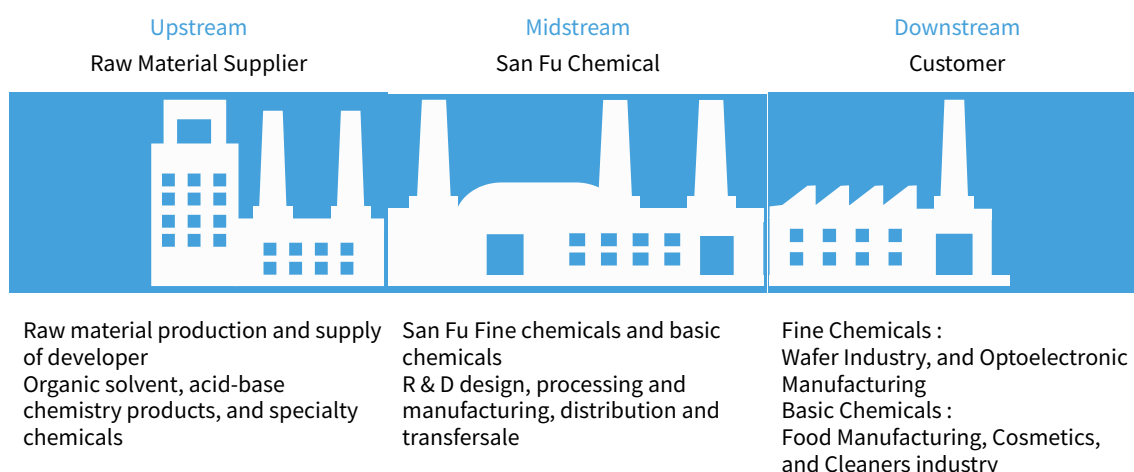
San Fu Chemical plays the role of producing products in the chemical industry chain, undertakes the supply of raw materials to suppliers, and conducts product development and sales. Therefore, San Fu regards each supplier as an important partner, and we conduct strict evaluations on suppliers every year. 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 allows 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 fine chemicals industry, the upstream is the raw material supplier, providing developers, organic solvents, acid-base chemicals, special chemicals, etc. San Fu Chemical is a mid-stream 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.

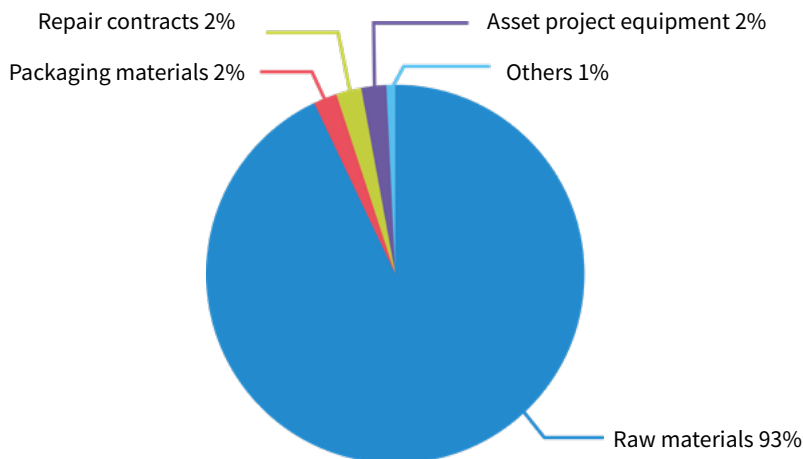
2021 supplier categories include

- (1) Raw materials: local production and agency
- (2) Packaging materials
- (3) Asset project equipment
- (4) Repair contract
- (5) Five other categories

Purchase Percentage

	Domestic Purchase Percentage	Foreign Domestic Purchase Percentage
All categories	19%	81%
Raw materials	15%	85%
Packaging materials	71%	29%
Repair contracts	71%	29%
Asset project equipment	85%	15%
Others	93%	7%

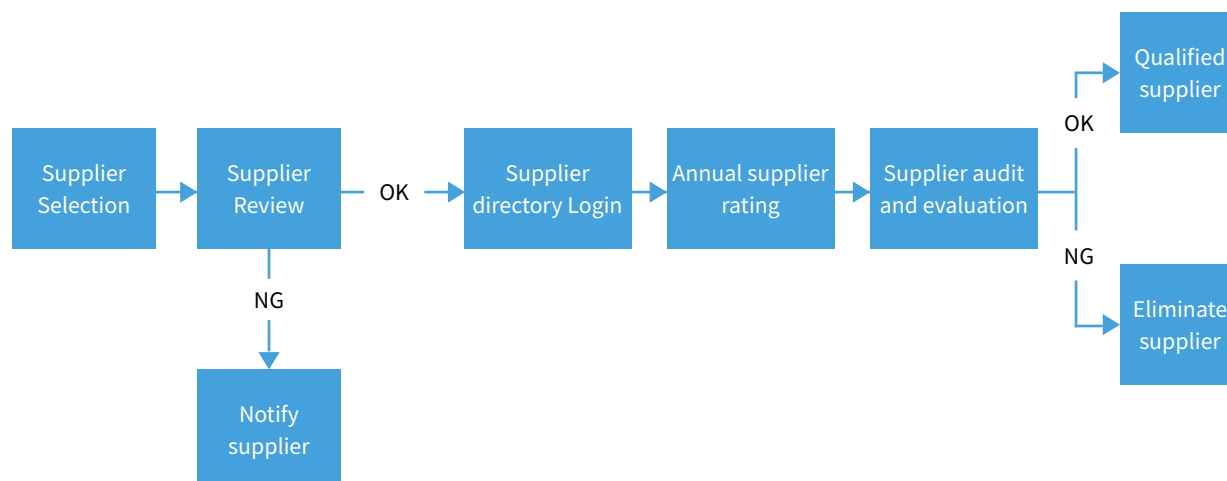
Purchase percentage of each category



Due to the limited number of domestic manufacturers of chemical raw materials, most of the raw materials rely on imports. Considering product specifications and unit prices, the percentage of raw materials purchased abroad is relatively

high, and since the amount of raw materials purchased is the largest overall purchase, the percentage of foreign procurement is much higher than the percentage of domestic purchases.

Supplier Selection Process



Supplier Rating

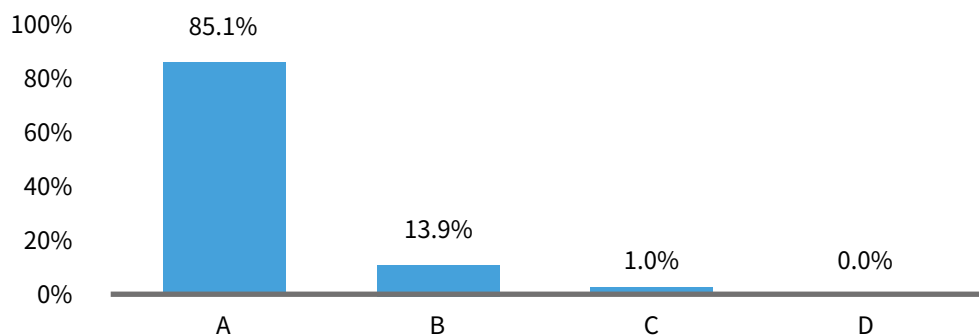
San Fu Chemical has formulated the "Supplier Management Procedures". For suppliers whose purchase amount reaches a certain percentage, an annual evaluation is carried out every year. The items include Quality, Cost, Delivery, Service and Hazardous Substance Free (HSF). In 2021, there were 52

suppliers of fine chemicals and 49 suppliers of basic chemicals, a total of 101. 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	Result	Percentage	Action Taken
A	$90 \leq X$	86	85.1%	Priority purchase
B	$80 \leq X < 90$	14	13.9%	Can purchase
C	$70 \leq X < 80$	1	1.0%	Reduce orders, require lower prices, and extend payment terms
D	$X < 70$	0	0.0%	Suspend all transactions

| 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 9 suppliers were audited in 2021, and the results are as follows

Grade	Annual Rating Score	Result	Percentage	Action Taken	Frequency
A	$90 \leq X$	9	100%	Continuous improvement	Once every 3 years
B	$80 \leq X < 90$	0	0%	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	--

San Fu Chemical evaluates new suppliers. In addition to the existing quality and environmental safety and health assessments, we also require new suppliers to provide self-disclosure of corporate sustainability management. A total of 3 new suppliers were added in 2021.

| 3 new suppliers CSR assessment, the results are as follows:

Grade	Annual Rating Score	Result	Percentage
A	$90 \leq X$	3	100%
B	$80 \leq X < 90$	0	0%
C	$70 \leq X < 80$	0	0%
D	$X < 70$	0	0%

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 aspects, respectively: economy, society and environment, in

order to jointly fulfill the concept of corporate sustainability, promote social security, environmental health, resource saving and other interrelated stable balances.



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 should 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.



| Environmental initiatives and regulations signed and endorsed by suppliers

Category	Sign regulations	Base Standard Definition
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 QC080000 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 No Hazardous Substance Guarantee 	IECQ QC080000 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 Fill in the Supplier CSR Evaluation Form 	SA 8000
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

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



5. Creating Employee Enthusiasm

Manpower Employment	68
Employee Care	71
Labor- Management Relationship	77
Career Development	78

<p>429,608 Thousand dollars</p> <p>Employee Benefit Expenses</p>	<p>11.22 Hours</p> <p>Average Number of Hours of Training per Employee</p>	<p>100 %</p> <p>Parental Leave Reinstatement Rate</p>
---	---	--

Manpower Employment

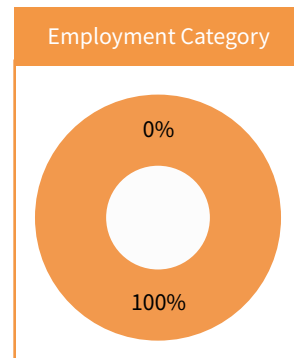
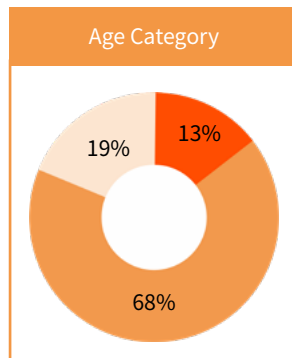
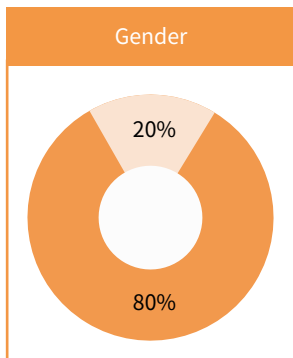
Manpower Profile

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 2021, all 367 employees are full-time employees, of which 100% are regular employees, 0% are irregular employees, 80% are male, and 20% are female. In terms of age distribution, young adults aged 31-50 colleagues are the majority, accounting for 68% of the total. 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. However, San Fu Chemical adheres to the construction of a work system and working environment that is friendly to employees, so as to drive women's willingness to join the chemical manufacturing industry and implement fairness in the allocation of economic resources. Compared with last year, the percentage of female employees in 2021 is increased by 2%.

| Ratio of Genders

		2019	2020	2021
All regular employees	Male (%)	83%	82%	80%
	Female (%)	17%	18%	20%
	Number of people	343	352	367



Male 80%
 Female 20%

Below 30 13%
 31-50 68%
 Above 50 19%

Regular 100%
 Non-regular 0%

San Fu Chemical has been established for more than sixty years, but up to 80% of our employees are under the age of 50. 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.

Job Mobility Profile

In 2021, 41 new employees were recruited, accounting for 11.2% of the total number of employees; and 27 employees will leave in the same period, accounting for 7.4% of the total number of employees.

| Statistics of new and outgoing employees by age group and gender

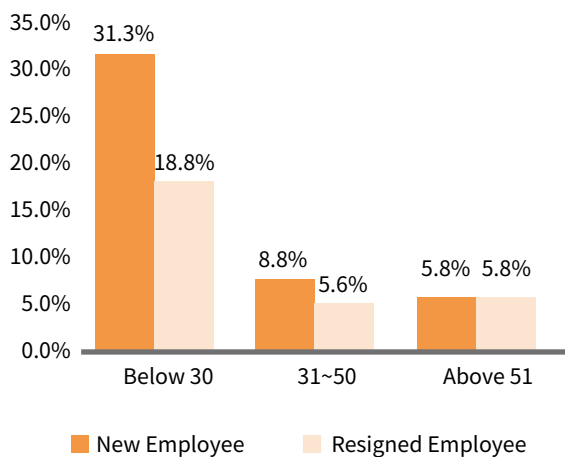
		Male		Female		Sub-total	
		Quantity	Percentage	Quantity	Percentage	Quantity	Percentage
New Employee	Below 30	10	29.4%	5	35.7%	15	31.3%
	31 ~ 50	18	8.8%	4	8.7%	22	8.8%
	Above 51	4	7.0%	0	0.0%	4	5.8%
	Sub-total	32	10.8%	9	12.5%	41	11.2%
Resigned Employee	Below 30	9	26.5%	0	0.0%	9	18.8%
	31 ~ 50	14	6.9%	0	0.0%	14	5.6%
	Above 51	3	5.3%	1	8.3%	4	5.8%
	Sub-total	26	8.8%	1	1.4%	27	7.4%

Note: The ratio is calculated as the proportion of the number of people in this age group and gender

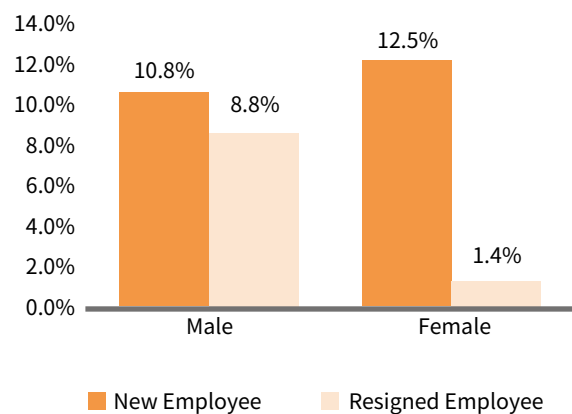
In order to understand the voices of the resigning colleagues, after the colleagues submit the resignation application, in addition to the interview with the department head, the human resources supervisor will also take the initiative to understand the main reasons for the resignation of the

colleagues, conduct a resignation analysis, and use it as a basis for the improvement of the follow-up talent retention system, in hope of keeping the excellent professionals to stay in the company.

| Percentage of new employees and resigned employees in this age group



| Percentage of new employees and resigned employees in this gender category



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 2021 have an average annual salary of 969,000 dollars.

	2019	2020	2021	Difference from previous year
Number of full-time employees who are not supervisors	326	314	320	6
Average salary of full-time employees who are not supervisors (thousand dollars)	778	842	969	127
Median salary of full-time employees who are not supervisors (thousand dollars)	690	755	859	104

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.

Implementation results include:

- No incident of discrimination
- No violation of freedom of association and collective bargaining rights
- No child labor
- No incidents of forced or compulsory labor

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 2021 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. 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)

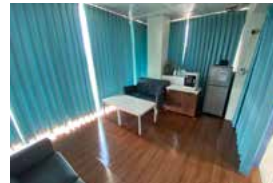
who creates a hostile, intimidating or offensive work environment towards an employee with sexually demanding, sexually suggestive or sexist remarks or conduct while performing their duties, which infringes or interferes with her (or his) personal dignity, personal freedom, or affects her (or his) work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

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 improves 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

| Shanhua Plant's Breastfeeding Room



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.

Child Care Leave without Paid

In 2021, female employees will account for 20% of all employees, an increase of 2% 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

| Statistics on Parental Leave Application and Restatement

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. In 2021, a total of 1 colleague applied for parental leave, and the reinstatement rate was 100%.

		2019	2020	2021
Number of people eligible for parental leave	Male	33	34	24
	Female	10	10	11
	Total	43	44	35
Actual number of applicants	Male	0	1	0
	Female	2	1	1
	Total	2	2	1
Number of people who should be reinstated	Male	0	1	0
	Female	1	1	1
	Total	1	2	1
Actual number of people reinstated	Male	0	1	0
	Female	1	1	1
	Total	1	2	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
	Total	--	1	2
Employee retention rate	Male	--	--	100%
	Female	--	100%	100%
	Total	--	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

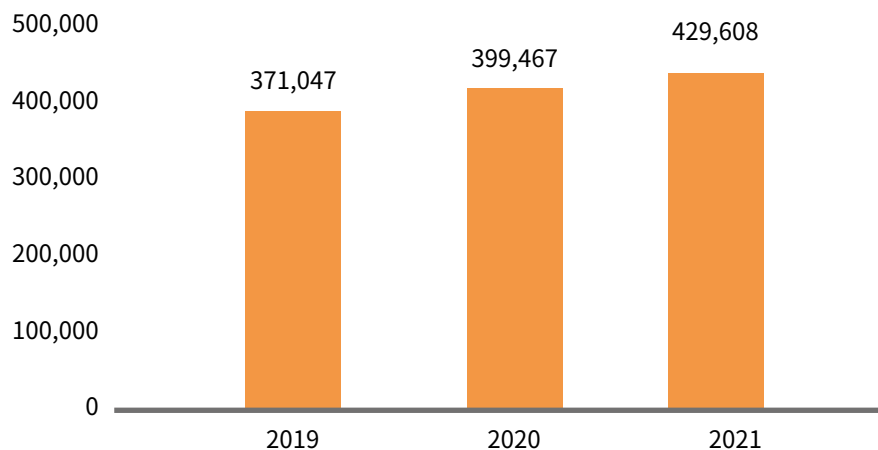
Benefits	On-leave system	Better than the special leave system of the Labor Standards Act
	Wedding cash gift	Cash gifts for the marriage of employees themselves and their children
	New year and festival cash gift Eve	Cash gifts for the three major festivals and employee birthday
	Bereavement condolences	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

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 and make further contributions to Taiwan 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 childcare 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. With family care, San Fu Chemical will do its utmost to serve the society.

| Employee benefit expenses (unit: thousand dollars)



Benefits Subsidy Items

	Provided by the Company	Provided by the Welfare Committee
Marriage allowance	●	●
Funeral allowance	●	●
Children's education 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		●



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 cafeteria for colleagues to use. The company absorbs 65% of the cost, allowing employees to enjoy a meal with two main dishes and three side dishes for only \$25. 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 check the health of colleagues.

Health Promotion

In order to provide employees with a high-quality healthy workplace, San Fu Chemical Co., Ltd. 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, two-site ultrasound 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. In addition, abnormal health examination results are filed for analysis, and individual health education guidance is provided according to the graded examination results, and individual interviews with factory doctors are also arranged to provide medical referral suggestions. Health lectures (chronic disease prevention, exercise, nutrition and other topics) are held to provide health knowledge and information from time to time, and health information, disease prevention, infectious disease prevention and other health information are posted on the internal website or E-mail from time to time.

In addition, San Fu also uses the "Health Management System" to manage the health of employees, and promotes disease prevention plans through abnormal workload, divides workload into three levels, and conducts health tracking management according to low, medium and high levels. Factory doctors visit the factory and provide health consultation and occupational injury and disease tracking. Perfect care is provided for employees, hoping to strengthen the competitiveness of the enterprise and labor, and maintain and protect the physical and mental health of all employees. San Fu has provided employees with free influenza vaccines in

the factory for 3 consecutive years, and the cost is borne by the company. In 2021, the seasonal influenza vaccine application rate of employees reached 36%, 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 2021, the coverage rate of employees in the factory area is 98%, and employees are organized to take care of a complete protective network to ensure that each employee can be protected in all aspects.

In order to reduce the "human-related hazards" caused by employees' long-term repetitive or poor-posture work, the concept of ergonomics is introduced into daily operations, and the hazard factors are analyzed and eliminated, and the improvement plan of high-risk human-factors engineering is carried out to reduce discomfort caused by musculoskeletal injuries and create a safe and productive work environment. During 2021, an evaluation and identification checklist were conducted according to different work operation types to evaluate the risk level exposed by the operators. The result falls within the range of high and medium risks. Together with the on-site visit of the factory doctor and the personnel of the environmental safety unit, improvement measures were drawn up with the unit supervisor. and implemented. A total of 4 risk controls were completed to effectively reduce the risk of ergonomic hazards caused by long-term repetitive or poor-posture work.

Quality Control – QC Department

- Job description: Perform sample stirring
- Risk level: Moderate risk after ergonomic examination
- Hazardous items: About 40 bottles of samples need to be stirred every day, which may easily cause the operator's wrist [carpal tunnel syndrome].
- Improvement measures: Set up automatic mixer to reduce operator's risk of carpal tunnel syndrome.



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 offered in 2021 are as follows:

No.	Class (Online) Date	Course	Instructor	Remarks
1	04/20	Pressure Relief	External lecturer	Physical courses
2	07/01	Noise Hazard Prevention	San Fu chemical's nurse	Online course
3	09/17	Get to Know Triglycerides	San Fu chemical's nurse	Online course
4	11/25	Common Urinary Tract Infections	San Fu chemical's nurse	Physical courses
5	11/26	Chemical Splash Emergency Measures	San Fu chemical's nurse	Physical courses
6	12/17	Get to Know Your Thyroid	San Fu chemical's nurse	Online course

| Course: Chemical Splash Emergency Measures



| Course: Pressure Relief



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.

| Retirement Dinner Party



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.

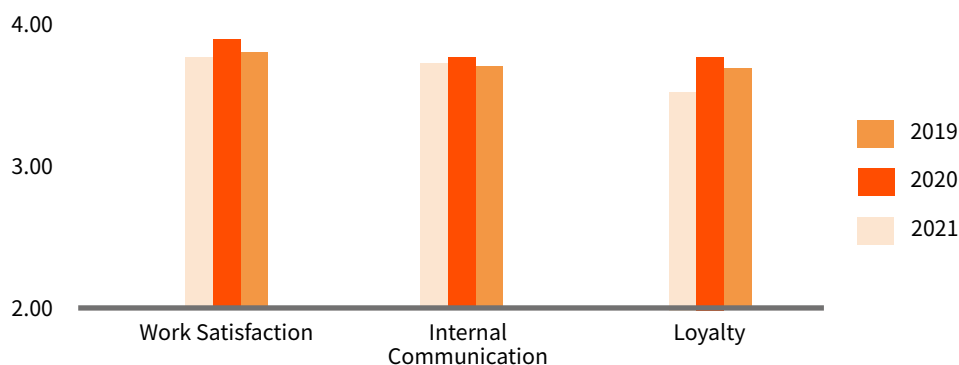
Employee Satisfaction

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.

| 2021 Employee Satisfaction Survey Results (Five-point Scale)

Aspects of Survey	2019	2020	2021
Work Satisfaction	3.70	3.83	3.74
Internal Communication	3.65	3.69	3.65
Loyalty	3.47	3.70	3.63
Total Average	3.61	3.74	3.67



According to the results of the employee satisfaction survey, although the year 2021 is slightly lower than that of the previous year, 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 ability of employees to exert their abilities", "opportunities" and "continuously learning new things". Through follow-up, it is listed as one of the key points of the human resources work direction, and continuous communication with supervisors about employees' satisfaction and sense of achievement at work can build a happy company.

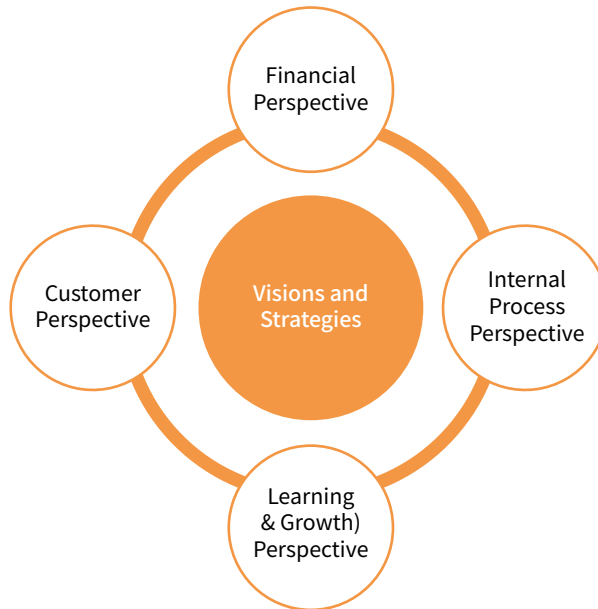
Career Development

Performance Appraisal

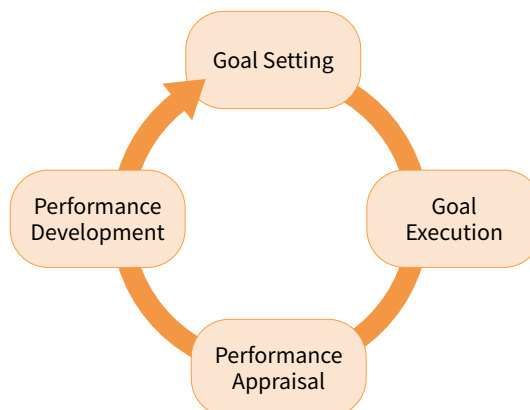
In order to achieve the mission of sustainable operation and fulfill social responsibility, San Fu introduced the "Balanced Scorecard" in 2017 as the promotion model of the company's strategic development goals, and also used it as the work index and the ability to quantify work objectives and characterize 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 2021, the proportion of people who received performance appraisal account 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 2021, the average time spent in education and training per

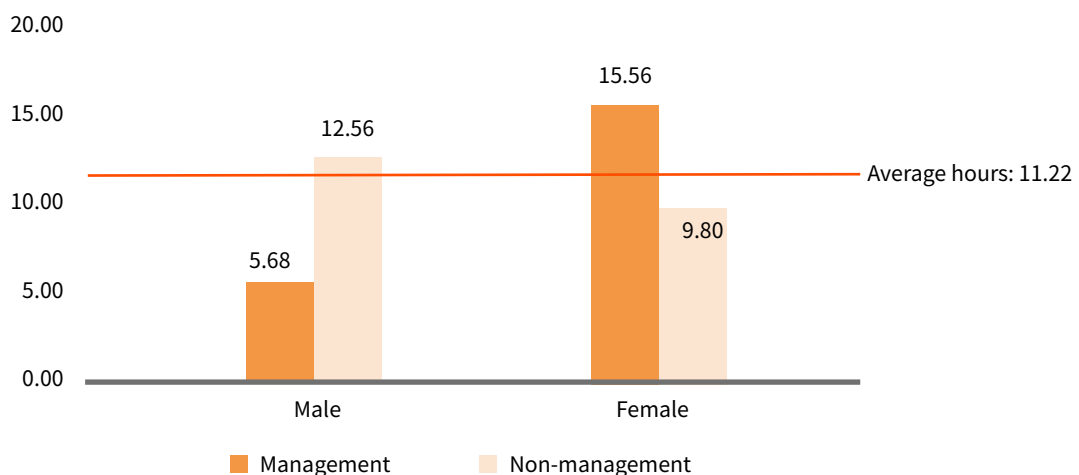
person is 11.22 hours.

We provide equal education and training rights for all employees regardless of gender.

If further divided by gender, male employees receive an average of 11.49 hours of training each year, and female employees receive an average of 10.12 hours of training each year. Because the on-site shift personnel are mainly male, and they 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 headcount during the reporting period	46	4	50
	Hours of training during the reporting period (physical courses)	123	49	172
	Hours of training during the reporting period (online courses)	138.28	13.25	151.53
	Average hours of training during the reporting period	5.68	15.56	6.47
Non-management	Actual headcount during the reporting period	249	68	317
	Hours of training during the reporting period (physical courses)	1916	358.5	2274.5
	Hours of training during the reporting period (online courses)	1211.90	307.70	1519.60
	Average hours of training during the reporting period	12.56	9.80	11.97
Total	Number of people	295	72	367
	Hours	3389.18	728.45	4117.63
Total Number of employees at the end of the reporting period	Number of people	295	72	367
Average hours of training per employee	Hours	11.49	10.12	11.22



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. Therefore, the course "Organizational Development Workshop ~ Starting with OKRs" was conducted, which was combined with "Organizational Growth and Company Development".

Online courses, 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 25 people were trained in this course.

In addition, in this era when the price of everything is rising and inflation is approaching, San Fu hopes to cultivate the concept of investment and financial management die every colleague. Therefore, the online course "How to Cultivate the

Correct Concept of Investment and Financial Management" focused on the importance of investment and financial management. The purpose was to broaden the source of income and reduce the financial burden caused by accidents, and then use different financial planning at different stages of life to cultivate colleagues' own financial management skills through continuous self-investment. A total of 114 people were trained in this course.

Finally, in accordance with the "Occupational Safety and Health Act" and "Occupational Safety and Health Education and Training Rules", San Fu Chemical regularly reviewed the validity of the company's employees' safety and health certificates, and arranged return training courses for the expiring certificates.

Beginning in 2020, the courses of "Safety and Health Education and Training for Hazardous Work Supervisors" and "On-the-job Training for First Aid" are held to improve the effectiveness of the training and reduce the hardships of going back and forth for the training, after checking the internal resources, the company assign colleagues to serve as lecturers to conduct on-the-job training according to the company's own industrial characteristics and operating environment. During 2021, a total of two "safety and health education and training courses for hazardous work supervisors" with a total of 50 trainees were held.



Professional Training Course

Category	Professional Skill	Upper Management	Middle Management	Junior Staff	Professional staff	General employee	Suggested courses
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, ISO9001 Quality Management System, SA8000 Corporate Social Responsibility

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 2021, the outcomes of the digital learning platform were as follows:

1. Online training for new recruits: a total of 25 tiers were conducted to save a total of 200 hours of face-to-face teaching by internal lecturers.
2. 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.
3. Online courses: organizational growth and company development, how to cultivate the correct concept of investment and financial management.
4. Health promotion materials: know how to prevent noise hazards, know triglycerides, and know thyroid.



In 2021, the achievement rate of the online course on integrity management is 100%

- 9 people from the board of directors participated in the training.
- A total of 47 internal colleagues participated in the training.

Trainee	Number of trainees	Number of completion	Average score	Description
Junior staff	14	14	98.57	Grade 6 and below
Intermediate staff	19	19	96.58	Grades 7-9
Senior staff	14	14	97.14	Grade 10 and above

Leadership and Management Courses

For the management and management cadres, we coordinated the preparation of the company's annual budget and the formulation of medium- and long-term development strategies to demonstrate execution and sustainable management ambitions. The human resources unit also planned a course from the development strategy and management function training framework - "Organizational Development Workshop ~ Starting from OKRs".

In order to achieve sustainable development, San Fu must continue to pursue growth momentum in the market

competition environment in order to maintain survival and prosperity. This face-to-face course is also in line with the online course "Organizational Growth and Company Development" as pre-class reading. Understanding the management tool of OKR can cultivate the ambition of the supervisor to play the role of linking the previous and the next, and stimulate the potential of the entire team to create prosperity for San Fu. A total of 25 colleagues participated in the training.

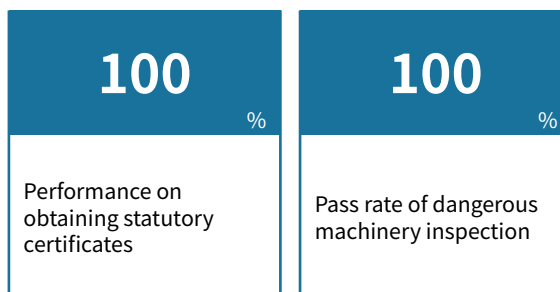


- Contents
- Message from the Chairman
- About the Report
- About Us
- Economic Performance
- Sustainable Environment
- Customer Commitment and Supply Chain Management
- Creating of Employee Enthusiasm
- Occupational Safety and Health Management**
- Social Public Welfare Action
- Appendix



6. Occupational Safety and Health Management

Implementation of Occupational Safety and Health Management	83
Chemical Hazard Emergency Response Drill	88



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 regulation	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.
Establish 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 Plant	●	●
Kaohsiung Factory	●	
Like 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 2021, there were 5 cases with high risk or above, and they were included in the current year management plan of 2022 for inspections, of which 4 cases were improved in 2021, and the achievement rate was 80%.

High Safety and Zero Disaster as the Goals

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 shall not be subject to termination of labor contracts, demotions, loss of allowances and other unfavorable treatment when they exercise their right to escape safely in accordance with the law., it is clearly stated that. 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 2021, the number of disabling injuries to employees was one, which was caused by chemical splashing by employee, FSI=0.04, and the number of disabling injuries to contractors in 2021 was one, FSI=1.48. Looking forward to 2022, 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

Item/Year	Employee			Non-employee (Contractor)		
	2019	2020	2021	2019	2020	2021
Experienced working hours (Hr)	718,823	662,370	772,632	60,952	70,742	64,159
Number of disabling injuries	0	2	1	0	0	1
Disabling Frequency Rate (F.R)	0	2.58	1.38	0	0	15.59
Loss in days of disabling injury	0	3	1	0	0	8
Disabling Injury Severity Rate (S.R.)	0	4	1.38	0	0	124.69
Frequency Severity Indicator (FSI)	0	0.1	0.04	0	0	1.39

公式： $\sqrt{\frac{FR \times SR}{1000}}$

The 2021 occupational injury statistics are as follows:

Item/Year	Employee			Non-employee (Contractor)		
	2019	2020	2021	2019	2020	2021
Experienced working hours (Hr)	718,823	662,370	772,632	60,952	70,742	64,159
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	0	2	1	0	0	1
Recordable occupational injury rate	0	5.59	1.38	0	0	15.59
Loss Day Rate (LDR)	--	--	0.3	--	--	--
Day of Absence (day)	--	--	6.9	--	--	--
Absence Rate (AR%)	--	--	0.01	--	--	--
Main types of occupational injuries	None	Harmful substances Contact Stumble	Harmful substances Contact	None	None	Fall

Note 1: Except the loss day rate (LDR) in the table above, the rate of other items are calculated based on the 1,000,000 work hours and it has covered all workers.
 Note 2: Serious occupational injuries were disabling injuries unable to be recovered within 6 months.
 Note 3: LDR (the second decimal is round off unconditionally) = Total number of loss days due to disabling injury/Total number of working hours) x 200,000.
 Note 4: Absence rate (AR, the second decimal is round off unconditionally) including sick leave and absence without reason = (Total number of days of absence/Total number of work man-days) x 100%

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.

The incidence of transportation accidents:

Vehicle accident frequency rate (VAFR) is calculated mainly based on long-term contractors and self-owned drivers. Statistics on property loss or casualty caused by employees' traffic accidents in the factory, outside the road and in the customer's factory were prepared.

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

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.

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

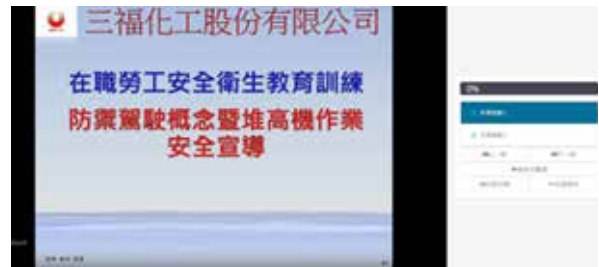
Traffic Safety Continuation Statistics

2021		
Number of traffic accidents	0	VAFR = 0
Total mileage (km)	1,338,288	
Number of employee traffic accidents	0	ETAFR = 0
Total employee work hours	722,805	

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 the number of major punishment incidents in labor safety

In 2021, the Company was not subject to any punishment or major occupational accident. In addition, in 2021, the Southern District Occupational Safety

Center visited the factory for a total of 5 labor inspections, and the improvement items within the time limit were as follows.

Statistics on Labor Inspection Violations

Date	Content	Competent authority	Corrective Action
01/27	An occupational safety and health management plan, including safety and health education and training, should be formulated according to the size and nature of the institution. (The safety and hygiene education and training for the operation of AC welding machines in the maintenance workshop has not been implemented)	Occupational Safety and Health Center of Occupational Safety and Health Administration, Ministry of Labor	On January 29, the relevant personnel education and training conducted by the supervisor of the maintenance department has been completed and improved.
10/25	The occupational safety management plan includes the management of machinery, equipment or appliances. (For the automatic inspection checklist of the ordered oxyacetylene welding device, the inspection of the special wrench part should be left on the valve handle of the container)		On November 18th, the management system communication meeting completed the publicity of the revision and revision of the form, and on December 1st, completed the revision and issuance of the SH-SP-R042 high-pressure gas cylinder daily operation checklist.
10/26	The grinding fluid tank in the VMT process area is not marked in accordance with the Hazardous Chemicals Labeling Communication Rules.		On-site signage improvements were completed on November 19.
01/26	Monoethanolamine SDS has a shelf life of more than three years.	Tainan City Occupational Safety and Health Department	Replace the expired SDS and place the new version of the SDS.
08/13	It is recommended to prepare a list of hazardous chemicals according to each plant area to facilitate management.		Fill in according to the properties and classifications.

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 2021

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

| Statistics on the performance of colleagues in the factory to obtain legal licenses in 2021

Certificate Item	Number of people obtained	Compliance with regulatory standards?
Occupational safety and health business manager	8	100% compliance
Occupational safety and health managers	3	100% compliance
Construction Industry Occupational Safety and Health Business Supervisor	4	100% compliance
Operators of stationary cranes over three metric tons	31	100% compliance
Specific Chemical Substance Work Supervisor Trainer	91	100% compliance
Forklift operators over 1 metric ton	107	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	16	100% compliance
On-site safety and health supervisors	15	100% compliance
The first pressure vessel operator	10	100% compliance
First responder	40	100% compliance
Dust Operations Supervisor	14	100% compliance
Hypoxia operation supervisor	31	100% compliance
Organic Solvent Operations Supervisor	72	100% compliance
Boiler operator	12	100% compliance
Process Safety Assessor	2	100% compliance
Road Dangerous Goods Delivery Personnel	3	100% compliance
Security supervisor	2	100% compliance
Security inspector	2	100% compliance
Fire management	2	100% compliance
Health Services Nursing Staff	1	100% compliance

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 Kaohsiung University of Science and Technology Poison Disaster Response Team 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.



| Chemical Hazard Emergency Response Drill

Factory	No.	Date	Factory (Inside/ outside)		Emergency drill items	Drill assumptions/contents
			Inside	Outside		
Shanhua Plant	1	2021/04/20	●		"Self-defense fire-fighting emergency response drill" held at Shanhua Plant in the first half of 2021	The hydrogen fluoride liquid in the process area of the VMT plant was damaged and leaked due to the earthquake.
	2	2021/10/20	●		"Self-defense fire-fighting group emergency response drill" held at Shanhua Plant in the second half of 2021	The TMAH plant's emergency response exercise for the fire caused by the leakage of the silicon methane storage site due to the earthquake
	3	2021/11/23	●		Fire Disaster Prevention and Fire Fighting Training	Fire Disaster Prevention and Fire Fighting Training
	4	2021/11/24		●	National Kaohsiung University of Science and Technology-Southern District Poison Disaster Response Consultation Center Chemical Tanker Leakage Response Exercise	Commander-level chemical tanker leak drill
Liuying Plant	1	2021/10/29	●		"Self-defense fire-fighting group emergency response drill" held at Liuying Plant in the second half of 2021	In the event of a fire in the warehouse, emergency evacuation, emergency broadcast and evacuation guidance were carried out immediately, and outdoor fire hydrants were used to extinguish fire
	2	2021/10/29	●		"Emergency Response Drill" held at Liuying Plant in 2021	I The tanker driver was transporting the acetic acid tanker from the Liuying Plant to the filling area. On the road of the second and third phases of the Liuying Plant, there was acetic acid leakage from the tank body. The tanker driver and other personnel were not injured, but related Personnel are required to assist in emergency response and leak prevention operations
Kaohsiung Plant	1	2021/04/29	●		"Self-defense fire-fighting group emergency response drill" held at Kaohsiung Plant in the first half of 2021	Fire accident of hydrogen booster pipeline in process area
	2	2021/11/04	●		"Self-defense fire-fighting group emergency response drill" held at Kaohsiung Plant in the second half of 2021	Response drill for the leakage of iron aniline barrels

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 inspection, and provides employees with comprehensive health inspections to ensure that every employee can control their own health conditions. General medical checkups include 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 who have concerns about health hazards in their work, such as work 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 2021, a total of 23 workers took the checkups, and personal health guidance and relevant health education were provided after they were assessed to be requiring Level I or Level II control by on-site physicians, and health management was carried out in accordance with the health inspection grading system, and tracking was carried out continuously.

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 of being related to work, we will continue to formulate relevant occupational health care mechanisms to protect the health of our colleagues. Since the company has no non-employee workers, no measures related to health care have been initiated. In 2021, due to the outbreak of the local epidemic, the government upgraded the country to level 3 alert in May of that year until the end of July. In order to ensure that colleagues reduce the chance of gathering and the risk of infection, the company firstly postponed the activities such as employee health examinations for the current year as one of the epidemic prevention measure. It is expected to make rearrangements after the second-level situation is lifted or depending on the government's guidelines.

| Implementation of health examination statistics in 2021 (unit: person)

Category of Medical Checkup	Total Number of people	For first-level management	For second-level management
General health check	--	--	--
Special operation health check: noise	5	--	5
Special operation health check: dust	3	3	--
Special Job Health Check: Lead	14	10	4
Special job health check: arsenic	10	2	8
Special work health check: manganese	10	8	2
Special job health check: chromic acid	1	1	--
Special work health check: cadmium	10	10	--
Special job health check: Nickel	10	5	5
Special Operation Health Check: Mercury	11	6	5
Special work health check: dimethylformamide	1	1	--

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's response measures are as follows:

- Human hazards**
 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.
- Maternal health protection**
 When knowing an employee is pregnant, the employee and her supervisor will fill out the "Female Labor Maternal Health Risk Assessment Form". In 2021, no female employee was pregnant or received the employee's maternal health protection, and the medical staff will interview and assess whether there is any hazardous substance that causes a risk of maternal health in the workplace, provide 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..
- Unusual workload**
 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.
- Workplace abuse**
 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.

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

List objects	Item	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 2021, there are 14 missing items in Shanhua Plant, 2 in Liuying Plant, and 1 in Kaohsiung Plant, all of which were improved in the current year.

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

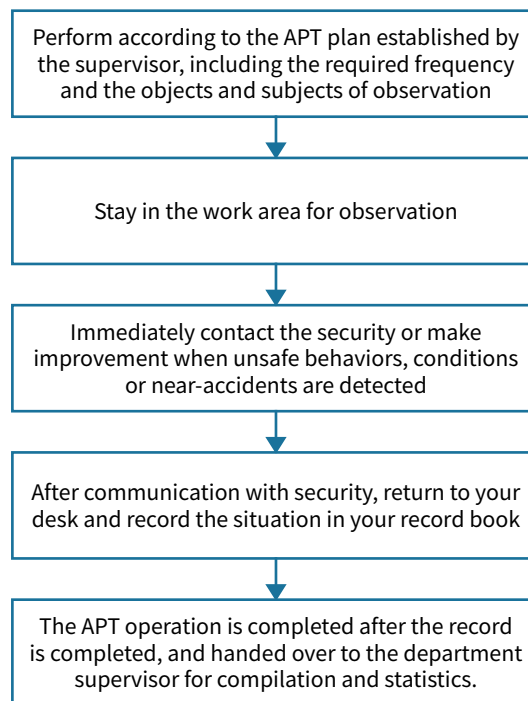
In meetings or on bulletin boards, information or case sharing about major industrial safety accidents are posted and publicized regularly or irregularly to enhance the safety and

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 2021, a total of 1,590 company-wide reports were filed.



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.



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



7. Social Public Welfare Action

Respond to public welfare with practical actions 95



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 Siao sinli and Jiabali in Shanhua District, Tainan

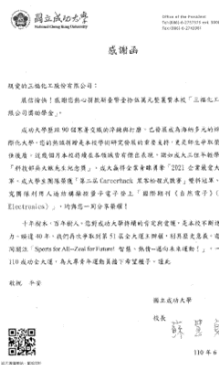
Sponsor the graduation ceremonies of Xiao Xin Elementary School in Siao sinli of Shanhua District and Jiaba Elementary School of Jiaba District.



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. In 2021, the total cumulative amount was \$3.1 million, and hoped that their professional knowledge could be used to invest in the industry and feedback to the society.



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 \$20,000 for chemical camp activities of the Department of Chemical Engineering of National Taiwan University



The photo is taken from the Facebook of the Department of Chemical Engineering of National Taiwan University

- | Sponsor \$10,000 for the "Periodic Table Roundabout 2.0" event of the Chinese Chemical Society



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

- | Sponsor \$50,000 for the 2021 Taiwan Chemical Industry Summit Forum



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

- | Sponsor \$500,000 for the KT Wang Foundation



The photo is taken from the website of KT Wang Foundation

Optimize the Environment and Study Comfortably

In order to enable every student to obtain high-quality education, San Fu also focuses on creating a safe and comfortable teaching environment, and enhances school

infrastructure by subsidizing the renovation, renovation, addition, repair and improvement of school buildings.

- | Donation of \$100,000 for Tunghai University Comprehensive Activity Building



The photo is taken from the website of Tunghai University

- | Donation of \$100,000 for the renovation of the Chemical Engineering Department of National Taiwan University



The photo is taken from the website of Chemical Engineering Department of National Taiwan University

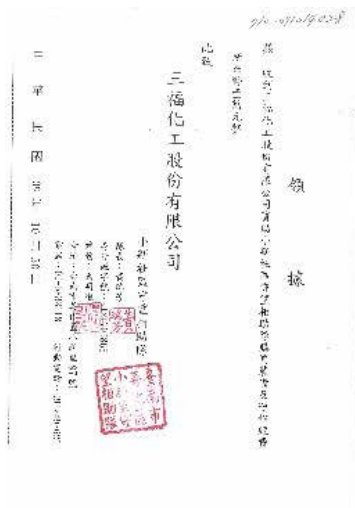
Community Engagement Endlessly

In order to promote neighborhood harmony and maintain good community relations, Tainan Shanhua Plant started the community engagement 21 years ago. In SiaoSinli and Jiabali

in Shanhua District, Tainan, we sponsored the local community and participated in district activities.

| Sponsor NT\$10,000 for SiaoSinli Community Patrol Team.

| Donation of \$10,000 each for the anniversary of SiaoSinli's Society Development Association and Longevity Club



Medical Care, Spare no Effort

Focusing on the needs of the medical industry and disadvantaged groups for a long time, the company contributes a humble heart to the social gap and drives the circulation of beautiful kindness.

| Donated NT\$20,000 to the Foundation for Children with Developmental Delay of the Republic of China



The photo is taken from the website of the Foundation for Children with Developmental Delay of the Republic of China

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



Appendix

GRI Standards	Serial No.	Title of Disclosed Item	Page No.
GRI Universal Standards			
GRI 102,2016 General Disclosures	102-1	Name of the organization	5, 6
	102-2	Activities, brands, products, and services	21, 22
	102-3	Location of headquarters	21
	102-4	Location of operations	21
	102-5	Ownership and legal form	5, 6, 21
	102-6	Markets served	21, 22
	102-7	Scale of the organization	6, 21, 35, 68
	102-8	Information on employees and other workers	68
	102-9	Supply Chain	61
	102-10	Significant changes to the organization and its Supply Chain	No significant changes to the organization and its supply chain
	102-11	Precautionary Principle or approach	30, 31
	102-12	External initiatives	60
	102-13	Membership of associations	26
	102-14	Statement from senior decision-maker	3
	102-15	Key impacts, risks and opportunities	8, 12, 30, 31, 32
	102-16	Values, Principles, standards, and norms of behavior	27, 28, 29
	102-18	Governance structure	27, 28
	102-40	List of stakeholder groups	8
	102-41	Collective bargaining agreements	The company has not established a labor union and has no group agreement, but regularly holds labor-management meetings every quarter, with smooth communication channels
	102-42	The basis for identifying and selecting stakeholders with whom to engage.	9
	102-43	Approach to stakeholder engagement	10
	102-44	Key topics and concerns raised	11, 12
	102-45	Entities included in the consolidated financial statements	5, 34, 35
	102-46	Defining report content and topic Boundaries	9, 12
	102-47	List of material topics	12, 13
	102-48	Restatements of information	5
	102-49	Changes in reporting	6, 11
	102-50	Reporting Period	5
102-51	Date of most recent report	5	
102-52	Reporting cycle	5	
102-53	Contact point for questions regarding the report	6	
102-54	Claims of reporting in accordance with the GRI Standards	5	
102-55	GRI content index	99,100,101	
102-56	External assurance	5	

GRI Standards	Serial No.	Title of Disclosed Item	Page No.
GRI 103:2016 Management Approach	103-1	Explanation of the material topic and its Boundary	12
	103-2	The Management Approach and its Boundary	13
	103-3	Evaluation of the Management Approach	13
GRI-200 Economy			
GRI-201: 2016 Economic Performance	201-1	Direct economic value generated and distributed	35, 55
	201-3	Defined benefit plan 0 6 other retirement plans	76
GRI-300 Environment			
GRI-307: 2016 Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	55
GRI-400 Society			
GRI-401:2016 Employment	401-1	New employee hires and employee turnover	69
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	73, 74
	401-3	Parental leave	72
GRI-402:2016 Labor/ Management Relationship	402-1	Minimum notice periods regarding operational changes	77
GRI-403:2018 Occupational Health and Safety	403-1	Occupational health and safety management system	84
	403-2	Hazard identification, risk assessment, and incident investigation	84
	403-3	Occupational health services	90 (partially disclosed)
	403-4	Worker participation, consultation, and communication on occupational health and safety	83, 84
	403-5	Worker training on occupational health and safety	80, 87
	403-6	Promotion of worker health	75, 76, 81 (partially disclosed)
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	92
	403-9	Work-related injuries	84, 85
	403-10	Work-related ill health	90
GRI-417:2016 Marketing and Labeling	417-3	Incidents of non-compliance concerning marketing communications	29
GRI-419:2016 Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	29

| "Operating Measures for Listed Companies to Prepare and Apply for Corporate Social Responsibility Reports" Revealed Items

Item	Contents of Regulation	Page No.
Paragraph 2 of Article 3		
	The content of the corporate sustainability report mentioned in the preceding paragraph shall cover relevant environmental, social and corporate governance risk assessments, and set relevant performance indicators to manage the identified major themes.	13
Paragraph 2 of Article 4		
1	State the categories of employee injuries, and calculate the injury rate, occupational disease rate, rate of lost days, absenteeism rate, and work-related fatalities.	85
2	Operational activities that have significant actual or potential negative impact on the local community.	55
3	The specific and effective mechanisms and actions taken by the enterprise itself and its suppliers to reduce the negative impact on the environment or society.	64, 65, 66
Paragraph 4 of Article 4		
1	The listed company stipulated in Article 2 shall disclose the number of full-time employees who are not in supervisory positions, the average and median salary of full-time employees who are not in supervisory positions, and the difference between the first three and the previous year.	70
2	Corporate governance of climate-related risks and opportunities, actual and potential climate-related impacts, how to identify, assess and manage climate-related risks, and indicators and targets for assessing and managing climate-related issues.	31, 32

