



# ESG REPORT

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Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and  
Supply Chain Management

6.Creation of Employee  
Enthusiasm

7.Occupational Safety and Health  
Management

8.Social Public Welfare Action

Appendix

Content

Message from the Chairman	2	Chapter 1	Chapter 2	Chapter 3
About the Report	3	About Us	Economic Performance	Response to Climate Change
Overview of the Report	4	1.1 Company Profile	2.1 Consolidated Net Profit	3.1 Climate Change Risks and Opportunities
Corporate Sustainability Promotion Committee	6	1.2 Introduction of Industry	2.2 Future Revenue Growth Momentum	35
Identification of Stakeholders and Material Topics	7	1.3 Corporate Governance	2.3 Sustainable Circular Growth	
Sustainability Development Management Indicators	13	1.4 Risk Control		
2023 Sustainability Performance Highlights	16			
Chapter 4		Chapter 5	Chapter 6	
Sustainable Environment		Customer Commitment and Supply Chain Management	Creation of Employee Enthusiasm	
4.1 Implementing Environmental Protection Management	43	5.1 Customer Commitment	6.1 Manpower Employment	59
4.2 Raw Material Management	44	5.2 Supply Chain Management	6.2 Employee Care	62
4.3 Energy Management	46		6.3 Labor-Management Communication	67
4.4 Water Resources Management	47		6.4 Career Development	68
4.5 Proper Disposal of Waste	48			
Chapter 7		Chapter 8		
Occupational Safety and Health Management		Social Public Welfare Action		
7.1 Implementation of Occupational Safety and Health Management	72	8.1 Respond to Public Welfare with Practical Actions		81
7.2 Chemical Hazard Emergency Response Drill	76			
Appendix				
GRI Standard Comparison Table	84			
SASB Chemical Industry Indicators	87			
Table 1. Sustainability Disclosure Topics & Metrics	87			
Table 2. Activity Metrics	89			
PwC's Independent Limited Assurance Report	90			



Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

Message from the Chairman



The economic situation in 2023 is not very favorable. Although Covid-19 has come to an end, the Russo-Ukrainian War has been going on for more than two years, Israel and Hamas are at war again, the U.S. is raising interest at high rates to prevent inflation, the US-China trade war continues, restrictions are imposed on the joint development of advanced process chips and semiconductor equipment, and a China's export surplus drops dramatically after the tariff increase by the U.S, the over-investment in equipment has resulted in an oversupply of products and a sharp decrease in prices, and the oversupply of real estate has also given rise to a number of problems. The revenue of Taiwan's listed companies in 2023 is 39.42 trillion dollars with an annual decrease of 10.32%. Our company's revenue also decreased by 11% with a decrease of 45% in profit.

Nevertheless, we still would like to thank our colleagues for their efforts to maintain the company's business, especially the newcomers, such as Nitto Factory, San Fu (Vietnam) Factory, and Liuying's N2O Factory for establishing the entire production and operation order, developing new customers, and facing various new challenges.

In terms of ESG sustainability management and net-zero carbon emissions, the company continues to promote energy saving and carbon reduction in all factories. On the other hand, some products such as PHBA, CHA, DCHA has been reduced in production due to reduced sales. Overall, the company's purchased electricity consumption in 2023 decreased by 3,905,847,000 kWh (approximately 10% of electricity consumption) compared to 2022. The carbon emission decreased from 29,875 tons of CO<sub>2</sub>e/year in 2023 to 23,722.5 tons of CO<sub>2</sub>e/year in 2022. In terms of circular economy, the output of TMAH-R is 10,741 tons in 2023 with an increase of 39% compared to 7,741 tons in 2022.

In terms of the recycle of greenhouse gases and the production of petrochemical raw materials using CO<sub>2</sub>, the company and the Department of Chemical Materials of Tunghai University continue to do the joint research and development with gradually emerging results, such as high efficiency CO<sub>2</sub> adsorption materials, chemical synthesized materials using CO<sub>2</sub>, etc. The company's R&D department and Tunghai University will continue to work hard in this area and the company will give its full support.

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 to learn about blessings, cherish blessings and cultivate blessings, continuing to keep close contact with our community, support the Shanhua Junior High School baseball team, and donate scholarships to students at the National Taiwan University, National Cheng Kung University, and Tunghai University and funds to the K-T Wang. Bioorganic Chemistry Foundation, and Fu Lu Culture Foundation, in the hope of fulfilling our responsibilities and contributing to society, mankind, and the earth.

2024.04.11  
San Fu Chemical Co., Ltd.,  
Chairman **Simon Wu**

Content

Message from the Chairman

About the Report

- 1.About Us
- 2.Economic Performance
- 3.Response to Climate Change
- 4.Sustainable Environment
- 5.Customer Commitment and Supply Chain Management
- 6.Creation of Employee Enthusiasm
- 7.Occupational Safety and Health Management
- 8.Social Public Welfare Action

Appendix



About the Report

Overview of the Report	4
Corporate Sustainability Promotion Committee	6
Identification of Stakeholders and Material Topics	7
Sustainable Development Management Performance metrics	13
2023 Sustainability Performance Highlights	16



Content

Message from the Chairman

About the Report

- Overview of the Report
- Corporate Sustainability Promotion Committee
- Identification of Stakeholders and Material Topics
- Sustainability Development Management Indicators
- 2023 Sustainability Performance Highlights

- 1.About Us
- 2.Economic Performance
- 3.Response to Climate Change
- 4.Sustainable Environment
- 5.Customer Commitment and Supply Chain Management
- 6.Creation of Employee Enthusiasm
- 7.Occupational Safety and Health Management
- 8.Social Public Welfare Action
- Appendix

Overview of the Report

This report is the 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 2023, and the information disclosure period of the 2023 ESG Report is from January 1, 2023 to December 31, 2023.

The report released last time was in June 2023. 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 corporate vision of sustainable management with actions.

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



Environmental Protection and Occupational Safety and Health Management

- The ISO 14001 Environmental Management System and the ISO 45001 Occupational Safety and Health Management System established and maintained by the company have passed the certification by the British Standards Institution (BSI) Taiwan Branch.
- The GHG performance data of the Taipei Head Office, Chupei Office, Tainan Shanhua Factory, Liuying Factory, and Kaohsiung Factory disclosed in this report have passed the certification of the ISO 14064-1 Greenhouse Gas Inventory Standard by the SGS Taiwan Technology Inspection Co., Ltd.



Energy Management

The ISO 50001 energy management system established and maintained by the Shanhua and Liuying factories has passed the certification by the British Standards Institution (BSI) Taiwan Branch.



Sustainability Report

- The GRI Sustainability Reporting Guidelines disclosed in this report have been guaranteed by TÜV NORD Taiwan Co., Ltd.) and passed the third-party verification (the accountability principle and performance information verification) of the Type 2 Moderate Level Assurance of the AA1000AS v3 Accountability Assurance Standard.
- In accordance with the Assurance Standard No. 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and Paragraph 2 of Article 4 of the Taiwan Stock Exchange Corporation's "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies", the limited assurance report on the disclosed sustainability indicators-chemical industry made by the accountants of PwC Taiwan was obtained.



About Information Revision:

There is no information revision for 2023.

Compilation Guide

This report is compiled in accordance with the GRI Universal Standards 2021promulgated by the Global Reporting Initiative (GRI), the AA1000 AP AccountAbility Principles 2018 announced by the AccoutAbility, and the Sustainability Accounting Standards of the Sustainability Accounting Standards Board (SASB), and attached with the GRI standards index and the SASB chemical industry indicators.

Content

Message from the Chairman

About the Report

- Overview of the Report
- Corporate Sustainability Promotion Committee
- Identification of Stakeholders and Material Topics
- Sustainability Development Management Indicators
- 2023 Sustainability Performance Highlights

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

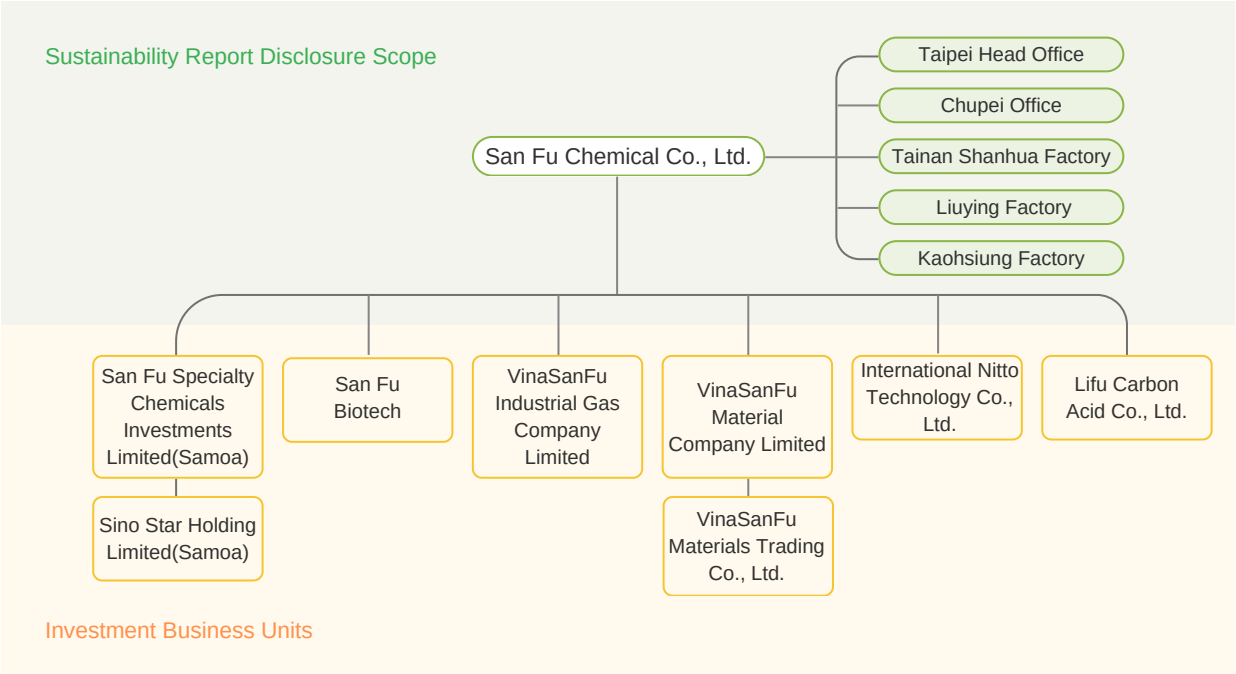
6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

Scope and Boundaries



The data source for the economic and social categories of this report is the consolidated financial statement published in the “2023 San Fu Chemical Annual Report”, and the scope of disclosure covers five operation locations: the Taipei Head Office, Chupei Office, Tainan Shanhua Factory, Liuying Factory, and Kaohsiung Factory, but excludes other investment business units. In the environmental category, the product manufacturing factories: Tainan Shanhua Factory, Liuying Factory, and Kaohsiung Factory are the main disclosed boundaries; the Taipei Head Office and Chupei Office mainly discloses the use of water-saving measures for domestic water and the indoor use of LED fluorescent lamps to reduce greenhouse gas emissions.

Report Management and Review

The data and information disclosed in this report were provided by various department members of the Corporate Sustainability Committee to the Quality System Management Division for compilation, proofreading and confirmation, reviewed by the Executive Secretary, and sent to the Chairman of the Board of Directors, the General Manager and the Board of Directors for review and approval, and the 2023 Annual Sustainability Report of San Fu Chemical Company Limited was reviewed and approved by May 2, 2024.

Contact Information

If you have any suggestions or information consultation about the “San Fu Chemical Co., Ltd. 2022 Sustainability 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](mailto:MZXIE@sfchem.com.tw)

Operating Bases and Report Information Disclosure Boundaries

Name	Address	No. of Employees	In Charge of	Scope of Disclosure,		
				Economy	Environment	Society
Taipei Head Office	7F, No. 21, Section 2, Zhongshan North Road, Zhongshan District, Taipei City	39	Decision Making Center	●	●	●
Chupei Office	6F-2, No. 251, Fuxing 1st St., Chupei City, Hsinchu County	30	Sales Unit	●	●	●
Tainan Shanhua Factory	No.340, Xiaoxinying, Shanhua District, Tainan	212	Product Manufacturing	●	●	●
Tainan Liuying Factory	No. 1 Huanyuan E. Rd. Sec. 1, Liaoying District, Tainan	68	Product Manufacturing	●	●	●
Kaohsiung Factory	45 Zhongheng St., Xiaogang District, Kaohsiung City	17	Product Manufacturing	●	●	●



Content

Message from the Chairman

About the Report

- Overview of the Report
- **Corporate Sustainability Promotion Committee**
- Identification of Stakeholders and Material Topics
- Sustainability Development Management Indicators
- 2023 Sustainability Performance Highlights

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

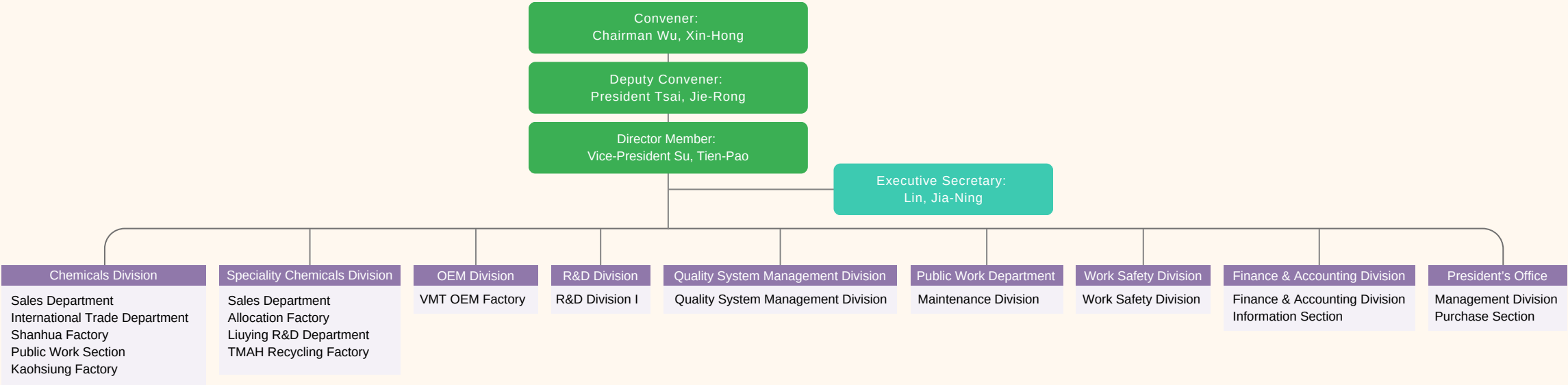
8.Social Public Welfare Action

Appendix

Corporate Sustainability Promotion Committee

Organization of Corporate Sustainability Promotion Committee

For the purpose of preparing this report, we have established a Corporate Sustainability Promotion Committee in accordance with the organizational structure of the Company with the Chairman of the Board of Directors as the highest level and the Quality Systems Management Division as the responsible authority for promoting and coordinating corporate sustainability, while each major department has established promotion committee members and implementation committee members with a total of 30 members.



Functions of Corporate Sustainability Promotion Committee

Information Collection

The implementation committee members (assigned by various department heads) are responsible for promoting relevant issues and compiling data. The promotion committee members assist in checking the correctness and completeness of the information on each issue, and finally provide the information to the quality system management department for analysis and integration.

Communication and Negotiation

The members of the committee are distributed in different job positions, and the communication on regular days is mostly conducted by telephone and email.

Performance Reviews on Sustainability-related Issues

The review includes the compliance of business activities with domestic and foreign laws and regulations, key events, social and environmental performance, etc.

Periodic Reporting

The Deputy Convener of the Committee, President Tsai Kai-Yung, reports to the Board of Directors on the sustainability performance, strategic objectives, results of the implementation of sustainable development and future work plans each year, and the contents of the motion include: (1) identifying sustainability issues that require attention and formulating action plans to respond to these issues (2) supervising the implementation of sustainability issues and evaluating the status of implementation, (3) assessing risks and opportunities brought to the company by climate change and formulating appropriate response strategies to cope with the impact of climate change events, and the most recent report was made on the date of February 27, 2024 (and its previous one was made on the date of February 24, 2023).

Content

Message from the Chairman

About the Report

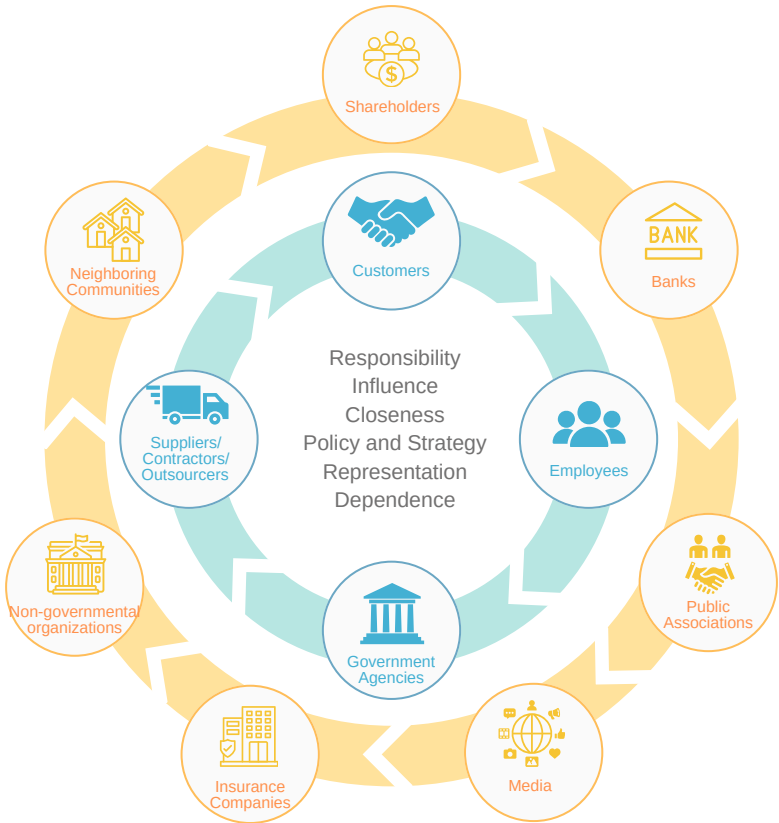
- Overview of the Report
- Corporate Sustainability Promotion Committee
- **Identification of Stakeholders and Material Topics**
- Sustainability Development Management Indicators
- 2023 Sustainability Performance Highlights

- 1.About Us
- 2.Economic Performance
- 3.Response to Climate Change
- 4.Sustainable Environment
- 5.Customer Commitment and Supply Chain Management
- 6.Creation of Employee Enthusiasm
- 7.Occupational Safety and Health Management
- 8.Social Public Welfare Action
- Appendix

Identification of Stakeholders and Material Topics

Communication with Stakeholders

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



5 steps to identify material topics

Step 1: Identification of Stakeholders

4 types of groups

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

Step 2: Collection of Relevant Issues

24 Substantiality Issues

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

Step 3 : Analysis of Material Topics

100 Questionnaires

Feedback opinions and discussion results are collected from San Fu's stakeholders, and 8 material topics are compiled with the matrix of material topics.

Step 4 : Review

8 Material Topics

The Corporate Sustainability Promotion Committee reconfirms 8 material topics so analyzed, and assesses and identifies the material topics according to the principles of "Completeness" of the GRI Standards. The principles of completeness include scope and topic boundaries for defining the impact boundary of each material topic.

Step 5 : Feedback

24 Countermeasures

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

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



Content

Message from the Chairman

About the Report

- Overview of the Report
- Corporate Sustainability Promotion Committee
- **Identification of Stakeholders and Material Topics**
- Sustainability Development Management Indicators
- 2023 Sustainability Performance Highlights

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

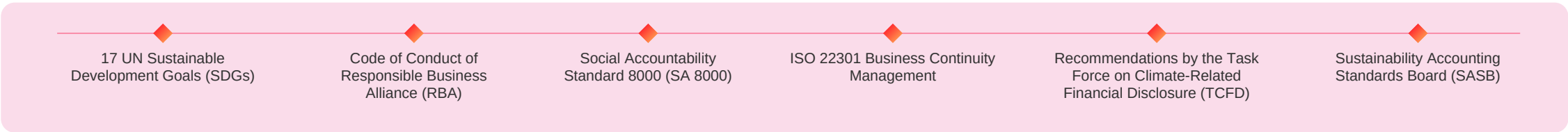
7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

Extensive Collection of Various International Sustainability Indicators

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



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

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

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

### Customers

Ways of Communication	Frequency
Telephone, e-mail, face to face visit, company website	Irregularly
Customer Satisfaction Survey	Yearly

**Concerned Issues**

- Product and service quality
- Customer privacy
- Emissions
- Environmental, social and economic regulatory compliance
- Occupational safety and health
- Economic Performance

**San Fu's Response**

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

**Countermeasures**  
(See the following chapters and sections for details)

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

### Employees

Ways of Communication	Frequency
Announcement platform, employee opinion platform, market observation Post system	Irregularly
Labor-management meeting, welfare committee meeting, safety and environmental protection committee	Yearly

**Concerned Issues**

- Labor-management relationship
- Product and service quality
- Occupational safety and health
- Training & education, employee diversity and equal opportunity
- Environmental, social, and economic regulatory compliance
- Economic performance
- Emissions

**San Fu's Response**

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

**Countermeasures**  
(See the following chapters and sections for details)

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

### Government Agencies

Ways of Communication	Frequency
Competent authority inspection, e-mail, official documents, Internet, and competent authority policy announcement	Irregularly
Guidance meeting, market observation post system	

**Concerned Issues**

- Occupational safety and health
- Environmental, social and economic regulatory compliance
- Labor-management relationship
- Training & education, employee diversity and equal opportunity
- Customer privacy

**San Fu's Response**

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

**Countermeasures**  
(See the following chapters and sections for details)

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

### Suppliers/Contractors/Outsourcers

Ways of Communication	Frequency
Telephone, e-mail, factory audit, written letter	Irregularly
Supplier audit	Yearly

**Concerned Issues**

- Labor-management relationship
- Environmental, social and economic regulatory compliance
- Procurement practices, supplier environmental/social assessment
- Customer privacy
- Customer health and safety
- R&D Technology
- Raw material
- Product and service quality
- Sewage and waste

**San Fu's Response**

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

**Countermeasures**  
(See the following chapters and sections for details)

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

8

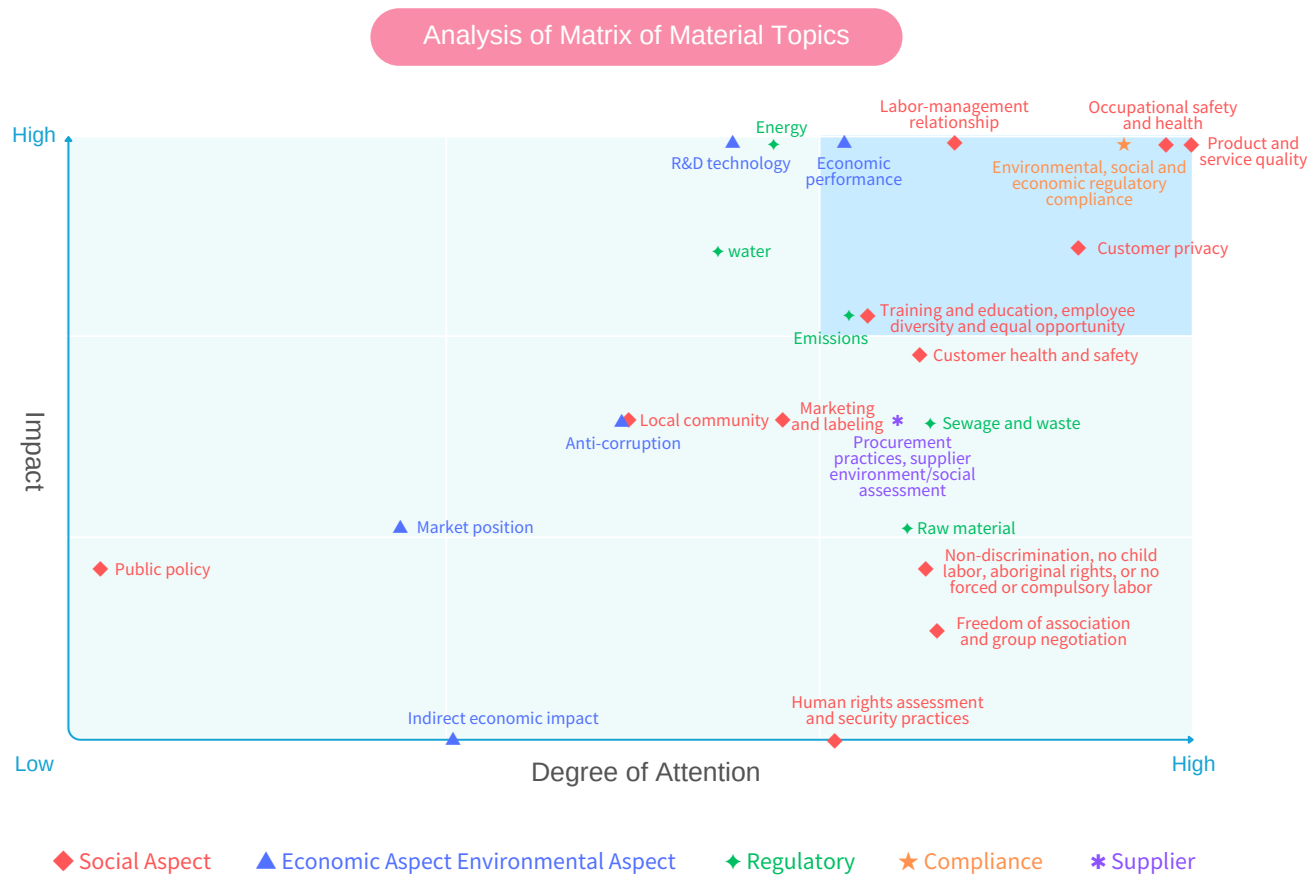
Content

Message from the Chairman

About the Report

- Overview of the Report
- Corporate Sustainability Promotion Committee
- **Identification of Stakeholders and Material Topics**
- Sustainability Development Management Indicators
- 2023 Sustainability Performance Highlights

- 1.About Us
  - 2.Economic Performance
  - 3.Response to Climate Change
  - 4.Sustainable Environment
  - 5.Customer Commitment and Supply Chain Management
  - 6.Creation of Employee Enthusiasm
  - 7.Occupational Safety and Health Management
  - 8.Social Public Welfare Action
- Appendix



Differences in the matrix of material topics

The 24 sustainability-related issues in 2022 and 2023 are the same, but due to the different results on the identification of stakeholders, there are 5 material topics in 2023 fewer than those in the previous year, leaving only 8 material topics in 2023, and the significance differences of the matrix diagram are as follows.

2022 Material Topics	Material Topic in 2023?	Major Difference
Environmental, Social, and Economic Regulatory Compliance	○	↓
Occupational Safety and Health	○	-
Customer Health and Safety	×	
Product and Service Quality	○	↑
Economic Performance	○	↓
Labor/Employee and Management Relationship	○	↑
R&D Technology	×	
Customer Privacy	○	↑
Raw Material	×	
Procurement Practices, Supplier Environment/Social Assessment	×	
Emission	○	↑
Sewage and waste	×	
Training and Education, Employee Diversity and Opportunity	○	↑











Content

Message from the Chairman

- About the Report
- Overview of the Report
  - Corporate Sustainability Promotion Committee
  - Identification of Stakeholders and Material Topics
  - Sustainability Development Management Indicators
  - 2023 Sustainability Performance Highlights

- 1.About Us
  - 2.Economic Performance
  - 3.Response to Climate Change
  - 4.Sustainable Environment
  - 5.Customer Commitment and Supply Chain Management
  - 6.Creation of Employee Enthusiasm
  - 7.Occupational Safety and Health Management
  - 8.Social Public Welfare Action
- Appendix

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

Aspect	Echoing SDGs	Material topic	Importance to operation	Response to Positive/Negative Impact	Responding chapter	Responding to GRI indicator	Impact boundary value chain ● Upstream ○ Midstream ● Downstream		
							Supplier /customer	San Fu	Customer
Economy		Economic Performance	Solid financial performance is the driving force behind the sustainable operation of an enterprise. San Fu is committed to creating higher economic value to reward its shareholders, investors and other stakeholders.	+ Stable financial performance to maintain shareholders' and investors' confidence in the company's sustainable operation. - Poor financial performance may lead to a loss of investor confidence in the enterprise and affect its long-term operational development.	Economic Performance	201-1 201-3		●	
Environment		Emission	In view of the global wave of net-zero emissions and the trend of the carbon border adjustment mechanism in Europe and the United States, net-zero transformation is not only an environmental issue, but also an economic issue that has a bearing on the competitiveness of enterprises, and the first thing to do is to conduct a greenhouse gas inventory before drawing up a carbon reduction plan.	+ Responding to the global net-zero strategy to minimize the impact of climate change on the environment and society. - In order to meet the requirements of energy saving and carbon reduction planning and government regulations, it may be necessary to replace old or high energy-consuming equipment, which will increase the operating costs of the enterprise.	Sustainable Environment	305-1 305-2 305-3 305-5 305-7	○	●	●
Society		Labor/ Management Relations	Provide quality remunerations and benefits to attract and retain talented people, and reward employees for their hard work and contributions to the company to increase their sense of belonging; in addition, through a good bridge of labor-management communication, it helps to reflect the suggestions and views of colleagues to prevent the possibility of future losses due to labor disputes	+ Quality compensation and benefits and harmonious labor relations are conducive to the operation and development of the company. - Improper management of labor-management relations will lead to conflicts and confrontations between the two parties, which in turn will lead to disputes.	Creation of Employees' Enthusiasm	401-1 401-2 401-3 402-1		●	
		Occupational Safety and Health	People are San Fu's most important asset. Maintaining the safety and health of our employees is the key to sustainable management, and allowing them to work safely and happily is the only way to maximize the effectiveness of our human resources.	+ Comply with relevant laws and regulations and implement an occupational safety and health management system in order to create a quality workplace. - An unsafe workplace health and safety environment will increase the risk of occupational hazards for personnel	Occupational Safety and Health Management	403-1 403-2 403-3 403-4 403-5 403-6 403-7 403-9 403-10	●	●	●
		Training and Education, Employee Diversity and Equal Opportunity	Through education and training, we can not only strengthen employees' professional abilities and knowledge, but also change their work attitude and enhance their motivation to work, which in turn will increase the performance of the organization and achieve the goals and strategies of the business organization. Creating a work environment that promotes diversity and equality helps employees feel safe, accepted and respected, ensuring teamwork, innovation and excellence.	+ Effective education and training improves corporate productivity and competitiveness. + A workplace environment with "equality and diversity" will positively influence the willingness of talents to participate and create more sparks for the organization. - Increase the cost of staffing for the organization.	Creation of Employees' Enthusiasm	404-1 404-2 405-1		●	
		Product and Service Quality	Maintain the stability and compliance of product and service quality to meet customer needs and gain recognition.	+ Customers are the bread and butter of an enterprise. By serving customers honestly and providing good quality products to satisfy them, an enterprise can win their loyalty to the company and obtain a long-term cooperative relationship. - Poor product quality may result in fines from customers or even the authorities.	Customer Commitment and Supply Chain Management	417-3	○	●	●
		Customer Privacy	For businesses and organizations, how to maintain customer trust and implement privacy protection has become an important part of business operations.	+ A company that respects the privacy of its customers and adheres to the principle of integrity is the first and foremost requirement to win the trust of its customers. - Violation of customer privacy or leakage of information will result in loss of goodwill.	About Us Customer Commitment and Supply Chain Management	418-1	●	●	●
Environment /Society		Environmental, Social and Economic Regulatory Compliance	Actively promoting environmental protection and prevention measures, as well as implementing compliance with laws and regulations, is an important foundation for the steady growth and sustainable operation of the enterprise, enabling the organization to avoid any violation of laws, regulations, and contracts, and to fulfill its obligations.	+ Strict compliance with laws and regulations is a basic element of business operation, which can reduce operational risks. - Violation of laws and regulations will be penalized by the authorities and increase the operating costs of enterprises.	About Us Sustainability	Self-defined indicators	○	●	●

Content

Message from the Chairman

- About the Report
- Overview of the Report
  - Corporate Sustainability Promotion Committee
  - **Identification of Stakeholders and Material Topics**
  - Sustainability Development Management Indicators
  - 2023 Sustainability Performance Highlights

- 1.About Us
- 2.Economic Performance
- 3.Response to Climate Change
- 4.Sustainable Environment
- 5.Customer Commitment and Supply Chain Management
- 6.Creation of Employee Enthusiasm
- 7.Occupational Safety and Health Management
- 8.Social Public Welfare Action
- Appendix

● Material Topic Management Policy

Material Topic	Economic Performance	Emission	Labor/Employee and Management Relationship	Occupational Safety and Health
Policy	Code of Practice on Corporate Governance	Environmental Safety and Health Policy	<ul style="list-style-type: none"><li>• Corporate Social Responsibility Policy</li><li>• Human Rights Policy</li></ul>	Environmental Safety and Health Policy
Commitment	Create higher economic value to reward shareholders, investors and other stakeholders.	Greenhouse Gas Emission Reduction	Protection of Employee Rights and Benefits	Ensure the health and safety of employees
Middle- and Long-term Goals	Operational economic performance and investment gain/loss, operating costs, etc.	Reduce carbon emissions by 20% in Scope 1 and Scope 2 by 2030, and achieve net-zero emissions targets by 2050.	Company benefits and incentives; two-way labor-management interaction and communication, complaint mechanisms, etc.	<ul style="list-style-type: none"><li>• Safety and zero disaster</li><li>• Traffic safety management</li></ul>
Responsible Unit	Finance & accounting office	R&D Division 1 Production Unit Work Safety Division	Management Team of President's Office	Work Safety Division Management Team of President's Office
How we manage (Countermeasures and Actions Taken)	<ul style="list-style-type: none"><li>• In response to climate change and the rise of the carbon reduction concept, we are conducting R&amp;D and innovation in green technology to strengthen our competitive edge in the market.</li><li>• Enhance production efficiency and reduce operating costs.</li><li>• Diversify operations to minimize the decline in operating performance caused by the impact of the general environment.</li></ul>	Reduce greenhouse gas emissions through energy-saving strategies, including: replacement of old equipment, optimization of equipment operating parameters, etc., in order to achieve the greenhouse gas reduction target set by the company.	<ul style="list-style-type: none"><li>• Provide comprehensive salary, reward system and employee benefits, such as group insurance, education subsidies, and staff travelling.</li><li>• Set up labor-management communication meetings in which the chairman and senior executives exchange opinions with labor representatives on a regular basis.</li><li>• Set employee opinion boxes and complaint channels to report to senior management immediately.</li></ul>	<ul style="list-style-type: none"><li>• Regularly publish and email monthly occupational accident statistics, accident summaries, and environmental performance to the entire factory on a regular monthly basis.</li><li>• Conduct emergency response drills, defensive driving training courses, work environment monitoring, and 6S activity evaluation to enhance personnel safety awareness and reduce the occurrence of hazards.</li><li>• Quarterly hold safety and health committee meetings with senior management and department heads to report and review issues related to the environment, safety, and hygiene.</li><li>• Carry out regular annual health checkups to enhance employee health protection.</li><li>• Hold health promotion activities from time to time to promote proper health concepts.</li></ul>
Performance Results (Corresponding Chapter)	Economic Performance	Response to Climate Change	Create Employee Enthusiasm	Occupational Safety and Health Management
Evaluation Mechanism	Audit by Professional Accounting Firms	Energy saving and carbon reduction meeting	Labor-management communication meeting	Management System (ISO 45001/ CNS 45001)



Content

Message from the Chairman

- About the Report
- Overview of the Report
  - Corporate Sustainability Promotion Committee
  - **Identification of Stakeholders and Material Topics**
  - Sustainability Development Management Indicators
  - 2023 Sustainability Performance Highlights

- 1.About Us
- 2.Economic Performance
- 3.Response to Climate Change
- 4.Sustainable Environment
- 5.Customer Commitment and Supply Chain Management
- 6.Creation of Employee Enthusiasm
- 7.Occupational Safety and Health Management
- 8.Social Public Welfare Action
- Appendix

Material Topic	Training and Education, Employee Diversity and Equal Opportunity	Product and Service Quality	Customer Privacy	Environmental, Social and Economic Compliance
Policy	Human Right Policy	Quality policy	Integrity Management Operation Procedures and Conduct Guidelines	<ul style="list-style-type: none"><li>• Environmental Safety and Health Policy</li><li>• Code of Practice on Corporate Governance</li><li>• Integrity Management Operation Procedures and Conduct Guidelines</li></ul>
Commitment	<ul style="list-style-type: none"><li>• Commitment to talent development</li><li>• No discrimination is allowed</li></ul>	Provide products and services to our customers under the quality policy of customer satisfaction, and following the principle of responsible production	Protect customer privacy and prevent leakage of customer information.	<ul style="list-style-type: none"><li>• Avoid Illegal Affairs by Following the Law</li><li>• Implement an honest business policy and conduct business activities based on the principles of fairness, honesty, trustworthiness and transparency.</li></ul>
Middle- and Long-term Goals	All-rounded manpower development and cultivation, recognizing and supporting various international human rights covenants.	Maintain product stability and compliance, service quality, and customer relationship	No cases of privacy violation	Operate in accordance with domestic and international laws and regulations
Responsible Unit	President office's management team	Sales Division Quality System Management Division	Sales Division	Work Safety Division President office's management team
How we manage Countermeasures and Actions Taken	<ul style="list-style-type: none"><li>• Implement pre-service education and professional training for new recruits.</li><li>• Provide more diversified and adequate training courses for employees to provide more choices.</li><li>• Promote human rights and labor-related laws and regulations in new employee training.</li><li>• Implement equal maternity and paternity leave and other leave rights for women and men.</li></ul>	<ul style="list-style-type: none"><li>• Continuously monitoring quality control of the products, if there are any defectives, the relevant units will carry out follow-up improvement and processing to ensure the stability and quality of the shipped products.</li><li>• Customers assign their contact windows to regularly contact us by phone or on-site, so the factory's support units can immediately handle customer needs.</li><li>• We send out questionnaires to survey customer satisfaction every year, will review the suggestions for improvement from the customers and make improvement immediately.</li></ul>	<ul style="list-style-type: none"><li>• Integrity Management Online Course Achievement Rate 100%;</li><li>• No complaints about infringement of customer privacy or loss of customer information.</li></ul>	<ul style="list-style-type: none"><li>• Regularly check the related laws and regulations by specialized staff on a monthly basis.</li><li>• Advise and track the compliance at safety and environmental meetings or supervisors' meetings quarterly.</li><li>• Conduct annual education and training for employees and board members on integrity management.</li></ul>
Performance Results (Corresponding Chapter)	Creation of employees' enthusiasm	Customer commitment and supplier management	About Us Customer Commitment and Supply Chain Management	About Us Sustainable Environment
Evaluation Mechanism	Management Review Meeting	Management System (ISO 9001)	Management Review Meeting	Regulatory Audit and Internal Audit

Content

Message from the Chairman

About the Report

- Overview of the Report
- Corporate Sustainability Promotion Committee
- Identification of Stakeholders and Material Topics
- **Sustainability Development Management Indicators**
- 2023 Sustainability Performance Highlights

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

Sustainability Development Management Indicators

Short-, medium- and long-term goals

Since the systematic implementation of corporate sustainable development in 2015, the economic, social and environmental aspects are moving towards our sustainable management performance indicators. In 2023, we have set short-, medium- and long-term goals for sustainable development by combining stakeholders' concerns with the company's sustainability development management, and promote our goals and communicate with employees, so that employees fully understand the future of the company's sustainable

development strategies and related achievements, and we hope that all colleagues will be deeply committed to the implementation of the company's sustainability strategies to achieve medium- and long-term goals.

In addition, in terms of the performance of the overall corporate sustainable development, the company won the Gold Medal Award of the "2023 Taiwan Corporate Sustainability Report" in the Traditional Manufacturing Category and has been recognized for seven consecutive years since 2017.



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

Sustainability Topic	Category	Short-term Goal (2023~2025)	Middle-term Goal (2027)	Long-term Goal (2032)
Product Risk Employee Development	Society	Traffic Safety Management VAFR=0.5 (No more than one traffic accident occurred in a year); ETAFR=1.5	<ul style="list-style-type: none"><li>• Transportation safety management for containers</li><li>• Traffic safety management for employees and their dependents</li></ul>	Product Safety Employee Care
		<ul style="list-style-type: none"><li>• Encourage employees to continue learning</li><li>• Annual training project achievement rate is 88%</li></ul>	<ul style="list-style-type: none"><li>• Continuously promote to be a learning organization</li><li>• The average class hours per employee each year is 30 hours</li></ul>	Employee innovation and learning ability Create sustainable business operations together
		The communication channels between labor and management are smooth and labor-management meetings are held regularly	We attach great importance to the opinions of our staff and have achieved an average score of 3.6 or above in staff satisfaction.	Diverse labor relations Inclusive and sustainable management
Usage of energy resource Energy saving and carbon reduction	Environment	<ul style="list-style-type: none"><li>• The purchase rate of recycled raw materials is more than 10%</li><li>• The factory saves more than 1% of electricity every year</li></ul>	<ul style="list-style-type: none"><li>• The annual growth rate continues to increase by 10%</li><li>• The carbon emissions are reduced by 20% by 2030</li></ul>	Environmental Protection Energy Saving and Carbon Reduction

Content

Message from the Chairman

About the Report

- Overview of the Report
- Corporate Sustainability Promotion Committee
- Identification of Stakeholders and Material Topics
- Sustainability Development Management Indicators
- 2023 Sustainability Performance Highlights

- 1.About Us
  - 2.Economic Performance
  - 3.Response to Climate Change
  - 4.Sustainable Environment
  - 5.Customer Commitment and Supply Chain Management
  - 6.Creation of Employee Enthusiasm
  - 7.Occupational Safety and Health Management
  - 8.Social Public Welfare Action
- Appendix

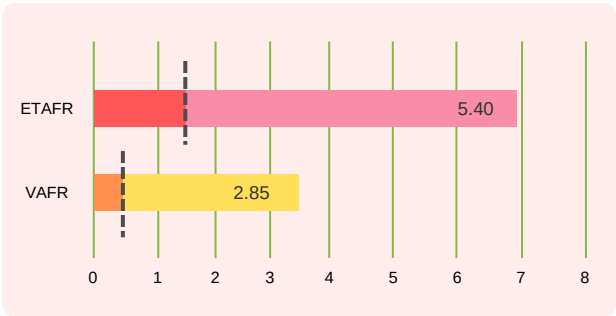
San Fu Sustainable Development Goals and Actions

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.

Short-term Goal	Middle-term Goal	Long-term Goal
Traffic Safety Management VAFR=0.5 (No more than one traffic accident occurred every year); ETAFR=1.5	Transportation safety management for containers and traffic safety management for employees and their dependents	Product Safety Employee Care

Goals Not Achieved	There were 4 transportation accidents in 2023, failing to meet the accident number requirement $\leq 1$ 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	1. Conduct factory-wide staff defensive driving education courses to enhance staff's correct concepts of traffic safety. 2. Conduct annual defensive driving education courses for employees to ensure that they have the correct concepts of traffic safety. 3. Produce preventive driving stickers and stick them on the conspicuous places of transportation to remind employees of traffic safety. 4. Produce traffic safety pamphlets and invite employees' family members to remind them 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.

● Goals and Achievements  
VAFR=0.5    ETAFR=1.5



Social Performance

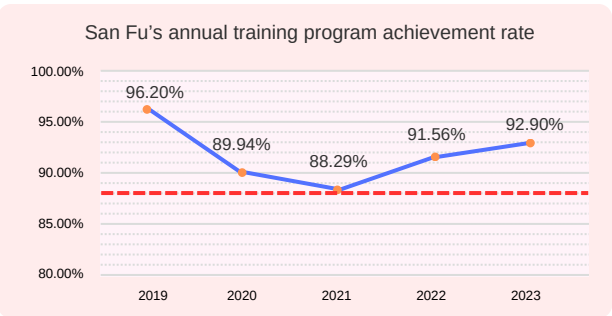
San Fu Sustainable Development Goals and Actions

2. Employees are expected to take sustainable operation as the common sense of ownership, and encouraged to continue to learn and grow to make the corporate culture positive and active, the company provides an open atmosphere and system to help employees learn and grow, employees are the foundation of the enterprise, growing employees not only can reach the level of self-actualization, but also can help the enterprise to continue to grow its sustainable operation. San Fu Chemical continues to provide employees with resources and space for growth, allowing them to continuously improve their professionalism and encouraging them to pursue self-improvement, so that they can continue to maintain their competitiveness in the face of environmental and economic challenges, and to create a sustainable enterprise competitiveness.

Short-term Goal	Middle-term Goal	Long-term Goal
The annual training program achievement rate is set to 88%.	Continue to the promotion of becoming a learning organization and providing an average of 30 hours of training per student each year.	Jointly create corporate sustainability through employee innovation and learning ability

Goals Achieved	The achievement rate of the company's training program in 2023 was 92.90%. A total of 192 courses in the training programs planned at the beginning of the year were completed, with a total of 4,005 hours of the training program participated by 370 employees.
Actions Taken	Continuously provide an open learning environment, employees not only can improve their ability to perform their professional functions, but also can improve their management and general knowledge through the diversified learning channels provided by the company, which enhances the learning opportunities and motivation of employees, and provides sufficient nutrients for the company to become a learning organization.
Long-Term Policy	Facing the challenges of the global environment and rapid changes in the industry, San Fu Chemical has been encouraging and motivating colleagues to learn independently, with the three-pronged approach of external courses, internal self-built learning websites and resources, and rich external learning platforms, coupled with the input of internal lecturers and other related resources, we expect that the learning power of employees can be gradually enhanced through the company's open environment, bringing the company more innovative capabilities. Talents are the foundation of an enterprise's sustainability, and only through the dedication and enthusiasm of talents can an enterprise achieve sustainability.

● Goals and Achievements  
The annual training program achievement rate is 88%.



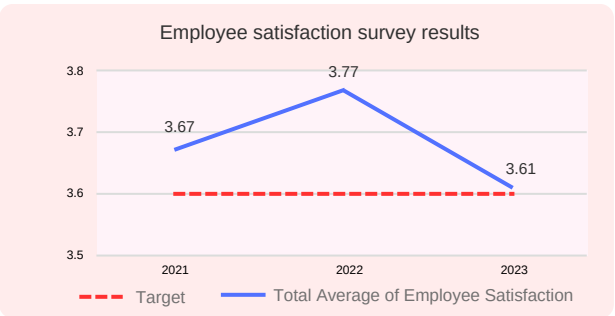
San Fu Sustainable Development Goals and Actions

3. San Fu Chemical is committed to creating an atmosphere in which employees can live and work in peace and happiness, and feel cared for and respected by the company. In addition, San Fu Chemical is committed to protecting the legitimate rights and interests of its employees by adhering to the labor laws and regulations in each of its global operations. For the management of San Fu Chemical, labor relations are like the emotional connection between large families. Once you come to work here, your employer has to do his best to take care of you, supervisors have to work hard to cultivate you, and employees have to do their best, so that the overall achievements of San Fu Chemical's operations can be upwardly mobile and sustainable, and this is the greatest contribution a company can make to its social responsibility.

Short-term Goal	Middle-term Goal	Long-term Goal
Maintain smooth communication channels between labor and management, and hold regular labor-management meetings.	Pay attentions to employee opinions, and keep an overall average employee satisfaction score of more than 3.6.	Jointly create a diversified and inclusive labor-management relationship for sustainable management.

Goals Achieved	According to Article 2 of the "Regulations for Implementing Labor-Management Meeting" formulated by the Ministry of Labor of the Executive Yuan of the R.O.C., a business entity with more than 30 employees shall convene labor-management meetings, and San Fu Chemical have held the meetings for 12 times.
Actions Taken	San Fu's emphasis on its employees does not only end with smooth communication channels, but the management also takes the initiative to track employee satisfaction and conducts satisfaction surveys every year. San Fu believes that employee satisfaction comes from the leadership of managers and good systems, and that as long as employees are able to achieve their self-fulfillment needs at San Fu, then San Fu will be a happy company with a high level of employee engagement and job satisfaction.
Long-Term Policy	In the face of the trend of sub-replacement fertility, San Fu Chemical regards the recruitment and retention of talents as one of the most important human resource policies. In the next stage, in addition to actively establishing an employer's brand, San Fu has always been looking forward to building a happy enterprise and a diversified and tolerant workplace environment, so as to allow its employees to develop their careers, develop their self-esteem, and enhance their value, thus establishing a solid foundation for sustainable operation.

● Goals and Achievements





Content

Message from the Chairman

About the Report

- Overview of the Report
- Corporate Sustainability Promotion Committee
- Identification of Stakeholders and Material Topics
- Sustainability Development Management Indicators
- 2023 Sustainability Performance Highlights

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

Environmental Performance

San Fu Sustainable Development Goals and Actions

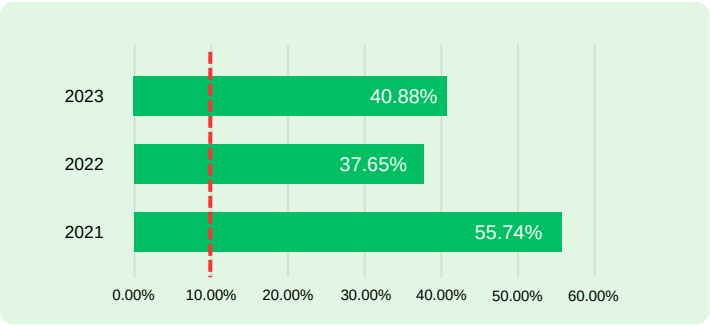
Aiming to increase the procurement of renewable raw materials and continue to take environmental protection, energy saving and carbon reduction as sustainable strategies. The selection of raw materials will give priority to recyclable materials or recycled materials.

- Short-term Goal
- Middle-term Goal
- Long-term Goal
- More than 10% of the purchase rate of renewable raw materials.
- The annual growth rate continues to increase by 10%.
- Environmental Protection  
Energy Saving and Carbon Reduction

Goals Achieved	In 2023, the statistics on the purchase of recycled raw materials is 40.88%, 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.

● Goals and Achievements

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



San Fu Sustainable Development Goals and Actions

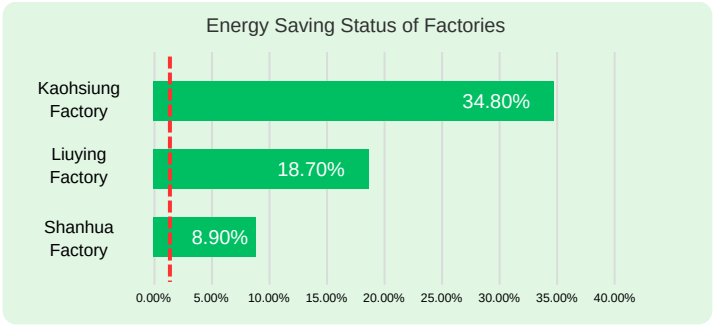
Aiming to save 1% of electricity every year, San Fu Chemical will continue to reduce power usage in the factory and save energy and reduce carbon emissions.

- Short-term Goal
- Middle-term Goal
- Long-term Goal
- Save more than 1% of energy used in factory for per year.
- Reduce 20% of carbon emissions by 2030.
- Save energy and reduce carbon.

Goals Achieved	For energy saving, Shanhua Factory has saved 8.9%, Liuying Factory has saved 18.7%, and Kaohsiung Factory saved 34.8% in 2023.
Actions Taken	Reduce greenhouse gas emissions through energy-saving strategies, including the replacement of old equipment and optimization of equipment operation parameters to achieve the greenhouse gas reduction targets set by the company.
Long-Term Policy	In addition to actively cooperating with the government's carbon reduction policy, the factories also continue to improve their equipment, carry out equipment replacement projects, enhance the efficiency of energy use, and evaluate the use of renewable energy and biomass.

● Goals and Achievements

More than 1% of electricity was saved.





Content















Message from the Chairman

- About the Report
- Overview of the Report
  - Corporate Sustainability Promotion Committee
  - Identification of Stakeholders and Material Topics
  - Sustainability Development Management Indicators
  - **2023 Sustainability Performance Highlights**

- 1.About Us
- 2.Economic Performance
- 3.Response to Climate Change
- 4.Sustainable Environment
- 5.Customer Commitment and Supply Chain Management
- 6.Creation of Employee Enthusiasm
- 7.Occupational Safety and Health Management
- 8.Social Public Welfare Action

Appendix

2022 Sustainability Performance Highlights

AspectMajor ProgramsImplementation Results				AspectMajor ProgramsImplementation Results			
Economic Aspect		Participating in the TCSA Taiwan Corporate Sustainability Award, revealing the commitment and performance of social responsibility.	Received the 16th Taiwan Corporate Sustainability Report - Gold Award in the Traditional Manufacturing (Scope 1).	Environmental Aspect		Percentage of renewable materials	a. Total cumulative amount of recycled TMAH liquid is 140703 tons b. Percentage of purchased recycled raw materials is 40.88%. c. Percentage of speciality products using recycled raw materials (including recycled fresh liquid) is 73.89%.
		Participating in TCSA Taiwan Sustainability Action Award	Received the 3rd Taiwan Sustainability Action Award – Silver Award			External verification of greenhouse gas emissions, water consumption or total weight of waste	The greenhouse gas verification has been completed at Taipei Head Office, Chupei Office, and Shanhua, Liuying and Kaohsiung factories.
		Promoting education and training on honest management procedures and code of conduct.	The percentage of supervisors and employees who have completed relevant education and training is 100%.			Water resource recycle and reuse	The amount of water recovered and reused by the Shanhua factory accounted for 5.30% of the total water intake
						Reduction of Waste and Sludge	Reduction of waste organic sludge is 70.12%.
		Anti-corruption	No incidents of corruption among employees or companies			Air Pollutant Emissions	100% compliance with regulatory standards for air pollutant emissions
						Leakage	There are no cases of oil/fuel/waste/chemical/product transportation spills.
Social Aspect		Certificates	The performance of obtaining certificates is 100%.			Environmental Investment	Accumulated investment in environmental protection amounted to \$112.59 million.
		Employees' Annual Training and Benefits	a. Employees' benefit expense is \$487,970,000 b. Average training hours per employee is 26.81 hours c. Parental leave reinstatement rate is 90%			Adoption of road cleaning program to create a clean-living environment	98 hours of community service
		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 43 person-times,				
		Social Engagement	a. Donation of \$150,000 each to the Shanhua Junior High School Junior Baseball Teams b. Gifts for the graduation ceremony of Siao-sin Elementary School and Jiaba Elementary School c. Donation of a total of \$4 million to the scholarships for poor students in public and private universities d. Sponsoring \$50,000 to the 2024 Chemical Industry Talent Recruitment Expo e. Donation of \$10,000 each to the Shanhua District Siao-sinli Community Development Association's environmental protection volunteer team, Shanhua District Siao-sinli Community Development Association's community tourism and volunteer tourism, and Siao-sinli Community Development Association's anniversary celebration f. Funeral subsidy of \$30,000 for disadvantaged residents	g. Sponsorship of \$18,000 for the Liuying District Volunteer Fire Department. h. Sponsorship of \$35,000 for the 2023 Chemical Society's Annual Meeting. i. Sponsorship of \$25,000 for the 70th Anniversary Celebration of the Taiwan institute of Chemical Engineers j. Sponsorship of \$50,000 for the 2023 Summit of the Association for the Advancement of Chemical Sciences. k. Sponsorship of \$20,000 for the Internet Safety Education Campaign organized by the Council of Indigenous Peoples. l. Join hands with blood donation center to hold factory-site blood donation event. twice a year.			
		Assessment of Sound Suppliers' Corporate Social Responsibility Practices	a. 100% completion of CSR assessment for 6 new suppliers b. Over 90% of existing suppliers have completed the CSR practical assessment c. A total of 39 suppliers have been audited.				
		Customer Service	a. Overall customer satisfaction rating of 95 points b. No complaints about violation of customer privacy or loss of customer information c. No use of banned substances in products				
		Compliance with Regulations	a. No penalties of product labeling violations. b. No violations of labor laws and regulations.				

Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix



1

About Us

1.1 Company Profile	18
1.2 Industry Introduction	20
1.3 Corporate Governance	24
1.4 Risk Control	27

100.00%

Attendance rate of remuneration committee members

100.00%

Attendance rate of audit committee members

100.00%

Attendance rate of board members

0 Case

Number of complaints and reports due to company operations or employees violating moral integrity or engaging in illegal activities in 2023

Content

Message from the Chairman

About the Report

1.About Us

1.1 Company Profile

1.2 Introduction of Industry

1.3 Corporate Governance

1.4 Risk Control

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

Company Profile

From Local to International; From Self-Reliance to Altruism

In 1952, San Fu Group was founded at San Fu Chemical Factory in Banqiao. In the early stage of establishment, San Fu developed mainly engaged in the manufacture of food additives and other chemical raw materials through self-development and production technology. Over the past half century, we have expanded globally from the scale of a single chemical factory to high-tech speciality chemicals, beverages and food products and are moving towards diversification. The paid-in capital in 2023 is \$1.007 billion, the number of regular employees is 366, and the company is a listed company (stock code 4755 of Taiwan Stock Exchange).

Corporate Philosophy

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

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 major business units, which produce and sell precision chemicals and basic chemicals with the product productions in 2023 of 50,223 tons and 2,395 tons, respectively, for a total of 52,618 tons. Precision 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, production 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



● Distribution of Operating Locations

Taipei Head Office	Decision Making Center
Chupei Office	Sales Unit
Tainan Shanhua Factory	Manufacturing precision chemicals and basic chemicals
Tainan Liuying Factory	Manufacturing precision chemicals and basic chemicals
Kaohsiung Siaogang Factory	Manufacturing basic chemicals

Content

Message from the Chairman

About the Report

1.About Us

1.1 Company Profile

1.2 Introduction of Industry

1.3 Corporate Governance

1.4 Risk Control

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

Types of Products and Distribution of Outputs

Type of Product	Product Items	Description	Serviced Customer	Sales Market	Production in 2023 (tons)
Precision 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 and LED epitaxy factory.	Taiwan, China, Singapore	50,223
	TMAH Recycling	Recycle of developer waste solutions			
	VMT	Polishing fluid OEM			
		Phosphorus oxychloride (POCl3)	Semiconductor factories, solar cell factories, pharmaceutical factory, and chemical factory	Taiwan	
		Nitrous oxide (electronic grade)	Semiconductor factories, solar cell factories, and panel factory	Taiwan, Vietnam	
		Nitrous oxide (food additive)	Food factory	Taiwan	
Basic Chemicals	Chemical Product Raw Materials	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.	Cosmetic factory, chemical factory, and pharmaceutical factory	Taiwan, U.S., Japan, India, China, and South Korea	2,395
	Food Additives	Flavorings: Monohydrate/anhydrous citric acid, Sodium (potassium) citrate, lactic acid, sodium (calcium) lactate. Sweeteners: Sorbitol, mannitol, sucralose, acesultone potassium, neotame, sodium saccharin, molasses. Preservatives: Benzoic acid (Sodium), potassium hexadienoate. Others: Anhydrous calcium chloride, sodium bicarbonate, phosphoric acid, anhydrous sodium carbonate.	Food factory and pharmaceutical factory	Taiwan	
	Food Raw Materials	Monohydrate/anhydrous glucose, maltodextrin, trehalose, corn starch.			

Note: Since most of the basic chemicals are repackaged, they are not included in the statistics of production.





Content

Message from the Chairman

About the Report

1.About Us

1.1 Company Profile

1.2 Introduction of Industry

1.3 Corporate Governance

1.4 Risk Control

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

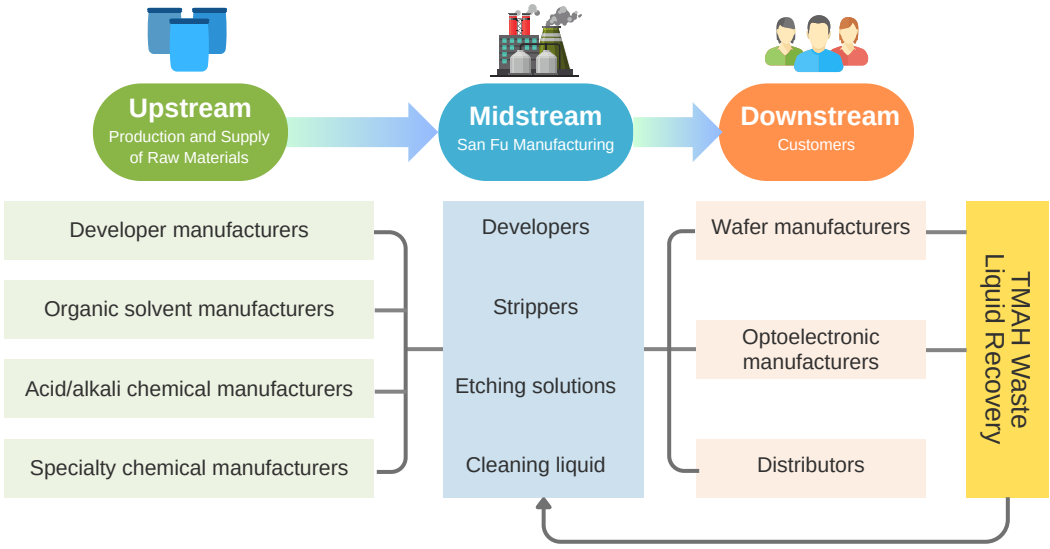
Industry Introduction

Precision Chemicals

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

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

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



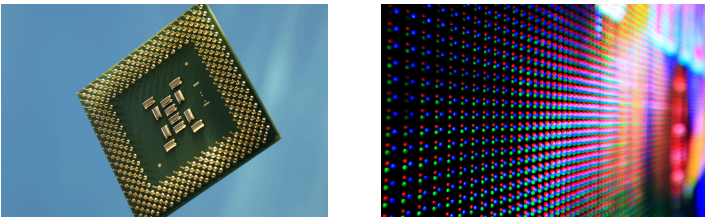
Applications of Speciality Chemicals

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

The etching solution is mainly used in the etching process of liquid crystal panels, touch panels, transparent conductive films (ITO) or metal layers of solar cells. In the etching process, a part of the materials on a substrate with a pattern defined on the surface through a lithography process is removed by a chemical etching method, or a physical impact method, or both of the methods, so as to leave a circuit structure. The stripper solution is used to strip the photoresist after the etching process of the metal or semiconductor thin film circuit of TFT-LCD. The diluent is mainly used to remove excess photoresist at the outer periphery of the substrate after the panel is coated with the photoresist.

- The applications of the cleaning solution can be categorized according to the needs as follows:
1. It is used to recycle the cleaning solution used for the piece of glass after color filter process fails.
  2. It is used to clean the substrate before putting the substrate in the machine.
  3. It is used to clean the photoresist tools

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 factors for future industrial development. With the launch of new-generation product applications such as electric vehicles, 5G, HPC, Internet of Things (IoT) and flexible displays, and the advancement of new-generation of technologies and processes, such as 1x nanometer, GAA, FinFET, 3D stacking, AMOLED, IGZO, LTPS, and the development of copper processes, the output value of the global speciality chemicals industry has increased significantly, and 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.



Content

Message from the Chairman

About the Report

1.About Us

1.1 Company Profile

1.2 Introduction of Industry

1.3 Corporate Governance

1.4 Risk Control

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

POCl<sub>3</sub> (Phosphorus Oxychloride)

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



Applications of POCl<sub>3</sub> (Phosphorus Oxychloride)

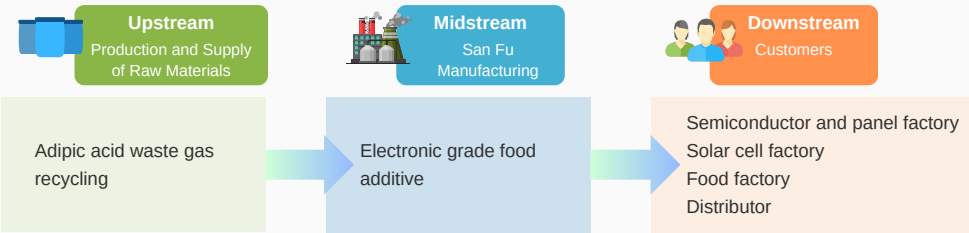
Phosphorus oxychloride, an inorganic compound with the chemical formula POCl<sub>3</sub>, is a colorless, transparent liquid most commonly used in the production of triaryl phosphate esters (e.g., triphenyl phosphate and triphenylmethylphosphate), and can also be used as a flame retardant and as a plasticizer for polyvinyl chloride. In the semiconductor and solar cell industries, POCl<sub>3</sub> is also used as a source of phosphorus in the diffusion process to dope N-type silicon semiconductors. It is also used in pharmaceutical applications to produce precursor drugs.

This chemical is mainly used in P-type solar cell processes. One of the main market demands is for silicon solar cell substrates made of P-type wafers (doped with materials such as boron or gallium). In order to form a P-N diode on the silicon wafer to produce a photovoltaic effect that leads to the production of a solar cell, an N-type phosphorus diffusion layer is applied to the P-type wafer. Generally, POCl<sub>3</sub> liquid and nitrogen gas (carrier gas) are used to diffuse the phosphorus-containing glass layer (PSG) on the wafer surface in a high-temperature diffusion furnace. Oxygen is then introduced to diffuse the phosphorus material into the silicon lattice at high temperature to form an N-type phosphorus diffusion layer, and finally hydrofluoric acid is used to remove the PSG layer.

SAN Fu has a POCl<sub>3</sub> purification line to provide high purity (7N) POCl<sub>3</sub> products, and has its own analytical capability to provide high purity products and quality analysis data in a timely manner to offer the best support to our customers.

N<sub>2</sub>O (Nitrous Oxide)

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



Applications of N<sub>2</sub>O (Nitrous Oxide)

Nitrous oxide, commonly known as laughing gas, is an indispensable gas source for semiconductor and food processing industries. Electronic grade nitrous oxide is mainly used in the CVD/thin film manufacturing process of semiconductors, and it can also be used as the foaming agent, booster, etc. for food products, and as anesthesia for medical purposes.

Content

Message from the Chairman

About the Report

1.About Us

1.1 Company Profile

1.2 Introduction of Industry

1.3 Corporate Governance

1.4 Risk Control

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

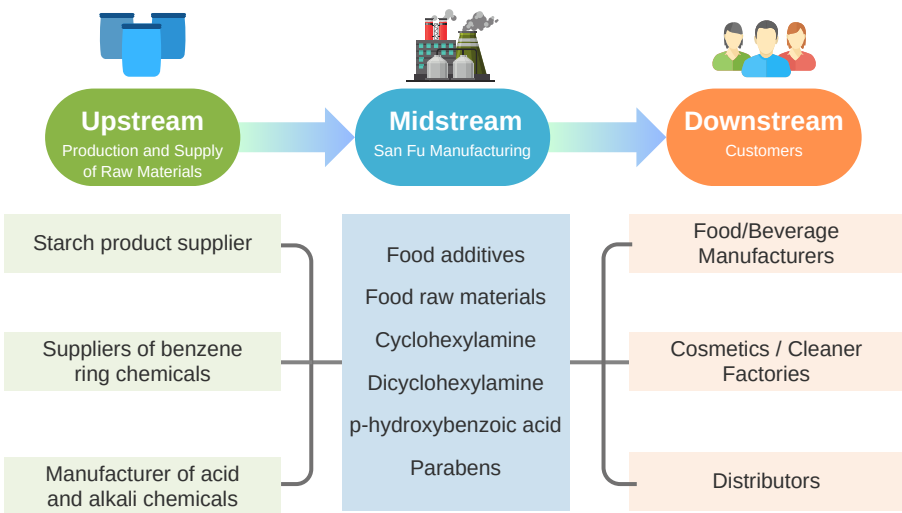
6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

Basic Chemicals



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

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

Applications of Basic Chemicals

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

Another use of cyclohexylamine is to serve as a corrosion inhibitor for water treatment agents. Dicyclohexylamine is a by-product of the production of cyclohexylamine, which is mainly used as a rust inhibitor for steel.

P-hydroxybenzoic acid is the raw material monomer of liquid crystal polymer (LCP). Paraben is the excipients and preservatives most widely applied to drugs and cosmetics.

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

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

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

Content

Message from the Chairman

About the Report

1.About Us

1.1 Company Profile

1.2 Introduction of Industry

1.3 Corporate Governance

1.4 Risk Control

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

Third-Party Verification

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

Category	Certificate	Certified and Verified Factory Area				
		Taipei Head Office	Chupei Office	Shanhua Factory	Liuying Factory	Kaohsiung Factory
Quality Related and Food Safety	ISO 9001 Quality Management System			●	●	●
	ISO 22000 Food Safety Management System			● (San Fu Biotech)	●	
	Hazard Analysis Critical Control Point (HACCP) System			● (San Fu Biotech)	●	
	Food Manufacturer's Sanitation and Safety Management System			● (San Fu Biotech)	●	
Environment	ISO 14001 Environmental Management System			●	●	
	ISO14064-1 Greenhouse Gas Inspection Standard	●	●	●	●	●
Occupational Safety and Health	ISO 45001 Occupational Safety and Health Management System			●	●	●
Energy Management	ISO 50001 Energy Management System			●	●	
Laboratory	ISO 17025 Laboratory Management System Certification			●	●	

※ As to the ISO 17025, we are the first wet chemical company in Taiwan to obtain the TAF certified laboratory certification.

※ The third-party verification certificate/declaration can be found on San Fu Chemical's website: <https://www.sfchem.com.tw/zh-hant/page/certifications>



Certificate of Registration for Quality Management System (ISO9001)



San Fu Chemical's Certificate of Registration for Food Safety Management System (ISO 22000)



San Fu Chemical's Certificate of HACCP Certification



Certificate of TAF Laboratory (ISO 17025) Certification

Participation in Public Associations

Participated in Taiwan Chemical Industry Association

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

Participated in Taipei Chemical Suppliers Association

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

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

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



Content

Message from the Chairman

About the Report

1.About Us

1.1 Company Profile

1.2 Introduction of Industry

1.3 Corporate Governance

1.4 Risk Control

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

Corporate Governance

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

The company was officially listed on the stock exchange in November 2013. All directors exercise their powers and authorities objectively and independently based on the long-term interests of the company and all shareholders. We also deeply understand that more and more domestic and foreign investors and major stakeholders regard corporate governance and whether to set up independent directors as important indicators of whether to invest or not. Therefore, we continue to follow the principles of corporate governance. The board of directors is formed by all shareholders through voting, and various functional committees are established under the board of directors to strengthen the functions of the board. We adhere to a high-standard corporate governance policy to ensure the effective operation of the board, thereby protecting the rights and interests of shareholders.

Improvement of the functions of the board of directors

In the reporting year, there are 9 directors, including 3 independent directors, and the number of independent directors accounted for 33.3%. By strengthening the independence and diversity of the board of directors, the board will play a strategic guiding function. The chairman, Wu Xin-Hong, is mainly responsible for improving corporate governance and presiding over the operation of the board of directors. According to the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", San Fu Chemical clearly stipulates that the selection of directors should consider the overall configuration of the board of directors. The overall consideration of the composition of the board of directors of San Fu Chemical includes: operational judgment and management capabilities, accounting and financial analysis capability, crisis management ability, industry knowledge, international market outlook, leadership, decision-making ability, etc. At the same time, the board of directors also follows the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies" to conduct advanced education courses for directors every year. The board of directors fulfills the principles of corporate governance, reviews business performance and discusses important strategic issues, including economic, environmental and social impacts, risks and opportunities. At the same time, we also publicly provide the company's articles of association, the rules of the shareholders' meeting, the procedures for the selection and appointment of directors, the rules of procedure for the board of directors, the operating procedures for integrity management and the guidelines for conduct, etc. for quick inquiry by domestic and foreign investors.

Head of Corporate Governance

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



Collective Intelligence of the Highest Governance Body

For details, please refer to the Public Observation Post System for the report on the education and training status of the company's directors, and the company's regular quarterly corporate sustainability reports and management reports for the enhancement of the overall knowledge of the Board members on economic, environmental and social topics.  
<https://mops.twse.com.tw/mops/web/t100sb07>



Performance appraisal of the Highest Governance Body

The performance appraisal of the board of directors in 2023 follows the self-assessment results made by the board of directors and functional committees in accordance with the "Performance appraisal Procedure of the Board of Directors and Functional Committees". Please refer to the annual report posted on the company's website:  
<https://www.sfchem.com.tw/zh-hant/page/annual-report>

Operation of the Board of Directors

The board of directors of the company consists of 9 members and the term of office of the 8th board of directors of the company is from July 05, 2021 to July 04, 2024, and the details of the board members are given in the table below:

Board Members, and their Gender Composition and Major Responsibilities

No.	Title	Name	Gender	Age	Responsibilities
1	Chairman	Wu Xin-Hong	Male	>50	1.Deciding business policies
2	Director	San Fu Global Representative: Zhang Chun-Ming	Male	>50	2.Reviewing budgets
3	Director	Tsai Jie-Rong	Male	>50	3.Preparing final account reports for shareholders' meetings
4	Director	Su Tian-Bao	Male	>50	4.Proposing amendments to the articles of association
5	Director	Zhang Yi-Zong	Male	30-50	5.Executing resolutions of the shareholders' meetings
6	Director	Liang Guo-Yuan	Male	>50	6.Approving major contracts
7	Independent Director	Li Zhong-Xi	Male	>50	7.Proposing motions for surplus distribution or loss compensation
8	Independent Director	Wu Dong-Ming	Male	>50	8.Proposing increase or decrease of capital
9	Independent Director	Yang Hong-Chih	Male	>50	9.Handling employment and dismissal of important staffs
					10.Executing other duties as ordered by law or resolved by the shareholders' meeting.

The company attaches importance to the policy of diversity of directors in order to strengthen corporate governance and promote the sound development of the composition and structure of the board of directors, and believes that the diversity policy will help to enhance the overall performance of the company, the election of directors follows the procedures for electing directors approved by the board of directors, and adopts the system of nomination of candidates, in which the directors are elected among the candidates by the shareholders' meeting, and the recusal of interested parties is handled in accordance with the rules governing the procedure of the board of directors meetings set by the company. Diversity and independence of the board of directors and whether the company's director serves on the boards of directors of other companies or has cross-holdings with other interested parties can be found in the company's annual report website:



<https://www.sfchem.com.tw/zh-hant/page/annual-report>

Content

Message from the Chairman

About the Report

1.About Us

1.1 Company Profile

1.2 Introduction of Industry

**1.3 Corporate Governance**

1.4 Risk Control

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

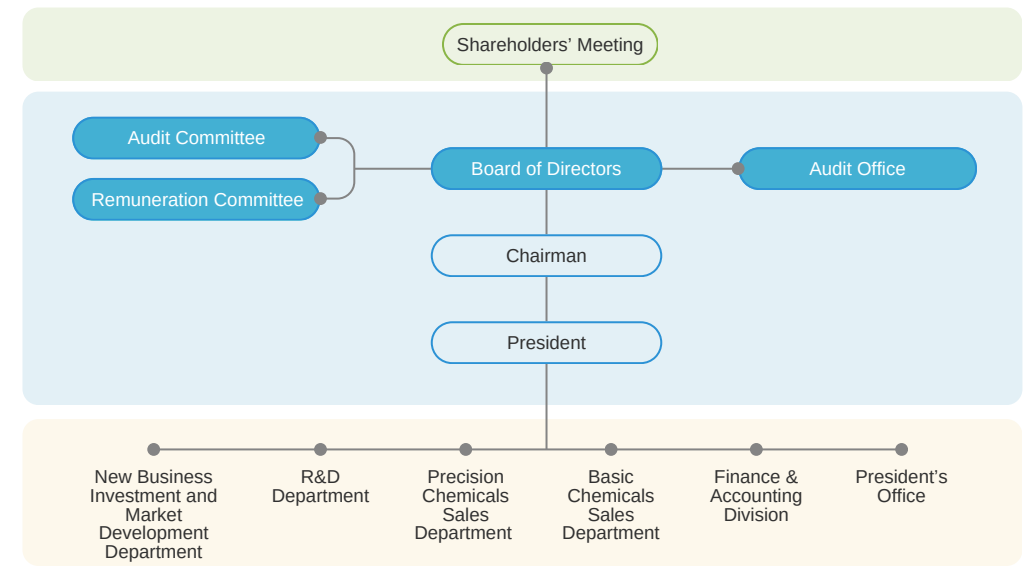
6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

● 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 consisted of 3 independent directors. A total of 2 meetings were held in 2023, 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.



<https://www.sfchem.com.tw/zh-hant/page/annual-report>

Senior Executive's Remuneration and Incentives

The company regularly performs annual performance appraisals for senior executives, and the policy on the remuneration of senior executives is based on the company's performance appraisal objectives and the variation of bonuses. In addition to the reference to the company's overall operating performance that whether it achieves the expected results on operation, safety, environmental protection and social responsibility, corporate development, customer quality, and employee training and development, the individuals' performance achievement rate of and contribution to the company's performance are referred to give a reasonable remuneration package. The relevant performance appraisal and the reasonableness of the remuneration have been reviewed by the remuneration committee and then submitted to the board of directors for approval, the remuneration system is reviewed in light of the actual operating conditions and the relevant ESG requirements from time to time, and the remuneration of senior management is linked to the company's ESG performance.

The board of directors has perfected its supervisory and management functions. Although the company has not yet included the sustainability implementation committee as a functional committee, the company has set up a sustainability promotion committee, which is represented by the heads of each unit. Once a year, the deputy convenor of the sustainability promotion committee, President Tsai Kai-Yung, reports to the Board of Directors on the results of the implementation of sustainable development and future work plans on February 27, 2024, and the contents of the motion include: (1) identifying sustainability issues that require attention and formulating action plans to respond to these issues; (2) supervising the implementation of sustainability matters and evaluating the status of implementation (i.e., the company implements environmental topics of reducing the environmental burden in the production process, recycling and reusing the wastes, implementing ecological and environmental responsibilities and saving absolute carbon emissions for customers, etc.); (3) assessing the risks and opportunities brought to the company by climate change and formulating appropriate response strategies to cope with the impact of climate change events,

The Board of Directors regularly receives and reviews reports (including ESG reports) from the management team on a quarterly basis. The Board of Directors must evaluate the likelihood of success of these strategies and constantly review their progress and urge the management team to make adjustments if necessary.

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

In 2023, the company had a major incident of fines in the environmental aspect. The industrial safety department will discuss with the responsible unit, present its opinion to the fining unit, and report the results of the fining to the highest governance body.

In terms of environmental safety and health policies, the company regularly reports to the board of directors on greenhouse gas emissions and improvement status on a quarterly basis as required by the competent authorities.

The company's stable financial performance is the key event to which the management team attaches most importance, and the board of directors reports on the operating performance quarterly.

Content

Message from the Chairman

About the Report

1.About Us

1.1 Company Profile

1.2 Introduction of Industry

1.3 Corporate Governance

1.4 Risk Control

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

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

In accordance with the requirements of the competent authority, the company formed an audit committee to substitute the supervisory position in 2021. In 2023, the board of directors held 4 meetings with an attendance rate of 100%.

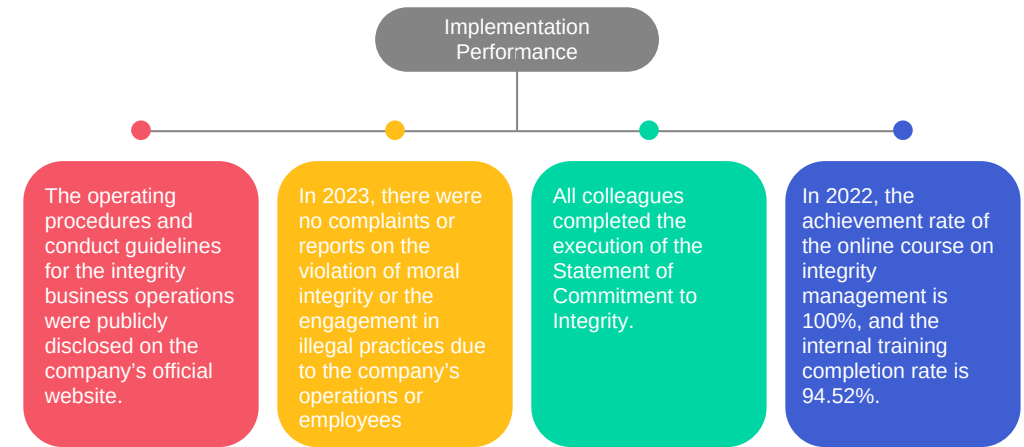
One of the audit committee members has accounting or financial expertise, who is responsible for supervising the presentation of the company's financial statements, the selection and dismissal of accountants and their independence and performance, the effective implementation of the company's internal 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 complaints 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.



Operational activities comply with domestic and foreign laws and regulations and key major events

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.

<p><b>Compliance with environmental laws and regulations:</b></p> <p>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 2023 is 1 and improvements have been completed. Please refer to the section on sustainable environment for details.</p> 	<p><b>Regulatory compliance in the social category:</b></p> <p>For social topics such as financial reporting, workplace discrimination, or corruption, there were no major penalties for violating the regulations in 2023, and there were no sanctions other than fines.</p> 	<p><b>Regulatory compliance in product sales:</b></p> <p>For the sales process, there were no legal violations or heavy fines caused by the supply and use of products and services during the reporting period.</p> 
<p>There were no incidents of corruption during the reporting period.</p>	<p>There were no complaints related to violation of customer privacy rights or loss of customer data.</p>	<p>There were no incidents of violating regulations or voluntary guidelines related to marketing promotion, including advertising, promotion and sponsorship.</p>
<p>There were no sales of disputed products.</p>	<p>There were no incidents of violating regulations or voluntary regulations on product and service information labelling.</p>	<p>There were no incidents of violating regulations and voluntary guidelines on health and safety impacts of products and services over their life cycle.</p>

Risk Control

Early Warning Policy and Effective Risk Management

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



The company identifies potential risks in daily operations, including financial and operational aspects, and the analyzed countermeasures include the measures of preventing and reducing various risks, and improving impacts.

● The financial and operational risks identified during the reporting periods are as follows:

Potential Risk	Countermeasures and Practices
Changes in interest rates and exchange rates	<p>The Company's risk of interest rate mainly arises from long- and short-term bank loans and short-term use of funds for the needs of working capital.</p> <p>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.</p> <p>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.</p>
Inflation	<p>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.</p>

Potential Risk	Countermeasures and Practices
Expansion of Factory	<p>With the vigorous development of Taiwan's IC industry in recent years, the total demand for TMAH in this industry has significantly exceeded that of the panel industry, and the proportion of raw materials from the IC industry in TMAH recycling plants has now exceeded 80%. In order to realize the ultimate significance of recycling and achieve the goal of a sustainable cycle, San Fu invested heavily in the renovation of its subsidiary, International Nitto, located in Nanke two years ago, in anticipation of turning it into a production base for the recycling of ultra-high purity IC-grade TMAH, so that it can further refine the received waste liquid into IC-grade finished products, which can then be supplied back to end-users.</p> <p>At the beginning of last year, the front section of the electrolysis plant was completed and put into operation, and continued to produce 25% of TMAH primary products with metal ions less than 1ppb. In the fourth quarter, the rear section of the purification line of the refining plant was completed and put into operation, and began to purify 25% of the TMAH primary products from the electrolysis, so as to reduce metal ions contained in 25% of the finished products of TMAH to the 10ppt level, and this target has been reached at the beginning of this year, and the quality is now being maintained at a stable level. In conjunction with the continuous production of high purity products from the purification line, the 2.38% dilution line also began trial operation in March this year, aiming to achieve the 2.38% dilution products with less than 1ppt of metal ions in the second quarter, so as to meet the requirements of T Company's certification as top priority.</p> <p>International Nitto Technology expects the first phase of production capacity to be fully utilized this year, with the primary goal of maintaining stable quality and T Company's certification. The IC-grade finished products will be mainly produced for the needs of the IC industry, while the rest will be supplied to the panel industry, and the second phase is expected to be activated when T Company's certification progress is completed.</p> <p>With the increasing expansion of the IC industry, the development of IC-grade TMAH recycling fluid is a must, therefore, whether the recycled products can successfully pass the threshold of T-company certification is the biggest challenge, the time required for certification also affects the timeline of the Group's profitability, at present, the IC-grade 25% TMAH produced by International Nitto Technology is sold to the panel industry at a lower panel-grade price, so that the profitability of the Group is not as expected. The Group's profitability is not as high as expected. Therefore, although many IC customers other than T Company are interested in International Nitto Technology's products, how to speed up the certification process will give International Nitto Technology a chance to grow its profitability in the short term.</p>
Centralization of purchases or sales	<p><b>Purchase:</b></p> <p>Our company has a stable channel for obtaining raw materials, and our suppliers have high standards in quality and quantity, and their raw materials are not only supplied to our company, but they are also supplied to different customers in other places. In terms of speciality raw materials, we have adopted a partnership and shareholding approach to consolidate the acquisition of raw materials, so that if there is a shortage of raw materials in the market, we will be able to obtain the raw materials on a priority basis. For other raw materials, we adopt more than two suppliers to maintain stable delivery, and we maintain a good relationship with our suppliers and risk diversification strategy.</p> <p><b>Sales:</b></p> <p>At present, the company's precision chemicals are mainly supplied to the display-related industry. In order to avoid the concentration of customers in the display industry, the company is subject to increased impact and risk. Currently, the proportion of sales in the solar energy industry is also increasing year by year, and the company is actively crossing over to the wafer and LED industries at the same time. In the future, our sales will cross over to the wafer, display, solar, and LED industries. In terms of export sales, the current customers of export sales are manufacturers in China, India, and Singapore and manufacturers of 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.</p> <p>In the future, the types of industries of our customer and the number of sales countries will be increased significantly to effectively diversify sales risks.</p>

Operational Risk

Financial Risks



Content

Message from the Chairman

About the Report

1.About Us

**2.Economic Performance**

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix



2

Economic Performance

2.1 Consolidated Net Profit	29
2.2 Future Revenue Growth Momentum	30
2.3 Sustainable Circular Economy	31

47.7%  
Growth of Consolidated Net Profit

140,703 tons  
Cumulative total amount of TMAH waste liquid recycled and reused

Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

2.1 Consolidated Net Profit

2.2 Future Revenue Growth Momentum

2.3 Sustainable Circular Growth

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

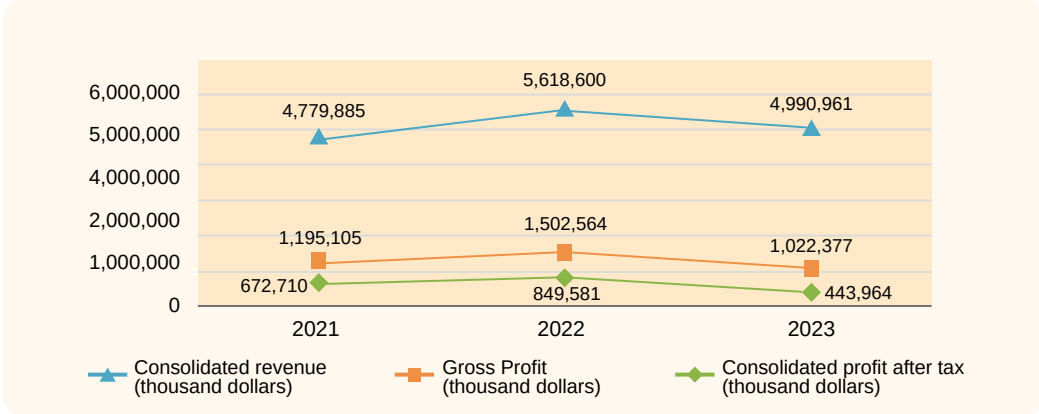
8.Social Public Welfare Action

Appendix

2023 Consolidated Net Profit of 443,964,000 Dollars

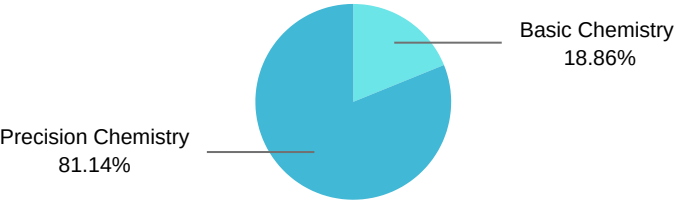
In order to explain the capital flow between different stakeholders and the main economic impact that the company has brought to society, the company uses economic performance indicators to respond to the information such as the generation and distribution of economic values that stakeholders are concerned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

For this year, the consolidated revenue is \$4,990,961,000, representing an annual decrease of 11.17%. The consolidated net profit is \$443,964,000, representing an annual decrease of 47.7%. The taxes paid to the local government are amounted to approximately \$137,346,000. The consolidated profit after tax is \$4.41 per share, representing an annual decrease of 47%.



Looking further at the proportion of revenue, first of all, in terms of precision chemicals, we find that the revenue was \$4,049,446,000, accounting for 81.14% of the consolidated revenue, and the revenue of basic chemicals revenue was \$941,515,000, accounting for 18.86% 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 2023 was \$4.41, and the cash dividend per common share was about \$3.5/share (\$2.0/share for earnings distribution and \$1.5/share for capital reserve allotment have been resolved by voting in the ordinary shareholders' meeting on June 12, 2024).

Consolidated Revenue and Operational Performance Statistics

	2021	2022	2023	Growth Rate
Capital (thousand dollars)	1,007,060	1,007,060	1,007,060	0.00%
Consolidated revenue (thousand dollars)	4,779,885	5,618,600	4,990,961	-11.17%
Gross Profit ( Thousand Dollars )	1,195,105	1,502,564	1,022,377	-31.96%
Income tax (thousand dollars)	156,690	223,292	137,346	-38.49%
Consolidated after-tax earnings (thousand dollars)	672,710	849,581	443,964	-47.74%
Earnings per share after tax (dollar)	6.69	8.43	4.41	-47.69%
Net worth per share (dollar)	41.16	45.56	43.83	-3.80%
Employee salary and welfare expenses (thousand dollars) (Note 2)	429,608	569,387	487,970	-14.30%
Payments to contributors: Shareholder dividends are issued in shares (dollar)	0	0	0	—
Payment to funders, in cash (dollar)	5.0	5.9	3.5	-40.68%
Amount of social investment (dollar)	1,871,000	2,010,000	907,400	-54.86%

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

Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

2.1 Consolidated Net Profit

2.2 Future Revenue Growth Momentum

2.3 Sustainable Circular Growth

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

Future revenue growth momentum

Development trend

The company's current products are mainly used in the TFT-LCD display industry, the semiconductor industry, as well as the green energy industry such as the LED and solar energy industries and the food and beverage industry. Most of them are key speciality chemicals and basic chemicals used in the production process of downstream manufacturers. In order to meet different customer 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 the first half of 2023, due to the environment factors of general economy, price inflation, and regional wars, customers' crop rates were not as expected, and there were even cases of factory closures. However, from the second half of the year onwards, the momentum of inventory replenishment has gradually strengthened, in addition to the arrival of large-scale sports events, AI PC-related applications and packaging technology breakthroughs, all of which have brought new opportunities to the panel industry. Therefore, end product prices have been rebounding, coupled with the aforementioned optimization of production capacity and the arrival of the traditional peak season cycle, a recovery is expected in 2024.



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.

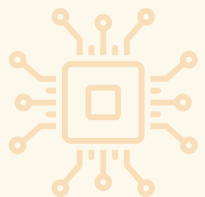


Product Competition

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.

Semiconductor Industry

In 2023, the global semiconductor market faced headwinds and multiple uncertainties in geopolitics and the general economy. The research estimates that global semiconductor industry revenue will reach US\$523 billion in 2023, a decrease of 8.9% from 2022. Looking ahead to 2024, with the demand for AI application chips and memory, other non-AI applications will also continue to boost demand for related chips, and shipments of technology products such as mobile phones, laptops/PCs, servers, etc., will also rebound, and it is estimated that the global semiconductor revenue will break through US\$600 billion, an increase of 17%, returning to the growth track.



In addition, researches in Taiwan estimate that the output value of Taiwan's semiconductor industry in 2024 grows 15.4% from the low level of 4.29 trillion dollars in 2023 to 5.01 trillion dollars, not only setting a new record high, but also getting rid of the haze of the recession in 2023. With the front-end 2nm foundry and back-end of the packaging and testing of the CoWoS driven by the leading foundry, the growth rate is up to 20~25% compared with the global semiconductor annual growth rate, which is much higher than the global growth rate.

Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

2.1 Consolidated Net Profit

2.2 Future Revenue Growth Momentum

2.3 Sustainable Circular Growth

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

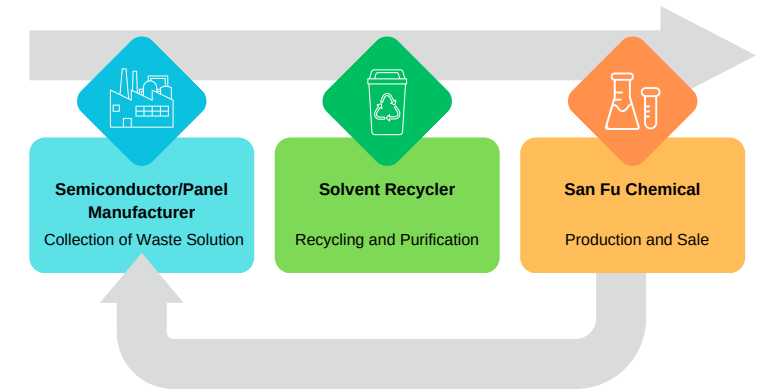
8.Social Public Welfare Action

Appendix

Sustainable Circular Economy

Solvent circulation

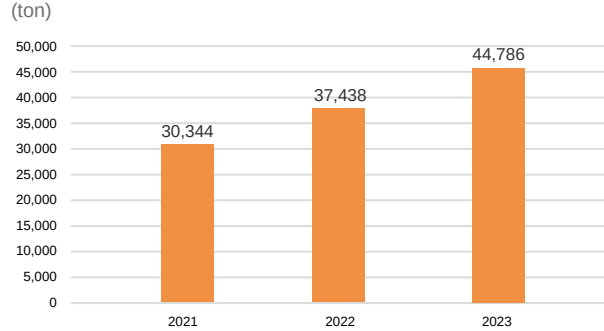
In response to the global scale of environmental damage and warming problems, the company cooperates with suppliers (solvent recyclers) to recycle the solvent waste liquid produced by customers (semiconductor/panel manufacturers) in the process in order to reduce the burden on the environment. By the high-efficiency regeneration and recycling equipment and high-level distillation separation technology of the solvent recyclers, the waste solvent is purified and put back into the market for recycling. Since 2017, San Fu Chemical has accumulated a total purchase of 44,786 tons of recycled solvents.



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

Year	Purchase volume of recycled solvent (ton)
2021	30,344
2022	37,438
2023	44,786

Cumulative purchase volume of recycled solvent over the years



TMAH Waste Liquid Recovery

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

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



Pat. No. I366076  
(June 2012)



Pat. No. I462770  
(December 2014)



Pat. No. I607987  
(December 2017)



Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

2.1 Consolidated Net Profit

2.2 Future Revenue Growth Momentum

2.3 Sustainable Circular Growth

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

Bringing a win-win situation and sustainable economic transformation

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

In 2020, more than \$50,000,000 were invested for the TMAH recycling plant's evaporation and concentration engineering equipment to carry out water/waste heat recycling and steam/gas reduction, achieve energy saving effectiveness, improve energy efficiency, and implement sustainable energy conservation. In 2021, we invested in the energy management system: through PDCA (Plan-Do-Check-Act) management cycle mode, continue to strengthen energy management methods, thereby reducing management operating costs to realize the real benefits of energy management system.

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

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

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

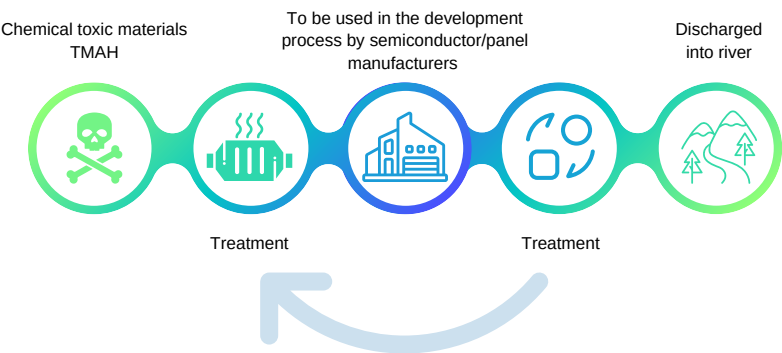
Technology brings the world closer together, and makes us better understand how to balance the three cornerstones of sustainable development, respectively: social progress, economic growth and environmental protection. However, the climate continues to change and our earth is changing. San Fu Chemical continues to invest in the improvements in all aspects of the product life cycle. In TMAH waste liquid recycling, in addition to cooperating with major technological factories at home and abroad, we provide customers with recycling solutions that reduce costs and increase competitiveness, while creating their own value. In addition, we are still actively investing resources in process improvement, and are committed to improvement projects for eliminating bottlenecks. The purpose is to improve the efficiency of the recycling process, reduce energy consumption, create diversity, reduce the burden on the environment and improve product quality.

Recycling and reusing waste, fulfilling the responsibility of ecological environment

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

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

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



Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

2.1 Consolidated Net Profit

2.2 Future Revenue Growth Momentum

2.3 Sustainable Circular Growth

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

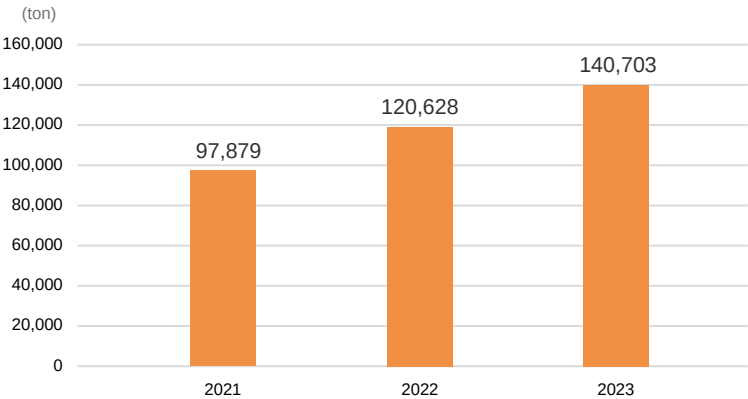
San Fu Chemical has turned the chemical toxic liquid TMAH into gold, accumulating a total volume of 25% TMAH reused by 2023 of about 68,000 tons.

Since 2011, San Fu Chemical has recycled and reused a cumulative total of 140,703 tons of TMAH waste liquid, which is a remarkable achievement of its innovative circular economy operation model.

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

Year	Cumulative total amount of recycled liquid over the years (tons)
2021	97,879
2022	120,628
2023	140,703

Cumulative total clearance volume over the years



Recognition of Circular Economy Achievements

Since 2006, San Fu Chemical has been developing the recycling technology of semiconductor process pollutant “tetramethylammonium hydroxide (TMAH)”. In the past, Taiwan relied on imported TMAH which is a highly hazardous pollutant with lethal and acute toxicity. However, it is a necessary raw material for semiconductors.

The company originally planned to develop and manufacture TMAH, but later decided to invest in recycling and remanufacturing. The TMAH technology was successfully developed in 2010 and commercialized and mass produced in 2012, and it was not until 2016 that the company started to make profits.

At present, there are 15 electronic technology factories in total, using San Fu Chemical's patented recycling technology for TMAH waste liquid recycling. Each year, San Fu Chemical treats 1.33 million tons of wastewater for reuse, which is equivalent to the amount of water used in 530 swimming pools at the World University Games. This greatly reduces the energy consumption of the semiconductor industry, and saves customers more than \$2 billion in pollution treatment costs due to excessive emissions.

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



Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

**3.Response to Climate Change**

4.Sustainable Environment

5.Customer Commitment and  
Supply Chain Management

6.Creation of Employee  
Enthusiasm

7.Occupational Safety and Health  
Management

8.Social Public Welfare Action

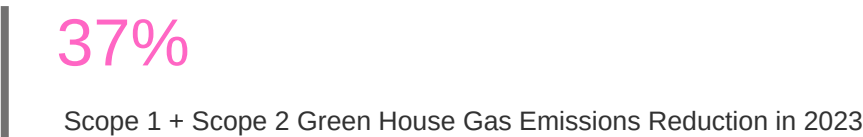
Appendix



3

Response to Climate Change

3.1 Climate Change Risks and Opportunities	35
--	----



Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

3.1 Climate Change Risks and Opportunities

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

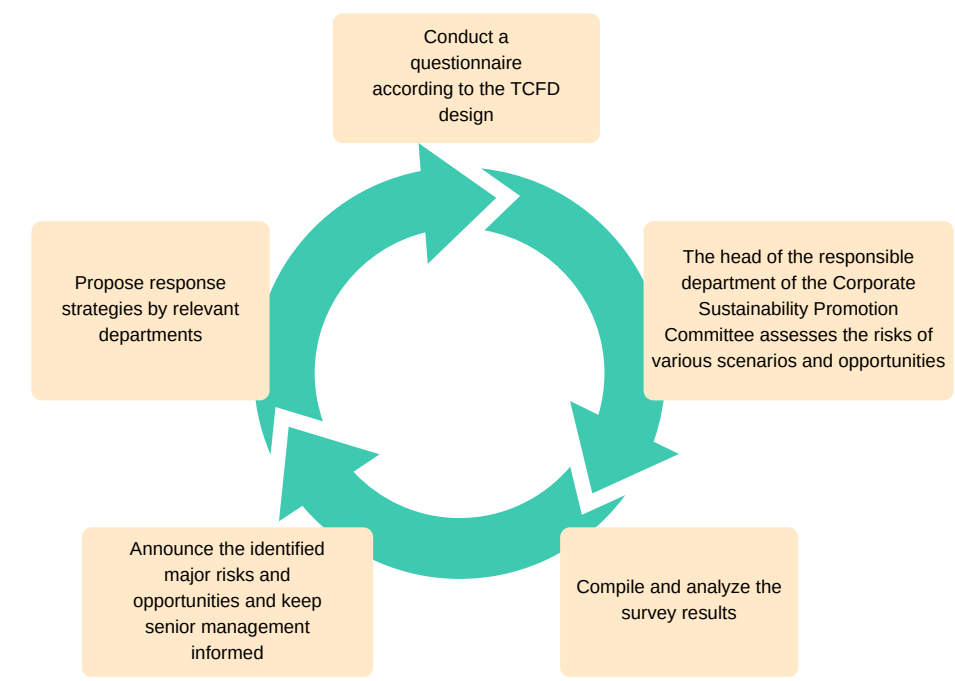
8.Social Public Welfare Action

Appendix

Climate Change Risks and Opportunity

San Fu Chemical emphasizes on long-term operating performance and actively responds to the risks brought by climate change. Starting from 2019, the company follows the framework of the “Recommendations of the TCFD” issued by the Financial Stability Board (FSB) and set up a number of climate change scenarios that have an impact on the company’s finances, assessing the emerging risks and opportunities of climate change and its impacts on the company’s operation and management, and formulating response strategies under each scenario to minimize the financial impacts caused by climate change.

● Main steps to identify climate change risks and opportunities

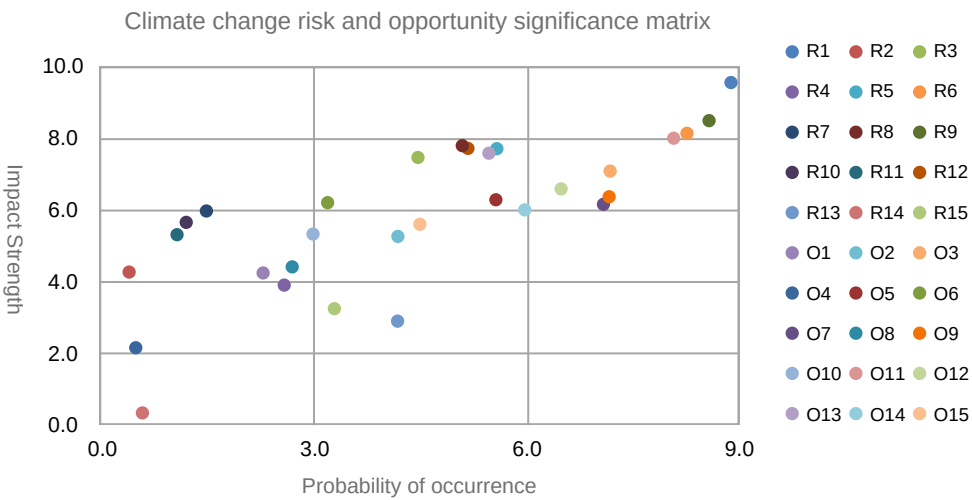


Assumptions of Climate Change Scenarios

In the face of the topics of uncertain climate change, San Fu Chemical has made reference to the scientific reports of the United Nations Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA) to simulate two scenarios of the risks and opportunities that we may encounter in the future.

- 1. The most severe warming scenario, RCP 8.5, mentioned in the IPCC Fifth Assessment Report, assumes the high level of greenhouse gas (GHG) emissions and the radiative forcing will continue increasing in 2100.
- 2. The world's most active net-zero NZE emission scenarios in promoting a low-carbon transformation are to achieve the goal of controlling global warming below 1.5 degrees Celsius, and to halve the GHG emissions by 2030 and achieve net-zero emissions by 2050.

● Climate change risk and opportunity identification results





Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

3.1 Climate Change Risks and Opportunities

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

Risks/Opportunities		Item	Description
Transformation Risks	Policy and Regulation	R1 R2 R3 R4	Greenhouse gas regulations increase emission costs. ★ Enhance the obligations of emissions disclosure. Regulation and supervision of existing products and services. Management of the litigation risks related to climate change.
		R5 R6 R7	Replacement of existing products and services with low-carbon goods. Cost expenditure of low carbon technologies. ★ Failure to invest in new technology.
		R8 R9	Changes in customer behavior. Rising raw material costs. ★
		R10 R11	Increase in negative feedback from stakeholders and stigmatization of the industry Transfer of customer preference
Physical Risks	Immediacy	R12	Typhoon/hurricane and heavy rain/flood
		R13 R14 R15	Rising average temperature. Rising sea level. Changes in rainfall (water) patterns and extreme changes in climate patterns

In terms of transformation risk, the draft “Regulation for Charging Carbon Fees” announced by the Ministry of the Environment plans to impose a carbon fee starting from 2025, which will lead to an increase in operating costs and a decrease in profitability and will cause impacts in the short term. In the medium term, the company faces the transformation risk of replacing its existing products and services with low-carbon products, which will lead to an increase in research and development expenditures. In the long term, climate change may have impacts on suppliers, resulting in higher raw material costs.

Risk/Opportunity		Item	Description
Opportunities	Resources Efficiency	O1 O2 O3 O4 O5	Adopt more efficient transportation methods. Use more efficient production and distribution methods. Recycle and /reuse. Switch to more efficient buildings. Reduce water usage and consumption.
		O6 O7 O8	Use low carbon energy. Participate in the carbon trading market. Shift to decentralized energy.
		O9 O10 O11 O12	Develop/expand low carbon products or services. Building climate risk adaptation solutions. Develop innovative products or services. ★ Customer preferences change.
		O13	Enter new markets.
		O14 O15	Participate in renewable energy projects and adopt energy-saving measures. Energy substitution/diversification.
	Market		

In terms of physical risk, referring to WRI’s Aqueduct Global Water Risk Atlas, we determine that our operating sites are not located in areas under water stress, and that the chances of San Fu being affected by droughts and floods as a result of extreme climate change are very low, so we did not identify any corresponding risks.

In terms of opportunity, with net-zero carbon emissions becoming a global trend, San Fu Chemical is investing in research and development of innovative products or services in the med- and long- term to meet customer demand for low-carbon products and increase the company's revenue and profitability.

In 2023, San Fu Chemical identified three climate change risks and one opportunity for short-, medium-, and long-term climate change, as shown in the table below.

Risks /Opportunities	Risk Type and Opportunities	Short Term (1~3 years)	Mid Term (3~6 Years)	Long Term (over 6 years)
Risks	<b>Transformation Risks</b> Risks associated with changes in policy and regulation, technology, market, social and economic conditions may occur during the low-carbon transformation.	R1: Greenhouse gas-related regulations increase emission costs	R6: Replace existing products with low-carbon products and services	R9: Rising raw material costs
	<b>Physical Risks</b> Physical risks arising from climate change can have either immediate or long-term climate patterns. Physical risks may have a financial impact on the organization, such as direct damage to assets or indirect impacts due to disruptions in the supply chain.	--	--	--
Opportunities	<b>Opportunities</b> Efforts to mitigate and adapt to climate change will create opportunities for organizations.	--	O11: Research and develop innovative products or services	--

Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

3.1 Climate Change Risks and Opportunities

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

Management policies corresponding to climate change identification results

In 2023, the company identified the risks and opportunities brought by climate change, developed appropriate response strategies to respond to the impact of climate change events, and proposed feasible response strategies, management processes, and authority units, as shown in the table below

Type		Climate Change Topic	Potential Financial Impact on San Fu	Response Strategy	Management Process	Responsible Department
Climate Change Risks						
Transformation Risks	Policy and Regulation	GHG related regulations increases emission costs	In order to control carbon emissions, various countries have developed a “carbon pricing” system, which aims to put a price on carbon by including the cost of greenhouse gases generated from production activities and the environmental cost in the calculation, so as to control carbon emissions from production activities. The Ministry of the Environment has also announced a draft of the “Regulations for Charging Carbon Fees”, which will lead to an increase the cost of production to enterprises, thereby leading to a decrease in profitability.	1. Prioritize the replacement of energy-consuming machinery and equipment at operation sites and install energy-saving equipment instead to achieve power saving. 2. Evaluate internal carbon pricing. 3. Evaluate the investment in green energy-related environmentally friendly and sustainable equipment in production plants, such as installing solar energy storage systems to store the power generated in the plant.	1. Greenhouse Gas Emission Reduction Policies and Targets 2. Management System Target Control Procedures	Energy Team/Industrial Safety Division/ Production Unit
	Technology	Replacement of Existing Products and Services with Low Carbon Commodities	Reduced demand from customers for high carbon emission products and services in favor of low carbon emission or green energy products and services will result in fewer orders and lower revenue.	The R&D program is dedicated to adjusting and improving the production of products, and cooperating with academic institutions and customers to develop low-carbon products. We cooperate with academic institutions and customers to develop low-carbon products.	1. R&D projects 2. New product development and validation management program	R&D Division
	Market	Increase in raw material costs	The demand for and certification of green products may result in the need for suppliers to produce under more environmentally friendly conditions, which may lead to an increase in procurement transaction costs, thereby increasing the company’s operating pressure.	1. Explore sources of green suppliers to increase bargaining power. 2. Evaluate the purchasing strategy of selecting more mature green raw materials in the market and build up the largest stock when the price is low. 3. Establish green supplier management and optimize the supply chain management system to control costs.	Supplier Management Procedure	Procurement Unit
			Climate change has led to unstable supply from suppliers and higher energy prices, which have been reflected in higher raw material costs and transportation costs, causing the company to face increased production costs and operating expenses.	1. Use more readily available and recyclable raw materials. 2. Develop product recycling technology or cooperate with local recyclers to develop a sustainable circular economy. 3. Prioritize and evaluate raw material suppliers from diversified production bases and excellent suppliers with toughness and risk management to reduce the risk of climate change through dual-source procurement.	1. New product development and validation management program 2. Supplier management program	R&D Division/Procurement Unit
Climate Change Opportunities						
Products and Services		Develop innovative products and services	There is an increasing demand for low-carbon products, but the company does not yet have any carbon reduction or green energy related products.	Research on the synthesis of chemical products related to carbon dioxide adsorption.	R&D project	R&D Division
			If we can achieve the goal of environmentally friendly material selection and compliance with international environmental regulations (RoHS, REACH..) and customer specifications, we can develop market-leading technologies/products/services to increase our revenue and profitability.	1. Regularly communicate with customer’s R&D team to obtain customer’s future technology and process development trend to provide corresponding products. 2. Invest in R&D energies and strengthen the R&D team. 3. Establish product patent protection mechanism to increase competitors’ entry threshold. 4. Innovate the current service model, which should be ESG-oriented.	1. New product development and certification management procedure 2. Communication management procedure 3. Hazardous substance control procedure	R&D Division/Sales Division / Quality System Management Division

Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

3.1 Climate Change Risks and Opportunities

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

Transformation Plans for Managing Climate Change Risks

Transformation Plan	Plan Content	Actions Taken	Indicators	Goals
Transformation Risks	<ul style="list-style-type: none"><li>Energy saving</li></ul>	<ul style="list-style-type: none"><li>Follow ISO 50001:2018 management procedure</li></ul>	<ul style="list-style-type: none"><li>Energy intensity</li></ul>	<ul style="list-style-type: none"><li>Annual electricity saving rate reduced by 1% compared to the previous year</li></ul>
	<ul style="list-style-type: none"><li>carbon reduction</li><li>Circular production economy</li></ul>	<ul style="list-style-type: none"><li>Follow ISO 14064:2018 management procedure</li><li>Purchase of renewable materials: over 10%</li></ul>	<ul style="list-style-type: none"><li>Carbon emission intensity</li><li>Percentage of purchase of renewable materials</li></ul>	<ul style="list-style-type: none"><li>Set a goal of reducing 20% of Scope 1 + Scope 2 GHG emissions by 2030 and achieving the net-zero emissions goal by 2050.</li><li>Sustained increase of 10 per cent per year</li></ul>

Developing internal carbon pricing

San Fu Chemical has been analyzing the international carbon price trend and evaluating its internal carbon pricing strategy. Initially, the carbon price was set at NT\$300 per ton as a reference for capital investment and major decisions. In addition to capital expenditures used as a major reference for investment, carbon reduction benefits are also included in the calculation of costs and expenses. Through the internal carbon pricing management mechanism, each factory is incentivized to achieve carbon reduction targets and promote the Group's carbon management.

Setting Climate-Related Goals

The environmental information GHG emission statistics helps us to review whether we have achieved our goal of being environmentally friendly to the earth year by year. Greenhouse gases (GHG), nitrogen oxides, sulfur oxides and other notable gases emitted during the manufacturing process have a significant impact on the environment.

Therefore, we have implemented various programs to reduce greenhouse gas emissions. We have conducted internal education and training to help strengthen our greenhouse gas emission control strategy by leading our colleagues in identifying and defining the various greenhouse gas emission statistics for our factories. The statistics include direct GHG, energy indirect GHG emissions, other indirect GHG emissions, and calculation of GHG emission intensities. Through the disclosure of energy consumption reduction goals, we are able to demonstrate to the public the results of our efforts to minimize our environmental impacts, as well as our resilience to changes in carbon emissions, operating costs, and energy supply and prices.

Greenhouse Gas Emissions Management

The statistics related to GHG emissions in 2023 are listed below.


Direct greenhouse gas emissions (Scope 1)	2,638.3 ton CO <sub>2</sub> e
Energy indirect greenhouse gas emissions (Scope 2)	17,085.2 ton CO <sub>2</sub> e
Other indirect greenhouse gas emissions (Scope 3)	3,999.0 ton CO <sub>2</sub> e
Total greenhouse gas emissions	23,722.5 ton CO <sub>2</sub> e

Greenhouse Gas Inventory Information

San Fu Chemical has conducted ISO 14064-1:2018 GHG inventory for five locations including Taipei Head office, Chupei Office, Shanhua Factory, Liuying Factory, and Kaohsiung Factory, and the related GHG performance data have been verified to ISO 14064-1 GHG inventory standard by SGS Taiwan

Statistics on Greenhouse Gas Emissions and Intensity

Emission unit: ton CO<sub>2</sub>e / Intensity unit: ton CO<sub>2</sub>e/million

Assurance Institute	Assurance Standard	Assurance Opinion	Item	Assurance Scope	2021	2022	2023
SGS	ISO 14064-1:2018	The disclosure and certificate of the third-party certificate on greenhouse gas inventory are posted on San Fu Chemical website: <a href="https://www.sfchem.com.tw/zh-hant/page/certifications">https://www.sfchem.com.tw/zh-hant/page/certifications</a> 	Scope 1: Direct Emission	Shanhua Factory	7,026.4	4,811	2374.5
				Liuying Factory	166.4	186	239.3
				Kaohsiung Factory	8.1	6	6.9
				Office	--	--	17.7
			Scope 2: Energy Indirect Emission	Shanhua Factory	14,967.2	16,444	14567.7
				Liuying Factory	2,002.3	1,940	1534.4
				Kaohsiung Factory	2,918.7	1,960	926.0
				Office	--	--	57.1
			Scope 3: Other indirect emissions (upstream of energy, upstream of resource, and waste disposal)	Shanhua Factory	4,176.3	4,019	3512.4
				Liuying Factory	419.1	390	382.0
				Kaohsiung Factory	146.2	119	92.7
				Office	--	--	11.8
Total carbon emission intensity of factories					5.67	4.51	3.95

Note 1: The electricity carbon emission factor was calculated based on the 2022 electricity emission coefficient announced by the Energy Bureau of the Ministry of Economic Affairs in 2023: It was calculated by 0.495 kg carbon dioxide equivalent/kWh, based on the statistics of the 6th GWP announcement in 2021.  
Note 2: Starting from 2023, new office areas are included in the scope of greenhouse gas inventory (including Taipei head office and Chupei office).  
Note 3: Scope 3 emission factors were calculated based on the data from the Carbon Footprint Information Website.  
Note 4: The intensity was calculated in the unit of ton CO<sub>2</sub>e/million dollars

Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

3.1 Climate Change Risks and Opportunities

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

San Fu Chemical's plans and measures for greenhouse gas management include greenhouse gas inventory management program, greenhouse gas inventory report, greenhouse gas data quality management standard, and greenhouse gas internal verification standard. In addition to carrying out greenhouse gas inventories to control the status of greenhouse gas emissions, San Fu Chemical also endeavors to propose feasible solutions to reduce greenhouse gas emissions, such as the use of LED fluorescent lamps and the purchase of new electric forklifts, to reduce greenhouse gas emissions, and to carry out the work plan of reducing emissions.

Statistics of greenhouse gas emissions by type (unit: ton CO<sub>2</sub>e)

Factory Areas	CO <sub>2</sub>	CH <sub>4</sub>	N <sub>2</sub> O	HFCs	PFCs	SF <sub>6</sub>	NF <sub>3</sub>	Total Emissions
Emission equivalent (ton CO <sub>2</sub> e /year)	23675.4	42.2	4.9	0	0	0	0	23722.5
Percentage of gases by type (%)	99.80%	0.18%	0.02%	0.00%	0.00%	0.00%	0.00%	100.00%

Rigorous detection of air pollution to accurately comply with regulatory standards

Air pollution adversely affects climate, ecosystems, air quality, habitat, agriculture, and human and animal health.

Air quality deterioration, acidification, forest degradation, and public health concerns have prompted local and international regulations to control emissions. Therefore, we regularly measure emissions data related to air pollution and are committed to reducing air pollutant emissions.

In accordance with national environmental regulations, we have formulated in-house air pollution prevention management methods and incorporated them into the ISO 14001 environmental management system for monitoring and control to ensure compliance with the relevant air pollution emission standards. All gaseous emissions are 100% compliant with the regulatory standards, please refer to the “2023 Air Pollutant Emission Statistics”.

Since 2012, we have been conducting comprehensive inspections of all relevant air pollution emission ducts to confirm the emission coefficients as a reference for the improvement of the relevant equipment. The emission coefficients are used as a reference for the improvement of the relevant equipment. In order to ensure that the company's gas operations comply with regulations and minimize the impact of its operations on the environment, the following air pollution control related operations have been adopted.

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.

2023 Air Pollutant Emission Statistics (in tons)

Factory area	Boundary	Operating Permit	Emission
Nitrides (NO <sub>x</sub> )	Shanhua Factory	14.07	1.77
Sulfide (SO <sub>x</sub> )	Shanhua Factory	0.65	0
Volatile Organic Compound (VOC)	Shanhua Factory	6.57	1.76
	Liuying Factory	4.27	1.29
	Kaohsiung Factory	1.35	0.37
Suspended particles (PM)	Shanhua Factory	0.41	0.05
Total air pollutant emissions			5.24

Greenhouse Gas Reduction Goals, Strategies and Specific Action Plans and Outcomes

San Fu takes its commitment to net-zero emissions seriously, and utilizes the results of its annual greenhouse gas inventory to review its overall carbon reduction effectiveness and to develop an emissions reduction strategy. In response to the announcement of the “Emission Standards for Air Pollutants Generated from Boilers” by the Environmental Protection Administration of the Executive Yuan in 2018, San Fu has set consistent emission standards for boilers in various industries and requires them to make improvements by a certain deadline. In view of this, San Fu has begun planning to promote the conversion of boilers to natural gas equipment in 2019 in order to reduce air pollution, and therefore set 2019 as the base year for reduction at the Shanhua Factory.

In 2021, the greenhouse gas inventory was expanded to the Liuying and Kaohsiung factories, and in 2023, the scope of the inventory was expanded to the office areas, including the Taipei Head Office and the Chupei Office. From 2022 onwards, the company has proposed a net-zero emissions transformation goal in response to the national and industrial supply chain, and has set a medium- and long-term goals of reducing 20% of Scope 1 + Scope 2 GHG emissions by 2030 and achieving the net-zero emissions goal by 2050. In addition, it has set a medium- to long-term target of reducing Scope 1 + Scope 2 GHG emissions by 20% by 2030 and achieving net zero emissions by 2050.



Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

3.1 Climate Change Risks and Opportunities

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

● Greenhouse gas reduction benchmark

Unit: ton CO<sub>2</sub>e

Factory Area	Base Year	Greenhouse Gas Emission Benchmark
Shanhua Factory	2019	31100.6
Liuying Factory	2021	
Kaohsiung Factory		
Offices (Taipe Head Office and Chupei Office)	2023	

Specific Action Plan for Greenhouse Gas Reduction

In 2023, the relevant units reviewed and improved their equipment and processes to reduce carbon emissions by a total of 1305.8 tons of CO<sub>2</sub>e, and the specific actions taken to reduce the emissions are listed in the table below.

Unit: ton CO<sub>2</sub>e

Item No.	Department	Saving Measures	Saving Result	Carbon Reduction
1	Kaohsiung Factory	Single line operation for continuous production of CHA and cycle operation for batch production of DCHA	Save 410,400 kWh. Of electricity.	203.1
2		Reduce the frequency of the C-301 batch distillation units	Save 648 tons of steam.	127.4
3	Shanhua Factory (Public Use)	Reduce the aeration time	Save 61,320 kWh of electricity.	30.4
4	Liuying Factory	Reduce the working pressure of air compressors	Save 157,000 kWh of electricity.	77.7
5	VMT OEM Factory	Reduce the operating time of ice machines by 1 hour	Save 12,474 kWh of electricity.	6.2
6	TMAH	Replace the diaphragm of electrolysis tanks.	Save 132,243 kWh of electricity.	65.5
7	pHBA	User LCP steam savers.	Save natural gas of 382,000m <sup>3</sup>	795.6

Greenhouse Gas Emission Reduction Strategy

The total greenhouse gas emission was reduced by the energy-saving strategies, including the replacement of old equipment and the optimization of equipment operating parameters, in order to achieve the greenhouse gas reduction goals set by the company.

Greenhouse Gas Emission Reduction Results

The results of Scope 1 + Scope 2 GHG emission reductions in 2023 were reviewed, and the GHG emission reductions was improved by 37% compared with the base year.

2030 Target	2050 Target	Total Scope 1 and Scope 2 Emissions (ton CO <sub>2</sub> e)	Base Year	2023
			31100.6	19723.6
20% Reduction	Net Zero	The emission reduction target was achieved/		37%

Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

**4.Sustainable Environment**

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix



4

Sustainable Environment

4.1 Implementing Environmental Protection and Management	43
4.2 Raw Material Management	44
4.3 Energy Management	46
4.4 Water Resources Management	47
4.5 Proper Disposal of Waste	48

73.89%  
Proportion of renewable raw materials used for speciality chemical products (including renewable fresh liquids)

70.12%  
Reduction of waste organic sludge (compared to 2019)

11,259 tons  
Amount of investment in promoting environmental protection in the past three years

Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

4.1 Implementing Environmental Protection Management

4.2 Raw Material Management

4.3 Energy Management

4.4 Water Resources Management

4.5 Proper Disposal of Waste

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

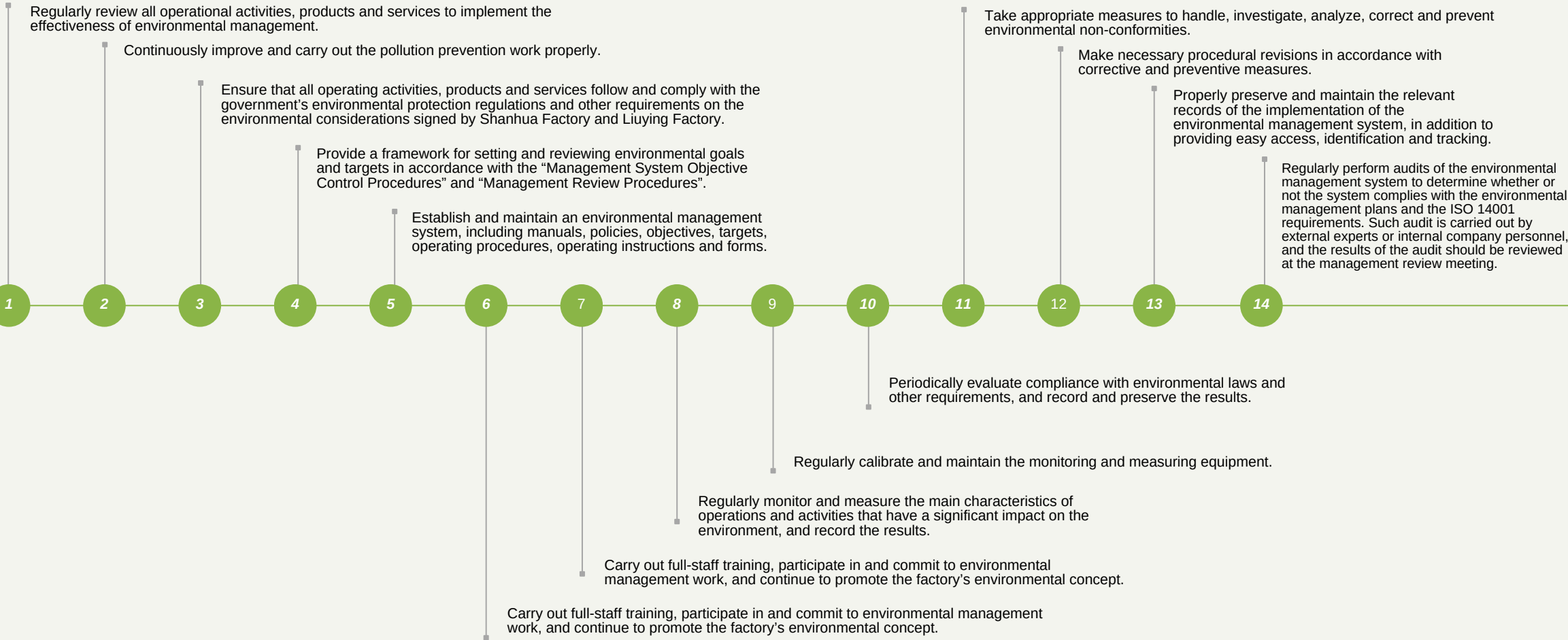
Appendix

Implementing 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 related environmental protection action taken to address the impacts related to transportation, products and services, as well as environmental regulatory compliance and environmental expenditures will be disclosed in this section one by one.

The following are our management policies on environmental sustainability issues.



Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

4.1 Implementing Environmental Protection Management

4.2 Raw Material Management

4.3 Energy Management

4.4 Water Resources Management

4.5 Proper Disposal of Waste

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

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:

Compliance with environmental protection laws and regulations	Establish an environmental management system to ensure the regulatory compliance of products, activities and services inside and outside the organization, and regulatory compliance is reviewed regularly to ensure that they meet the requirements.
Continual improvements participated by all employees	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 environmental impact and achieve the goal of “zero pollution”
Maximization of the utility of resources and energy Sustainable operation	Properly perform the source management, effectively utilize resources and energy, and continue to be committed to energy conservation, carbon reduction, and waste reduction to comprehensively improve environmental quality and ensure sustainable operations.

Complete environmental protection management system certification

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

● Statistical table of EHS environmental management standard third-party inspection and certification

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

● ISO 14001 Environmental Management System Certification Certificates



Shanhua

Liuying

Environmental safety education and training

● Statistics on the performance of colleagues in the factory receiving licenses in 2023

Certificate	No. of people obtained	Meeting regulatory standards?
Toxic Chemicals Specialist	12	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 patrol 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 patrols and 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.



Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

4.1 Implementing Environmental Protection Management

4.2 Raw Material Management

4.3 Energy Management

4.4 Water Resources Management

4.5 Proper Disposal of Waste

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

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 aspects 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 applications 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.

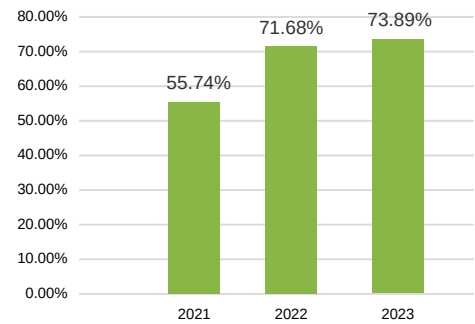


In the operation plan of San Fu, the ultimate goal of green products in the product life cycle is to eliminate any work tasks that cause potential environmental threats and impacts, and is committed to creating a new generation of product research and development, as well as continuous improvement of green processes, so as to achieve environmental friendliness. The proportion of renewable raw materials (including renewable fresh liquids) increased by 2.21% compared to 2022, and the proportion of recyclable packaging materials in speciality chemicals decreased by 17.41% compared to 2022, for the reason that customers prefer to use disposable packaging materials in order to reduce process pollution, and the proportion of recyclable chemical products increased by 3.76% compared to 2022, and these figures demonstrate San Fu's determination to move towards a "resource-sustainable" circular economy.

Proportion of renewable raw materials (including renewable fresh liquids)

Item	Product Type	Unit	Renewable (including renewable fresh liquids)			Non-Renewable			Subtotal		
			2021	2022	2023	2021	2022	2023	2021	2022	2023
Raw Materials	Speciality chemicals	Ton	27,714	26,443	26,570	22,010	10,447	9,387	49,723	36,890	35,958
		%	55.74%	71.68%	73.89%	44.26%	28.32%	26.11%			
	Chemicals	Ton	0	0	0	5,557	2,460	2,973	5,557	2,460	2,973
		%	0.00%	0.00%	0.00%	100.00%	100.00%	100.00%			

Comparison of Renewable Raw Materials for Speciality Products 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. For example: dicyclohexylamine, a by-product of the production of cyclohexylamine in Kaohsiung factory, can be used as an antirust agent; and potassium sulfate, a by-product of the production of p-hydroxybenzoic acid in Shanhua Factory, can be used as agricultural potash fertilizer after dehydration.

Statistics on Recycled Packaging Materials

Item	Product Type	Unit	Renewable (including renewable fresh liquids)			Non-Renewable			Subtotal		
			2021	2022	2023	2021	2022	2023	2021	2022	2023
Raw Materials	Small Pack (Speciality chemicals)	kg	59,032	53,209	30,733	247,143	210,774	1,088,784	306,176	263,984	1,119,517
		%	19.28%	20.16%	2.75%	80.72%	79.84%	97.25%			
	Modified Pack (Chemicals)	kg	4,271	4,271	3,200	51,004	46,682	23,159	55,275	50,953	26,359
		%	7.73%	8.38%	12.14%	92.27%	91.62%	87.86%			

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

Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

4.1 Implementing Environmental Protection Management

4.2 Raw Material Management

4.3 Energy Management

4.4 Water Resources Management

4.5 Proper Disposal of Waste

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

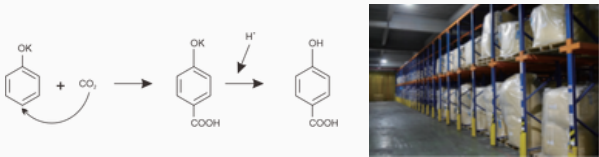
8.Social Public Welfare Action

Appendix

Shanhua factory's main products:  
p-hydroxybenzoic acid

Para-hydroxybenzoic acid is the main product of the company's Shanhua factory. With the efforts of the company's R&D and production colleagues to improve the process, the raw materials used per ton of para-hydroxybenzoic acid per unit are compared with those of 2022 in the following table. The decrease in production in 2023 was due to the decrease in sales orders, which resulted in lower total production volume, and the inability to operate at full capacity, which affects the increase in consumption.

- 1. The increase in unit consumption of carbolic acid, potassium hydroxide and sulfuric acid was mainly due to the trial operation in 2023 after the improvements of the production line H and the production line I were made, the response of which is still being optimized.
- 2. The increase in the unit consumption of nitrogen was due to the discontinued use of PSA, which resulted in an increase in the use of liquid nitrogen.
- 3. The increase in unit consumption of FIBC bags was due to the increase in the quantity of dust collection products and secondary products to be recycled and treated in 2023.



Statistics of the consumption of main raw materials in Shanhua factory


Difference from previous year	Product	Annual production of paraben	-58.0%
	Raw Materials	Paraben products, carbolic acid	1.9%
		Paraben products, potassium hydroxide	3.2%
		Paraben products, sulfuric acid	5.1%
		Paraben products, nitrogen gas	11.4%
		Paraben products, carbon dioxide	-1.5%
Materials		Paraben products, FIBC bags	9,999 Kg

Liuying factory's main products:  
Speciality chemicals


The company's Liuying factory specializes in the production of precision chemical products, such as: developer, photoresist stripper, etching solution, photoresist thinner and edge cleaning agent, etc., mainly supplied to the semiconductor, solar energy, panel and LED markets, and its customer base includes major companies such as T company, U company, I company, and A company.

For raw materials and packaging materials suppliers, priority is given to selecting green products free of hazardous substances RoHS, REACH, SVHC, and PFASs that meet the requirements of the IECQ QC080000 Hazardous Substances Process Management System Standard, contain no conflict metals, and do not use prohibited or restricted substances. In addition, San Fu Chemical has an excellent R&D team. In addition to our excellent existing processes, the technical development of advanced processes also reaches a level synchronized with customer requirements.


IC




TFT



SOLAR/LED



IC OEM



Kaohsiung factory's main products:  
Cyclohexylamine and Dicyclohexylamine

The major raw materials for products of the Kaohsiung factory are aniline and hydrogen. The Kaohsiung factory adopts a balanced production and sales model. Due to the downturn in the market in 2023, the overall use of raw materials and production volume were lower than those in 2022. Comparison of the unit consumption of major raw materials with that of 2022 is summarized in the table below.

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.



Statistics of the consumption of major raw materials of Kaohsiung factory

Difference from previous year	Products	Annual output of cyclohexylamine and dicyclohexylamine	-31.0%
	Raw materials	Aniline	-1.0%
		Hydrogen	-12.9%
Material	200L Iron Bucket		131,310 Kg

Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

4.1 Implementing Environmental Protection Management

4.2 Raw Material Management

4.3 Energy Management

4.4 Water Resources Management

4.5 Proper Disposal of Waste

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

Energy Management

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

The management on use of energy has always been our most concerned environmental issue. The company regularly collects and reviews data on the use of energy to assist and improve the efficiency of our use of energy. With Tainan Shanhua factory, Tainan Liuying factory, and Kaohsiung factory and offices (Taipei head office and Chupei office) 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 total energy consumption in 2023 is 161,123 billion joules which includes: (1) purchased electricity 120,413 (2) natural gas 37,526 and (3) diesel 3,184, in units of 1 billion joules, where the purchased electricity accounts for 74.73% of the total energy consumption.

Since October 2019, the Shanhua Factory has changed its boilers to natural gas equipment. Starting from 2020, no thermal fuel oil has not been used at all, thus reducing the formation of air pollutants such as nitrogen oxides, sulfur oxides and suspended particulates.

Diesel is mainly used for the company's own transport vehicles, including one gull-wing truck and five tanker trucks, for shipment and transportation. The increase in the use of diesel was mainly due to (1) the energy usage statistics on the oil consumption of new generators was added in 2023 and (2) the increase in customer demand, which led to an increase in the frequency of tanker transportation.

Statistics of energy usage of Shanhua Factory, Liuying Factory and Kaohsiung Factory (unit: 1 billion joules)

Name	2021	2022	2023
Purchased electricity	126,772	134,474	120,413
Desiel fuel	1,931	2,236	3,184
Natural gas	110,608	76,076	37,526

Note: Starting from 2023, the energy usage statistics include oil consumption for generators and electricity consumption in office areas (Taipei head office and Chupei office).

Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

4.1 Implementing Environmental Protection Management

4.2 Raw Material Management

4.3 Energy Management

4.4 Water Resources Management

4.5 Proper Disposal of Waste

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

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 2023, the total water intake of Taipei head office, Chupei office and three factories (Shanhua factory, Liuying factory and Kaohsiung factory) in 2023 is 356.97 million liters, the total water consumption is 165.73 million liters and the total wastewater volume of the three factories is 191.24 million liters.

Since 2021, the TMAH Recycling Factory’s MVR condensate line has been configured to recover steam condensate for reuse, and the total amount of water recovered for reused in 2023 is 15.81 million liters, where the water recovered water accounts for approximately 5.30% of the total water intake of the Shanhua factory, and an increase of approximate 115% in the amount of water recovered as compared to that of 2022.

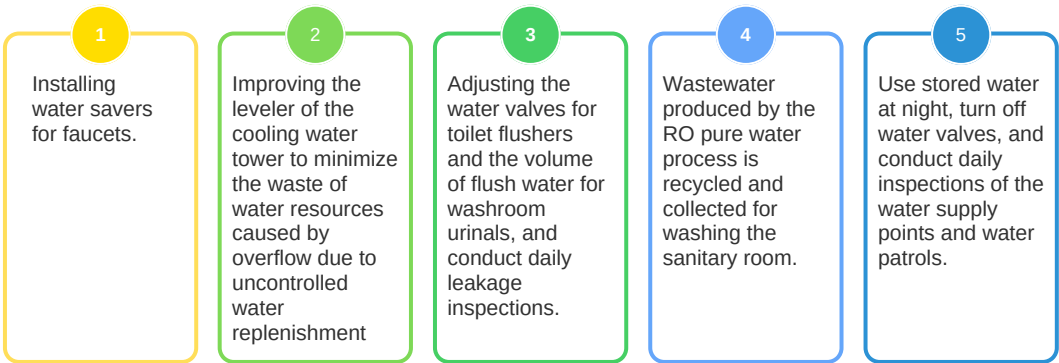
Statistics on total water intake/water consumption divided by sources (magaliters)

	Taipei Head Office	Chupei Office	Shanhua Factory			Liuying Factory			Kaohsiung Factory		
	2023	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Water company	0.33	0.07	8.39	25.59	5.68	16.86	17.49	12.78	0	0	0
Underground water	0	0	292.82	286.40	292.47	0	0	0	0	0	0
Industrial water	0.00	0.00	0	0	0	0	0	0	55.03	50.44	45.64
Total water intake	0.33	0.07	301.21	311.99	298.15	16.86	17.49	12.78	55.03	50.44	45.64
Total recycled and reused water	0	0	7.90	16.99	15.81	0			0		
Percentage of total recycled and reused water over total water intake	0%	0%	2.62%	5.45%	5.30%	0%			0%		
Water consumption	0.33	0.07	110.21	134.99	128.84	12.86	11.49	8.71	18.03	21.44	27.78

Note 1: Shanhua Factory uses groundwater in accordance with the Water Act and has the water rights certificate Nos. D0119270 and D0117256.  
Note 2: Because Kaohsiung Factory is leased from Taiwan Chlorine Industry Ltd. and the industrial water used is non-tap water provided by Fengshan Water Plant which has been simply treated by Taiwan Chlorine Industry Ltd., the company has no problem with the use of water rights.  
Note 3: Starting from 2023, the total water intake and water consumption of the Taipei head office and Chupei office are added to the statistics.  
Note 4: Water consumption is calculated as the total water intake – the wastewater intake.

Measures of saving water: Water for domestic user

With regard to the five operating sites in this report, we not only install additional water-saving equipment, but also strengthen publicity to enable staff to cultivate a sense of water conservation and enhance the efficiency of water conservation by adopting the following water-saving measures.



Strengthen the quality control of discharge water

Rivers play an important role in providing water resources, and they also provide important habitats for diverse organisms that live by water and grass. Therefore, a commitment to maintaining clean rivers is also an important part of our environmental plan. Through the statistics of the total discharge water, we self-test the effective management of process wastewater, ensure that the quality of water discharged by the company meets the national discharge standards and reduce the environmental burden. Regular testing of water-quality samples for contaminants is part of our environmental plan. The factory’s treated water, in addition to daily self-control, is tested by a third public certified party every quarter. The treated runoff water enters the saline stream and is not reused by other organizations.

We adopt high standards for inspection and control of relevant inspection measures for wastewater discharge. In 2022, the average concentration of chemical oxygen demand (COD) in the discharge level of Shanhua Factory was 57mg/L, which is lower than the 100mg/L standard in regulations. According to the standard of discharge water – Specified by the quality items and limits of the chemical industry discharge water, the COD value that can be analyzed quickly and has the function of water quality index is selected as the item for the self-controlled discharge water quality, except that the regulations require it to be tested by a third public certified party every quarter. In addition, the COD value is measured once every 0.1 megaliter of discharged water every day to ensure that the quality of the discharge water meets the discharge water standard.



Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

4.1 Implementing Environmental Protection Management

4.2 Raw Material Management

4.3 Energy Management

4.4 Water Resources Management

4.5 Proper Disposal of Waste

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

Estimation of Wastewater Volume and COD Concentration in Shanhua Factory

Item	Unit	2021	2022	2023	National Standard Value	Effectiveness
COD Average concentration	mg/L	47	57	51	100	In compliance with regulatory requirements
Wastewater volume	Megaliters /year	191	177	169.31	0.8 megaliters/day (organic)	In compliance with regulatory requirements

※There was no inorganic wastewater in 2021

Estimation of Liuying Factory's Wastewater Volume and COD Concentration

Item	Unit	2021	2022	2023	National Standard Value	Effectiveness
COD Average concentration	mg/L	102	94	60	500	Better than the standards set by Tainan County Environment Science and Technology Park
Wastewater volume	Megaliter s /year	4	6	4.07	0.12 megaliter/day	Better than the standards approved by the competent authority

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

Estimation of Kaohsiung Factory's Wastewater Volume and COD Concentration

Item	Unit	2021	2022	2023	National Standard Value	Effectiveness
COD Average concentration	mg/L	68	37	45	480	Better than the standards set by the Combined Wastewater Treatment Plant
Wastewater volume	Megaliter s /year	37	29	17.86	0.15 megaliter/day	Better than the standards set by the Combined Wastewater Treatment Plant

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

Properly Handling Wastes

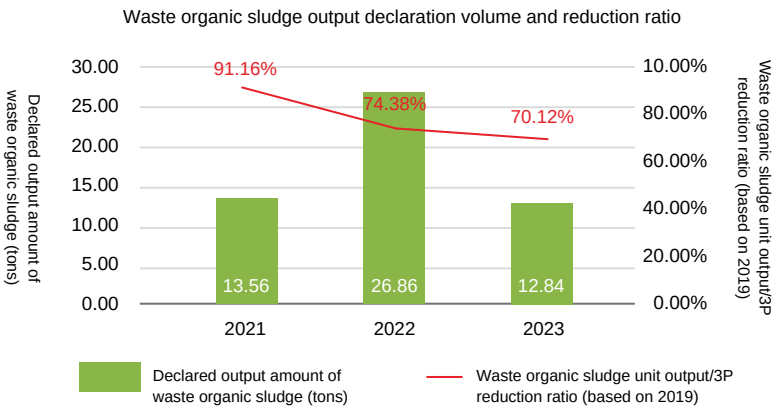
In order to ensure that the cleanup of the company's industrial waste complies with the Waste Disposal Act and related sub-laws, the company carries out operational control in accordance with the “Standard for Classification and Management of Waste” and the “Standard for Safety, Hygiene and Pollution Prevention Operations of the Quality Control Division”. The total amount of hazardous wastes generated by the Shanhua, Liuying, and the Kaohsiung factories in 2023 was 891.43 tons, and all of the wastes were transported and treated by qualified vendors recognized by the environmental protection authorities.

Statistics on waste and treatment methods of Shanhua, Liuying and Kaohsiung factories

Processing unit: Outsourcing/Unit: tons					
Name	Type	Treatment Method	2021	2022	2023
Other mixed waste containing toxic heavy metals and exceeding the dissolution standard	Hazardous waste	Landfill	8.46	0.00	0.00
Waste liquid pH value ≤2.0	Hazardous waste	Chemical treatment	898.46	842.34	839.21
Other flammable industrial waste mixtures	Hazardous waste	Incineration	0.00	0.00	52.22
Domestic waste	Non-hazardous waste	Incineration (mass combustion)	40.13	42.50	34.07
Waste inorganic sludge	Non-hazardous waste	Heat treatment	1.55	19.73	1.69
Waste organic sludge	Non-hazardous waste	Heat treatment	13.56	26.86	12.84
General industrial waste (scrap iron, waste paper, waste plastic, waste wires, cables, etc.)	Non-hazardous waste	Reuse	48.37	147.66	126.16

Note 1: Tainan Liuying Factory/Kaohsiung Factory are located in the park, and the relevant discharge is managed by the Science Park Bureau.  
Note 2: The Taipei head office and the Chupei office are commercial office buildings, which only produce waste from employees' daily lives, which are not required to be reported on the internet and therefore are not included in the statistics.

Statistics on declared output of waste organic sludge



Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

4.1 Implementing Environmental Protection Management

4.2 Raw Material Management

4.3 Energy Management

4.4 Water Resources Management

4.5 Proper Disposal of Waste

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

In response to the rising awareness of environmental protection and the lack of space in landfills, the cost of sludge removal and treatment is increasing year by year, not only increasing the environmental pollution, but also increasing the cost of sludge treatment by enterprises. Since the reuse ratio of sludge resources is not high, although incineration can achieve sludge reduction, trying to reduce the amount from the source is the fundamental solution to the problem and contributions to sustainable environmental development. The company started to implement the organic sludge waste reduction plan from the end of 2018, and set the goal of achieving a reduction of more than 60% in the unit output of organic sludge in Shanhua Factory by 2025, and the annual reduction was 70.12% in 2023 with significant results.



Control of Toxic Chemical Substances

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



Control of Chemicals and Liquid Chemicals

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



No Leak Incidents

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

Environmental Penalty

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

Item	Law/Regulation Violated	Content of Violation	Punishment Unit	Amount of Fines and Matters	Improvement Measures
1	The provisions of Paragraph 4 of Article 34 of the “Air Pollution Control Act” and Subparagraph 8 of Paragraph 1 Article 20 of the Regulations Governing the “Establishment and management of Dedicated Air Pollution Control Specialists”.	On July 21, 2022, the Ministry of Environment sent staff to conduct an inspection and found that the occupational safety supervisor of the Industrial Safety Division, on the day of the inspection, also acted as a dedicated staff of the Shanhua Factory’s Class A Dedicated Air Pollution Control Specialist and also acted as the supervisor of the Class A Occupational Safety and Health Department.It was found true that this staff illegally concurrently served as a responsible person prescribed by laws other than environmental laws and regulations.	Environmental Protection Bureau of Tainan City Government	\$200,000	On July 22, 2022, an online application was made to establish a new Class A air pollution control specialist and cancel the original specialist.

Communication and Response in Neighboring Communities

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

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

pollution around the factory, and strengthen equipment leakage maintenance and irregular inspection. In order to reduce the potential adverse impact on the community, the company has completed the odor improvement plan in 2019, and will continue to track the improved effect of pollution prevention equipment in 2023.

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.

Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

4.1 Implementing Environmental Protection Management

4.2 Raw Material Management

4.3 Energy Management

4.4 Water Resources Management

4.5 Proper Disposal of Waste

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

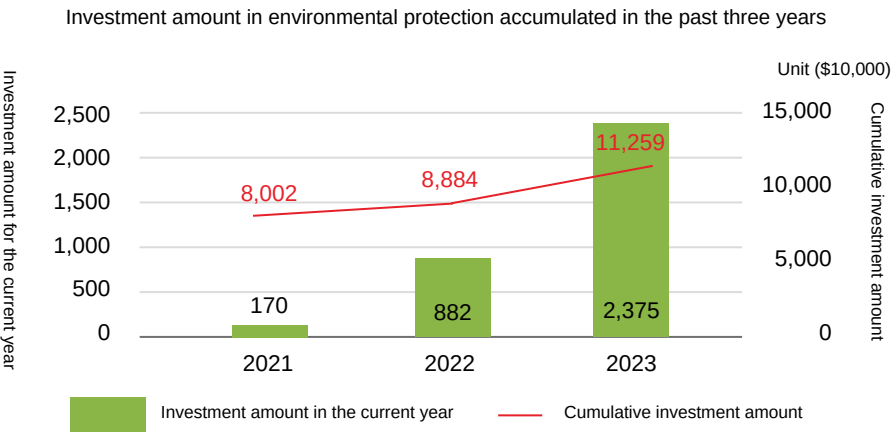
7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

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 2023 were as follows:



Expenses and effectiveness of environmental protection promotion in 2023

Investment Item	Equipment Activation Month	Investment Amount (\$)	Excellent Benefits Created from environmental investment
Solar Energy Green Electricity	06	22, 000, 000	Net zero carbon Emissions
Secondary Sedimentation Tank	11	1, 750, 000	Improvement on SS removal efficiency by more than 80%

Solar Energy Green Electricity



Secondary Sedimentation Tank



Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

**5.Customer Commitment and Supply Chain Management**

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix



5

# Customer Commitment and Supply Chain Management

5.1 Customer Commitment 52

5.2 Supply Chain Management 54

131 Copies

Total Number of Customer Satisfaction Questionnaires

95 Marks

Overall Customer Satisfaction

39 Companies

Total number of suppliers audited

100 %

Six new suppliers, who have 100% completed the assessment of Corporate Social Responsibility



Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

5.1 Customer Commitment

5.2 Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

Customer Commitment

Customer Privacy Protection

San Fu Chemical attaches great importance to customer needs and is committed to establishing long-term cooperative relationships. Through honest management, we will profit from customers and create win-win and maximum social value. We comply with customer personal information management requirements, sign non-disclosure agreements, and implement personal information management. In order to comply with relevant laws and regulations, for privacy protection, customers' business information, transaction data, or any data involving customer privacy are organized and archived by special personnel, following the most basic law-abiding requirements.

There were no complaints related to violation of customer privacy or loss of customer data during the reporting period. In addition, San Fu Chemical adheres to the principle of integrity management, regularly educates employees on the provisions of the "Integrity Management Operation Procedures and Conduct Guidelines", and establish the organization and responsibility of confidentiality mechanism to specifically regulate the matters that the company's personnel should pay attention to when carrying out business operations.

Customer Satisfaction Feedback

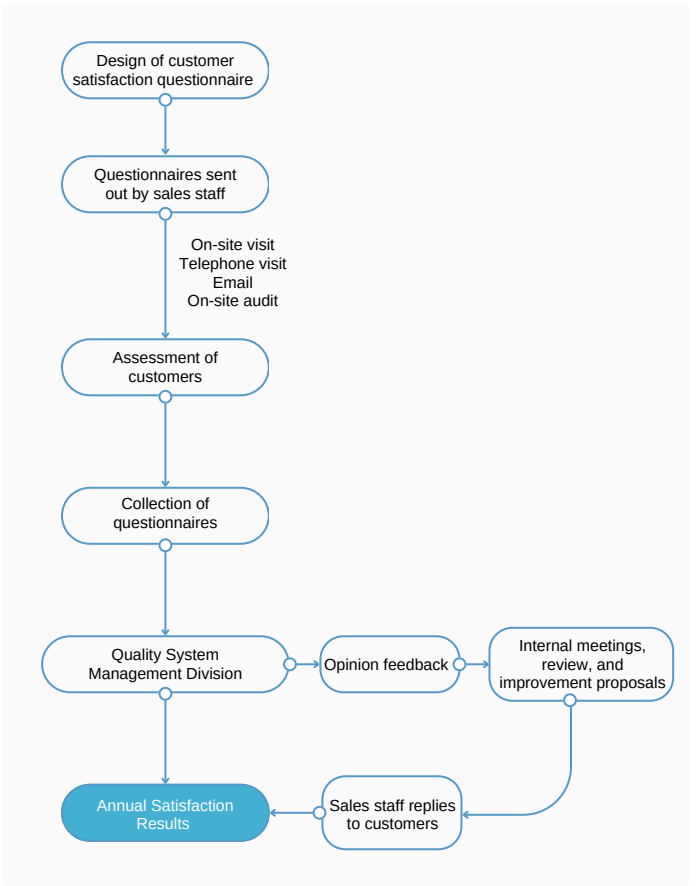
In order to understand customer satisfaction with the products or services provided by the Company, obtain specific and objective evaluation information as a basis for product or service improvement, and maintain customer recognition and support for the company, we have set up the "Customer Satisfaction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

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

A total of 131 customer satisfaction questionnaires were returned in 2023. Questionnaire surveys were carried out in the following ways. Our sales colleagues visit customers on-site or by telephone, or ask customers to fill in questionnaires via E-mail, etc., to collect customers' opinions and needs. In addition, customers are also invited to fill in a satisfaction questionnaire after inspecting or visiting the factory, and finally collect the customer feedback for statistical analysis. More importantly, in response to the valuable opinions or improvement suggestions provided by customers, relevant units within the company will immediately review, develop improvement measures and track improvements, and finally the sales department will give corresponding replies to customers.

We continue to carry out customer satisfaction surveys throughout the year. The survey results show that the overall customer satisfaction results have reached 95 marks and have reached the score of over 90 marks for three consecutive years. Comparing the scores of each evaluation item of satisfaction in 2023 with the previous year, the scores of product quality, delivery standard, service quality, professional image, and compliance with laws and regulations have all increased, demonstrating that San Fu Chemical has a high degree of customer confidence and is trusted by our customers. Results can be seen through professional, correct and prompt responses and solutions, as well as the continuous improvement of the quality management system. However, the quality of products, professional image and compliance with laws and regulations have slightly declined. In 2024, we are working towards these three directions in order to win the support of more customers.

Customer Satisfaction Survey Process



Number of copies of data collected

Satisfaction copies	Basic chemicals	Precision chemicals	Total no. of copies
Questionnaire	82	49	131
Percentage	62.60%	37.40%	=

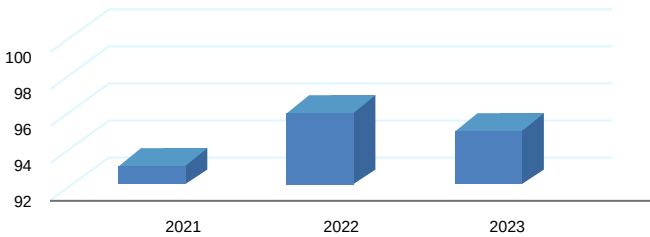
Customer satisfaction survey

Evaluation item	2021	2022	2023	Average
Product quality	93	95	94	94.0
Delivery	94	96	97	95.8
Service quality	93	95	96	94.7
Professional image	92	95	94	93.7
Regulatory compliance	93	96	93	94.1
Overall satisfaction	93	96	95	94.6

2023 Annual Satisfaction Rating of Each Aspect and Three-Year Average Comparison



Overall Satisfaction



Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

5.1 Customer Commitment

5.2 Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

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.



Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

5.1 Customer Commitment

5.2 Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

Supply Chain Management

Supplier Management Policy

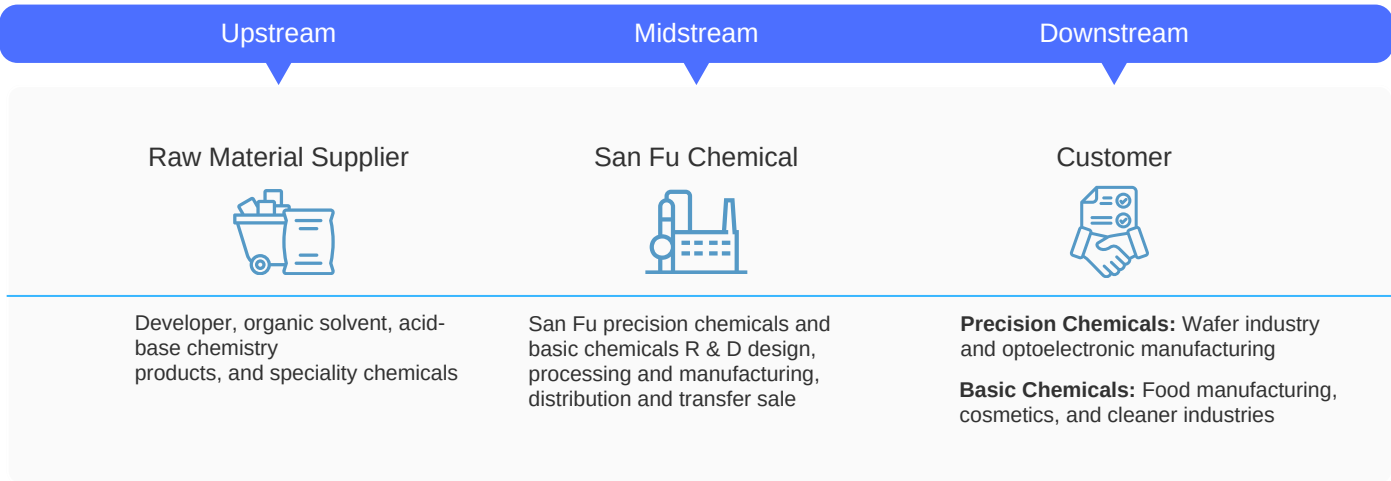
San Fu Chemical plays the role of producing products in the chemical industry chain, undertakes the supply of raw materials to suppliers, and conducts product development and sales. Therefore, San Fu regards each supplier as an important partner, and we conduct strict evaluations on suppliers every year. For the bulk raw material sources of our company's cooperative manufacturers, all domestic and foreign well-known manufacturers are selected to ensure the quality.

In order to implement the sustainable development of the supply chain, ensure that suppliers comply with social and ethical standards, understand and comply with laws in the process of providing products and services, actively respond to issues related to environmental protection and society, and have the courage to undertake and continue to improve and upgrade, we introduce the supplier self-assessment operations to 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 precision chemicals industry, the upstream is the raw material supplier, providing developers, organic solvents, acid-base chemicals, speciality chemicals, etc. San Fu Chemical is a midstream manufacturer that integrates chemical raw materials into the process of R&D, design, deployment, purification and dilution of raw materials to manufacture developer, release agent, etching solution, cleaning solution, etc. The downstream includes the wafer industry and optoelectronic industry, and uses our products in the process.

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



Supplier Category and Local Sourcing

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



Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

5.1 Customer Commitment

5.2 Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

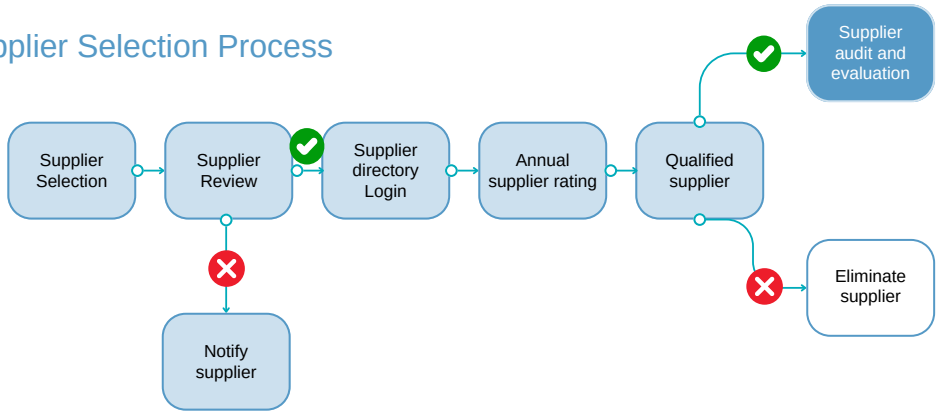
Appendix

Percentage Purchase

Evaluation items	Domestic Purchase			Foreign Purchase		
	2021	2022	2023	2021	2022	2023
All categories	19%	59%	52%	81%	41%	48%
Raw materials	15%	49%	44%	85%	51%	56%
Packaging materials	71%	93%	98%	29%	7%	2%
Repair contracts	71%	86%	67%	29%	14%	33%
Asset project equipment	85%	89%	74%	15%	11%	26%
Others	93%	98%	97%	7%	2%	3%

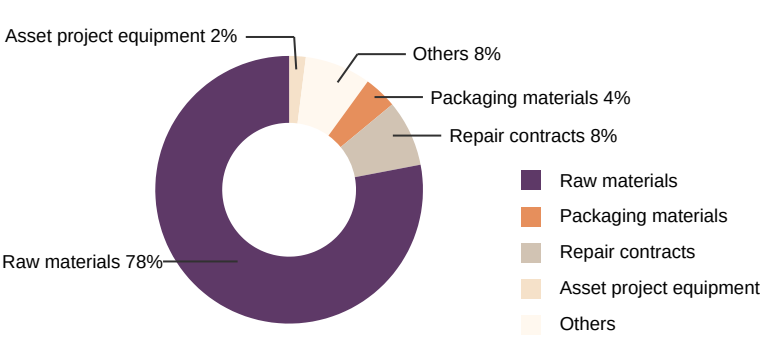
Although the COVID-19 epidemic has been gradually lifted globally, the global economic activities were halted during the epidemic period, which caused enterprises in various countries to be hit hard and the industrial supply chain to suffer from the “broken chain” crisis. In order to minimize the operational risk and maintain the stability of the supply chain, San Fu's procurement strategy in 2023 still focused on the reinforcement of the local supply chain, and the amount of raw material procurement was still be the largest part of the overall procurement. However, the proportion of foreign procurement was still be slightly higher than the current situation of domestic procurement due to the limited number of domestic manufacturers, and they still rely on imports. However, there are limited domestic manufacturers, some raw materials still have to be imported, thus the proportion of raw materials purchased abroad was still slightly higher than that of the domestic purchase.

Supplier Selection Process



San Fu gives priority to the selection of new suppliers who have passed ISO 9001 or ISO/TS 16949 for quality, ROHS & WEEE, IECQ QC080000, ISO 14001, Green Environment, Energy Saving or Green Building Material certificates for environment, and requires suppliers to jointly sign a “No Hazardous Substance Guarantee” to comply with the required concentration standard of the of hazardous substances in the “Hazardous Substance Control List” issued by San Fu Chemical. As to the social aspect, suppliers are required to sign the “Supplier Code of Conduct and Supplier Commitment”, which promotes suppliers to jointly shoulder the responsibility of labor, health and safety, environmental standards, and adherence to business ethics.

Purchase percentage of each category in 2023



Six new suppliers were added in 2023, and the results of the supplier's corporate social responsibility assessment are as follows:

Grade	Corporate social responsibility score, X	Result	Percentage
A	$90 \leq X$	5	83%
B	$80 \leq X < 90$	0	0%
C	$70 \leq X < 80$	0	0%
D	$X < 70$	1	17%

Rating of Suppliers

San Fu Chemical has formulated the “Supplier Management Procedures”. For suppliers whose purchase amount reaches a certain percentage, an annual evaluation is carried out every year. The items include Quality, Cost, Delivery, Service and Hazardous Substance Free (HSF). In 2023, there were 40 suppliers of precision chemicals and 599 suppliers of basic chemicals, a total of 99. Among them, suppliers with grade B or above accounted for 98%, and two suppliers were rated as grade C.

The results of rating are as follows

Grade	Annual Rating Score, X	Result	Percentage	Action Taken
A	$90 \leq X$	88	89%	Priority purchase
B	$80 \leq X < 90$	9	9%	Can purchase
C	$70 \leq X < 80$	2	2%	Reduce orders, require lower prices, and extend payment terms
D	$X < 70$	0	0%	Suspend all transactions



Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

5.1 Customer Commitment

5.2 Supply Chain Management

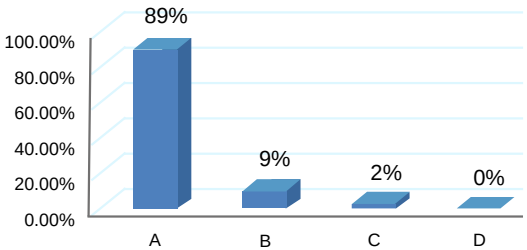
6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

Supplier Rating Statistics



Supplier Audit and Evaluation

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

A total of 39 suppliers were audited in 2023, and the results are as follows

Grade	Annual Rating Score, X	Result	Percentage	Action Taken	Frequency
A	$90 \leq X$	37	94.9%	Continue to make improvement	Once every 3 years
B	$80 \leq X < 90$	2	5.1%	Continue to make improvements	Once every 2 years
C	$70 \leq X < 80$	0	0%	Require suppliers to improve, and conduct audit evaluation next year	Once a year
D	$X < 70$	0	0%	Cancel or suspend transactions and require suppliers to improve immediately and then evaluate	--

Supplier Commitment

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

Corporate Social Responsibility - Business Ethics Commitment



Economic Aspect

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



Social Aspect

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



Environmental Aspect

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

Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

5.1 Customer Commitment

5.2 Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

● Environmental initiatives and regulations signed and endorsed by suppliers

	Regulations Signed	Based on the Standard of:
Environmental Safety and Health	Confirm that the supplier has passed ISO 14001, ISO 45001 management system certification.	ISO 14001  ISO 45001
	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.	
Green Product	Comply with the requirements of IECQ QC080000 standard.	IECQ QC 080000  RoHS  REACH  GADSL
	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.	
Labor and Human Rights	Suppliers and contractors need to receive CSR education and training.	SA 8000  RBA
	Commit to SA 8000 standard.	
	Commit to the Code of Conduct of the Responsible Business Alliance (RBA).	
	Fill in the Supplier CSR Evaluation Form.	
Quality and Service	Confirm that the supplier has passed ISO 9001, ISO 22000 and other management system certification.	ISO 9001  ISO 22000
	Provide quality agreement and non-disclosure agreement.	
	Fill in the Supplier Quality Evaluation Form.	
Purchase Practice	Cooperate with San Fu Chemical's regular supplier audits to ensure quality, service, delivery period, human rights and environmental safety and health management to meet the company's requirements.	Supplier Audit Procedure

Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

**6.Creation of Employee Enthusiasm**

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix



6

Creation of Employee Enthusiasm

6.1 Manpower Employment	59
6.2 Employee Care	62
6.3 Labor-Management Relationship	67
6.4 Career Development	68

\$487,970,000

Employee Benefit Expenses

25.66 hours

Average No. of Hours of Training per Employee

88%

Parental Leave Reinstatement Rate

Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

6.1 Manpower Employment

6.2 Employee Care

6.3 Labor-Management Communication

6.4 Career Development

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

Manpower Employment

Manpower Profile

Employees are the foundation of the company's continued excellence. San Fu Chemical provides fair employment opportunities and is committed to promoting a compatible and diverse environment without discrimination based on gender, religion, race or political party, and actively takes affirmative action for all. Job seekers are provided with equal employment and promotion opportunities.

Under the business philosophy of “Innovation, Integrity, Simplicity”, we attract professionals in various fields with a well-planned welfare system and competitive salary levels to form a professional team, from the production of traditional chemical products to the industry-leading contribution environmental protection, we work together with colleagues to move forward on the road of more professional and better service quality.

We clearly disclose the company's human resources information to the outside world, and show the stability of employees' work and the level of benefits provided to them.

San Fu Chemical has followed the 2019 Ministry of Labor's prohibition on dispatching, and has not hired non-regular employees (i.e. dispatched employees). According to statistics, in 2023, all 366 employees are full-time employees, of which 100% are regular employees, 0% are non-regular employees, 80% are male, and 20% are female. In terms of age distribution, young adults aged 30-50 colleagues are the majority, accounting for 70% of the total.

In 2023, there were 6 non-employee workers (which is the number counted on December 31, 2023), the number of non-employee workers in both 2022 and 2021 was 6, most of whom were employed under contracts with security companies to perform security work at the factories.

Fluctuation in number of non-employee workers in the last three years

No. of non-employee workers in last years	No. of people
2023	6
2022	6
2021	6

Trend of the fluctuation in number of non-employee workers in the last three years



San Fu Chemical has been established for more than sixty years, but up to 79.2% of our employees are under the age of 50, in which 12% are under 30 years of age. While providing a stage for the younger generation to perform, we also attach importance to the inheritance of experience and the integration between generations, and continue to transform experience into important knowledge and technology within the organization. What is even more commendable is that our supervisors also pass on valuable experience. Through the talent cultivation mechanism of the personal development plan, the supervisors systematically teach and train young employees, and also inspire their career development within the organization.

Composition of labor force by employment type

Employment Type	Permanent Employee			Temporary Employees			Employees without guaranteed hours			Full-time Employee			Part-time Employee		
	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total
Taipei	14	25	39	0	0	0	0	0	0	14	25	39	0	0	0
Chupeí	8	22	30	0	0	0	0	0	0	8	22	30	0	0	0
Shanhua	43	169	212	0	0	0	0	0	0	43	169	212	0	0	0
Liuying	9	59	68	0	0	0	0	0	0	9	59	68	0	0	0
Kaohsiung	0	17	17	0	0	0	0	0	0	0	17	17	0	0	0
Total	74	292	366	0	0	0	0	0	0	74	292	366	0	0	0

Note: Compiled data are based on the values as of the end of the reporting period (2023/12/31).



Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

6.1 Manpower Employment

6.2 Employee Care

6.3 Labor-Management Communication

6.4 Career Development

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

Diversity and Inclusion

San Fu Chemical adheres to the corporate core value of “people-orientation” and its commitment to the society to create an equal and inclusive workplace. Due to the characteristics of the industry and the domestic social and cultural background, generally speaking, the gender of employees is greatly influenced by the type of industry and job characteristics, and women’s willingness to join the chemical manufacturing industry is lower than men’s, and this is the norm of the distribution of the manpower structure in the industry. However, San Fu Chemical is committed to building an employee-friendly work system and work environment to encourage women to join the chemical manufacturing industry and to realize fairness in the allocation of economic resources. By the end of 2023, the ratio of men to women was 4:1, which is the same as last year.

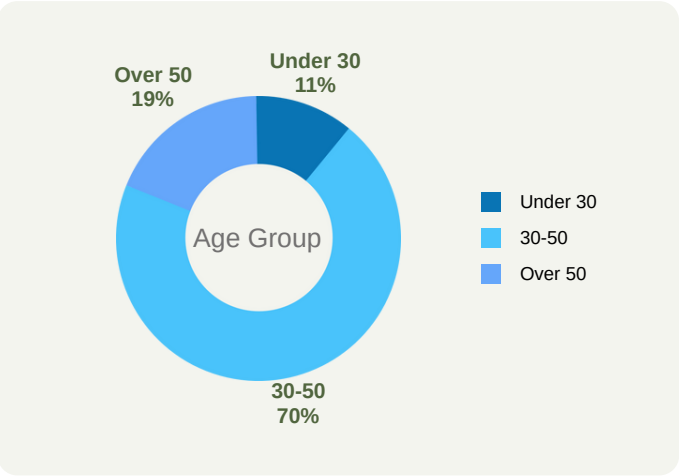
San Fu Chemical actively pursues social inclusion and encourages the underprivileged in order to fulfill its corporate social responsibility. To recruit talents, San Fu Chemical has been recruiting physically and mentally handicapped employees and Taiwan aboriginal people. In 2022, San Fu hired two physically and mentally challenged employees accounting for 0.52% of the total number of employees. In order to provide diversified employment opportunities, we continue to actively implement relevant recruitment operations. In 2023, there were three 3 physically and mentally challenged employees accounting for 0.82% of the total employees, and the proportion of employees who meet the quota is increasing year by year. In 2021, the chairman has signed a human rights policy to provide fair and reasonable wages and working conditions, as well as a safe and healthy working environment, to ensure equal job opportunities for all personnel, and to eliminate any form of discrimination.

Number of mentally and physically challenged employees

Year	Total No. of Employee	No. of Mentally and Physically Challenged Employees	Proportion
2022	383	2	0.52%
2023	366	3	0.82%

Employee Proportion–Diversified Types

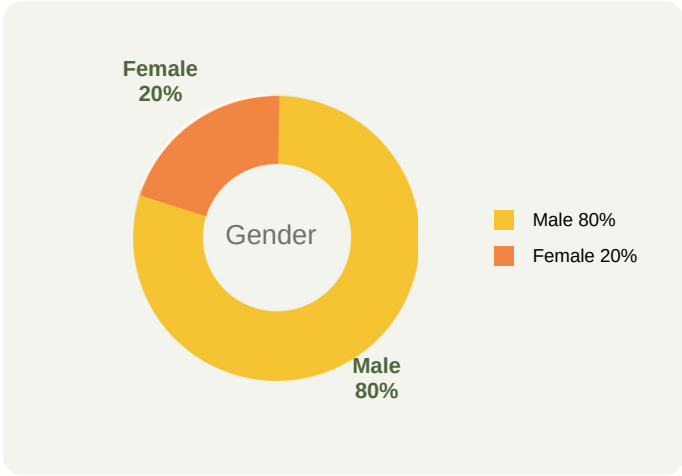
Employment Type	Type	Proportion
	Regular Employee	100%
	Non-regular Employee	0%
Age Group	Type	Proportion
	Under 30	11%
	30-50	70%
	Over 50	19%
Gender	Type	Proportion
	Male	80%
	Female	20%



Gender Proportion

		2021	2022	2023
All Regular Employees	Male (%)	80%	80%	80%
	Female (%)	20%	20%	20%
	Number of People	367	383	366

Note: The number of employees shown in the 2021 ESG report is 367, which includes the number of employees of subsidiaries; for the sake of accuracy, the number of employees of subsidiaries has been excluded in the 2022 and 2023 ESG reports, and the numbers of both new and resigned employees are 21, so that the decrease of 17 in the number from 2022 to 2023 is due to the transfer of employees to the subsidiaries.



Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

6.1 Manpower Employment

6.2 Employee Care

6.3 Labor-Management Communication

6.4 Career Development

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

Employee Turnover

San Fu Chemical had 21 new employees in 2023, accounting for 5.7% of the total number of employees. During the same period, 21 employees left the company, accounting for 5.7% of the total number of employees.

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

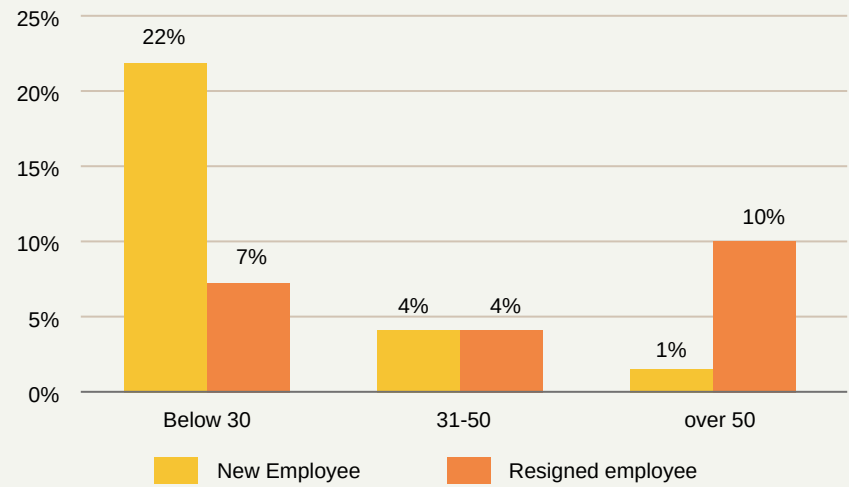
● Statistical table of new and retired employees by age group and gender



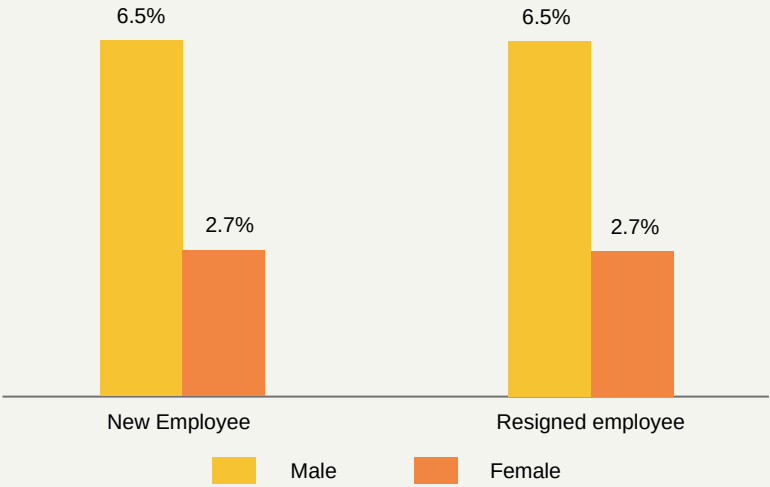
	Male		Female		Subtotal	
	Quantity	Proportion	Quantity	Proportion	Quantity	Proportion
Below 30	7	25.00%	2	15.38%	9	21.95%
31-50	11	5.29%	0	0.00%	11	4.28%
Over 50	1	1.79%	0	0.00%	1	1.47%
Subtotal	19	6.51%	2	2.70%	21	5.74%
Below 30	2	7.14%	1	7.69%	3	7.32%
31-50	10	4.81%	1	2.04%	11	4.28%
Over 50	7	12.50%	0	0.00%	7	10.29%
Subtotal	19	6.51%	2	2.70%	21	5.74%

Note: The proportion is calculated as the percentage of the number of people in that age group and gender.

● Percentage of new employees and resigned employees in an age group



● Percentage of new employees and resigned employees of a gender group



Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

6.1 Manpower Employment

6.2 Employee Care

6.3 Labor-Management Communication

6.4 Career Development

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

Remuneration

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

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

In accordance with the reporting operation regulations of “Salary Information of Full-Time Employees Not in Supervisory Positions”, after calculating the number of full-time employees in non-supervisory positions, as the basis for calculating the average salary of employees, the full-time employees in San Fu’s non-supervisory positions in 2023 have an average annual salary of \$900,000. The employee remuneration plan takes into account the company’s financial and operational performance, future development, and combines the job responsibilities and performance of individual employees in order to formulate the relevant remuneration plan.

	2021	2022	2023	Difference from previous year
No. of full-time employees who are not supervisors	320	344	338	-6
Average salary of full-time employees who are not supervisors (thousand dollars)	969	998	900	-98
Median salary of full-time employees who are not supervisors (thousand dollars)	859	884	810	-74

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

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



In order to protect the human rights of employees, the training courses on human rights and labor-related laws and regulations are introduced to employees. In addition, an employee suggestion box is set up, so that employees can promptly and smoothly respond to opinions and complaints on human rights and labor practices, and the management replies and responds promptly in a regular basis. There were no complaints in the 2023 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. No sexual harassment complaints were filed in 2023.

Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

6.1 Manpower Employment

6.2 Employee Care

6.3 Labor-Management Communication

6.4 Career Development

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

Gender Equality

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

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

Shanhua Factory's Breastfeeding Room



Parental Leave Without Paid

In 2022, female employees accounted for 20% of all employees, unchanged from last year. Generally speaking, the willingness of women to invest in chemical manufacturing is lower than that of men, which is the norm of the distribution of human resources in the industry. In order to encourage working parents to accompany their children's growth, San Fu Chemical, in accordance with the Employment Insurance Act and the Gender Equality in Employment Act, allows those who meet the eligibility criteria to apply for a parental leave from the company, so that parents can take care of their children without worrying about their children. San FU will continue to enhance the protection of working parents' rights in order to build an employee-friendly working system and working environment. Parental leave is a legal right, not only the application rate, but also the reinstatement rate and retention rate are also worthy of attention.

The former is about “whether the employee needs it” and the latter is about “whether the employee wants it” indicating that whether the enterprise's adhesion to talents is sufficient. In 2023, five colleagues have applied for parental leave, and five people should be reinstated that year, and four people were actually reinstated last year, so that the reinstatement rate was 88%; one person who had the parental leave for a full year should be reinstated in the same year, so that the reinstatement rate is 100%. The increase in the number of applications for babysitting and childcare this year shows that the company strongly supports and promotes a family-friendly workplace that respects work-life balance.

Statistics on Parental leave Application and Restatement

		2021	2022	2023
No. of people eligible for parental leave	Male	24	36	29
	Female	11	10	5
	Total	35	46	34
Actual no. of applicants	Male	0	0	4
	Female	1	0	1
	Total	1	0	5
No. of people who should be reinstated	Male	0	0	4
	Female	1	1	1
	Total	1	1	5
Actual number of people reinstated	Male	0	0	3
	Female	1	1	1
	Total	1	1	4
Reinstatement rate	Male	--	--	75%
	Female	100%	100%	100%
	Total	100%	100%	88%
Number of people who have been reinstated in the previous year and remain in office for a year or more	Male	1	--	--
	Female	1	1	1
	Total	2	1	1
Employee retention rate	Male	100%	--	--
	Female	100%	100%	100%
	Total	100%	100%	100%

Note: 1. The number of eligible applicants for parental leave was calculated based on the annual number of applicants for maternity allowance and parental allowance  
2. Reinstatement rate = number of actual reinstatements / number of people who should be reinstated (if the denominator is zero and cannot be calculated, it will be represented by "--")  
3. Retention rate = Number of people who have been reinstated for one year in the previous year / Number of people who have been reinstated in the previous year (if the denominator is zero and cannot be calculated, it will be represented by "--")  
4. The number of people who have been reinstated in the previous year and remain in office for one year: if the number of people reinstated in the previous year is zero, it will be represented by "--"

Employee Benefits

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

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

In order to encourage employees to have higher willingness to bear children, San Fu is actively planning a diversified family-friendly policy to make further contributions to Taiwan's society, the president of San Fu Group, upholding the original intention of cherishing talents, delivered the shares under his name to the trust and designated the earnings to the children of San Fu Chemical employees. In 2016, the following maternity allowances were announced: (1) employee maternity allowance, (2) employee childcare allowance, and (3) employee child schooling bonus. The first two measures are in accordance with Taipei City's parenting welfare policy, which includes a subsidy of \$20,000 per child; and a monthly child-care allowance of \$2,500 to 5 years old, with a total of up to \$170,000 in welfare allowances.

In addition, for the school year of employees' children from junior high school, high school to university, etc., a schooling bonus of \$10,000 is provided in the current period. In order to take good care of working parents with dual-income families, San Fu takes care of employees and their children in a family style, so that the employees can feel relieved and their burden can be effectively alleviated, and San Fu Chemical is doing its best to fulfill its responsibility and efforts for the society.



Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

6.1 Manpower Employment

6.2 Employee Care

6.3 Labor-Management Communication

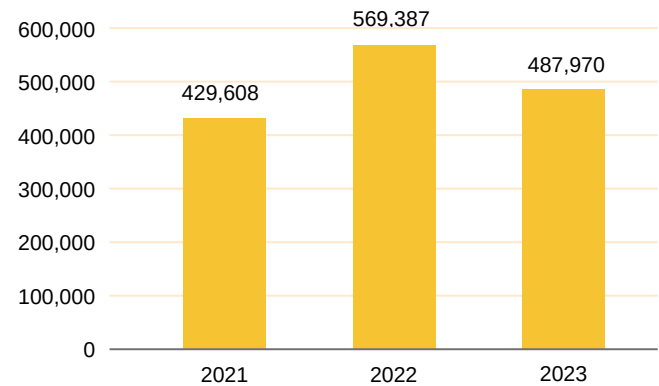
6.4 Career Development

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

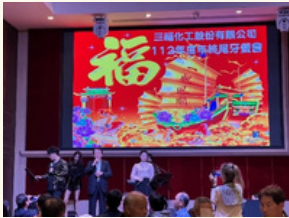
Employee benefit expenses (unit: thousand dollars)



Benefits Subsidy Items

	Provided by the Company	Provided by the Welfare Committee
Marriage allowance	√	√
Funeral allowance	√	√
Hospitalization subsidy		√
Children's education grant	√	√
Children's enrolment grant	√	
Maternity benefits	√	√
Childcare allowance	√	
Staff dormitory	√	
Staff meal	√	
Employee medical checkup	√	
Year-end party and activities	√	
Labor Day gifts		√
Cash gift (three festivals, birthday)		√
Meal allowance		√
Travel grant		√
Employee group grant		√

Year-end parties and activities



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

Health Promotion

In order to provide employees with a high-quality healthy workplace, San Fu Chemical not only provides professional physicians in-plant services in accordance with regulations, but also cooperates with full-time nurses in the factory to handle various health promotion activities and guide employees to actively create a healthy lifestyle. Every year, we provide health physical examination items that are better than those stipulated by laws and regulations. Additional physical examination items such as cancer screening, abdominal ultrasound examination, cardiovascular examination, and examination of thyroid, glycosylated hemoglobin, etc. are provided. Through more oriented health screening items, hazard factors can be found to achieve the purpose of early detection and early treatment and prevention.

Abnormal health examination results are filed for analysis, and individualized health and hygiene education guidance is provided by nurses and factory doctors according to the graded examination results, and at the same time, allowing employees to know more about their own health status, so that they can safeguard their own health, and also increase the knowledge of proper medical treatment. In addition to legal special operations, we also combine environmental monitoring data to identify the risk of possible health hazards, and arrange special operation health inspections for special operations, including noise, manganese, lead, nickel and its compounds, etc. Employees engaged in special hazardous operations are managed in accordance with special operation health inspections by the company. The results of the special health examination are classified into one to four levels. For those who are judged to fall within the level-2 management, employees are required to receive health guidance; for those who are judged to fall within level-3 management or above, the nurse will make arrangement for employees for the on-site service of the occupational doctor to conduct health tracking and review, and if necessary, an on-site evaluation of the suspected work-related diseases should be conducted in order to provide recommendations for engaging in the workplace.

Health Check



Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

6.1 Manpower Employment

6.2 Employee Care

6.3 Labor-Management Communication

6.4 Career Development

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

After tracking and reviewing the results of those who are initially judged to be at Level 3 or above, the results shall be provided to the occupational doctor for health and work risk assessment, and the results of the assessment shall be written in the labor health service implementation record form and the job evaluation recommendation form, and the company and the employees shall be formally notified in writing of the results of the health assessment of the fitness for duty, the adjustment of the job assignments, or the recommendation of the replacement of the plan for the protection measures and the supervisor of the department shall be responsible for coordinating the assignment of the employee to the appropriate job. The supervisor of the department will be responsible for coordinating the employee's reassignment to a suitable job or taking other appropriate measures.

After tracking and reviewing the results of Level 3 management and above, they shall be reclassified according to the evaluation results, and the classification results and the measures taken shall be notified in the form of an announcement by the central competent authority. After review, there is currently one person at the Level 4 of noise operation management. After the health consultation and work site risk assessment conducted by the factory on-site doctor, there is no need for the employee to be appropriately assigned to another job, but it is still recommended that the employee in the noise operation area should be required to wear the relevant protective gears and to implement a hearing protection plan when they enter the work site. The number of special health examination visits in 2023 was 27, with three abnormal staffs and one Level 4 after re-examination, all of which have completed the tracking. In 2023, the rate of special health checkups is 100%. The company also organizes health seminars (chronic disease prevention, exercise, nutrition, etc.), provides health knowledge and information, and also announces health information, disease prevention, infectious disease prevention, and other health information from time to time on the intranet site or by e-mail.

In addition, San Fu also manages employees' health through the "Health Management System" and promotes disease prevention programs initiated through abnormal workload. After the annual health checkups, San Fu analyzes the results of the health checkup reports and workload questionnaires to define moderate and high-risk management cases, and in 2023, San Fu has carried out individualized health management measures for the 19 moderate-risk and 8 high-risk cases, and the company will also implement administrative and health management measures for high-risk groups, including restricting overtime work, proactively tracking medical appointments, monitoring medication compliance, and establishing a habit of measuring blood pressure every day, as well as providing health guidance. We also plan to organize educational training for employees on cerebral and cardiovascular diseases, so that employees can understand the dangers of cerebral and cardiovascular diseases and the proper ways to prevent them. We hope to strengthen the competitiveness of the company and the labor force by providing perfect care for our employees, and to maintain and protect the physical and mental health of all employees.

In order to reduce the "human factors hazards" caused by long-term repetitive or poor posture operations, we have introduced the concept of human factors engineering into our daily operations, analyzed and eliminated the hazardous factors, and carried out a high-risk improvement plan for human factors engineering, with the aim of reducing the discomfort caused by musculoskeletal injuries and constructing a safe and efficient working environment. During the period of 2023, the risk exposure of workers was evaluated according to the Human Factors Identification Checklist, and the result was that 16 employees were suspected to be exposed to hazards, and after consulting with the nurses and factory doctors, all of them were found not to be exposed to any hazards related to their work. In addition, during the health guidance, we will also regularly check the correct posture of the workers, and take the initiative to ask the employees about their musculoskeletal status, so that we can effectively minimize the risk of human-caused hazards due to the long-term repetitive or bad posture operations.

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

In accordance with the "Maternal Health Protection Rules for Female Workers" and related guidelines, we have established relevant assessment and health protection measures. In 2023, we conducted surveys for female employees of childbearing age by filling out the "Maternal Health Protection Workplace Environment and Occupational Hazard Evaluation Form", and then ensure that our female co-workers are safe and healthy in their work, in accordance with the "Workplace Environment and Occupational Hazard Evaluation, Factory Physician's Consultation and Suitability Evaluation Recommendation, Risk Grading Management, and Work Suitability Arrangement" to ensure the safety and physical and mental health of female colleagues. In addition, in order to care for the needs of new mothers breastfeeding in the workplace, we have set up a comfortable rest room and a breastfeeding room to create a warm, friendly, safe, private, and well-equipped breastfeeding room for our employees, and to create a friendly working environment for female employees.

In accordance with the "Health Protection Plan for the Middle-aged and Senior Groups", the company requires workers of the age 45 years or above to fill out a "Work Fitness Assessment Form" to conduct a survey, and then follows the operational procedures of "Work Risk Assessment, Consultation with Factory Doctors on Fitness Assessment Recommendations, Closure of Case, or Subsequent Tracking" to promote the physical and mental health of the middle-aged and senior groups, and identifies those who have a weak fitness for work by using the "Fitness for Work Questionnaire" and arranges for a physician's consultation to provide them with health guidance, and if necessary, refers them to the Work Safety and Employee Assistance Program to help them cope with the physical and mental problems they face in the workplace.

San Fu provides employees with free influenza vaccines in the factories every year, and the cost is borne by the company. In 2023, the seasonal influenza vaccine application rate of employees reached 38%, 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.

Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

6.1 Manpower Employment

6.2 Employee Care

6.3 Labor-Management Communication

6.4 Career Development

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

Health education promotion course

San Fu Chemical is committed to providing employees with a correct concept of health. The factory will invite resident doctors from time to time to conduct health education and publicity, and plan online courses for employees at the same time. In addition, CPR first-aid training courses were held this year, with the hope that through the diversified and all-rounded courses, the staff can be familiar with the skills from unfamiliarity, so as to ensure that they are safe and secure in their daily work and in the face of emergencies. 2023 CPR first aid education and training was held in total of 16 sessions, with a total of 202 trainees.

● The courses conducted in 2023 are as follows:

Item No.	Class (Online) Date	Course	Instructor	Remarks
1	2023/03/09	How to prevent noise hazards	San Fu chemical's nurse	Online course
2	2023/06/06	Gastrointestinal diseases	San Fu chemical's nurse	Online course
3	2023/06/28	CPR first aid course	San Fu chemical's nurse	Online course
4	2023/07/04	Importance of health	San Fu chemical's nurse	Online course
5	2023/08/12	Dengue fever	San Fu chemical's nurse	Online course

● CPR First Aid Drill



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.

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

● Retirement Award



Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

6.1 Manpower Employment

6.2 Employee Care

6.3 Labor-Management Communication

6.4 Career Development

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

Labor-Management Communication

Compliance with the Labor Laws

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

Communication Channels

San Fu has set up an exchange platform for labor-management communication meetings. The chairman leads the senior executives every quarter to exchange opinions and discuss with labor representatives appointed by employees on a regular basis. When necessary, an ad hoc meeting can be held. Although we do not have a labor union, we follow the government's labor laws and regulations to hold regular labor-management meetings for two-way communications and collective negotiations.

We discuss issues such as the promotion of labor-management cooperation, the coordination of labor-management relations, the improvement of labor conditions, and the planning of labor benefits. We keep the communication channels open and immediately respond to and address the concerns of our employees, with the goal of creating an environment in which every employee can work together and grow together.

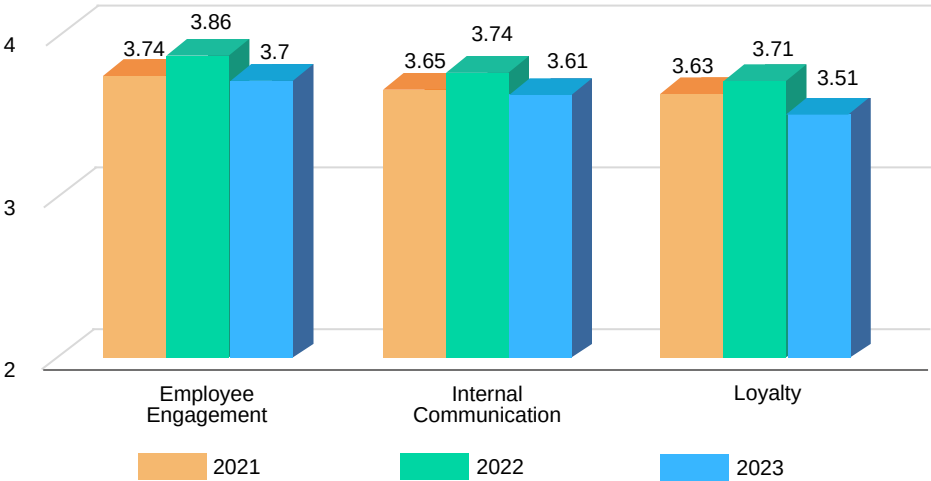
Employee Satisfaction

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.

According to the results of the employee satisfaction survey, although the three major areas in 2023 were slightly lower than those of last year, San Fu, in the spirit of continuous improvement, conducted in-depth surveys and interviews on the items that were lagging behind, and drew up relevant action plans in order to stabilize the centripetal force of employees towards the company. For San Fu, the company's management attaches great importance to the harmonious atmosphere between labor and management as well as the overall working environment. Based on the famous psychologist Maslow's theory on the hierarchy of needs, the human resources department has designed a series of questions about self-actualization needs, including "opportunities for employees to give full play to their abilities" and "continuous learning of new things", etc., which have been made one of the priorities of the human resources work through follow-up tracking, and continuously communicated with supervisors and managers about employees' expectations of their work. We will continue to communicate with supervisors about employees' satisfaction and fulfillment at work, in order to make San Fu a happy enterprise.

2023 Employee Satisfaction Survey Results (Five-point Scale)

Aspects of Survey	2021	2022	2023
Employee Engagement	3.74	3.86	3.70
Internal Communication	3.65	3.74	3.61
Loyalty	3.63	3.71	3.51
Total Average	3.67	3.77	3.61





Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

6.1 Manpower Employment

6.2 Employee Care

6.3 Labor-Management Communication

6.4 Career Development

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

Career Development

Performance appraisal

In order to achieve the mission of sustainable operation and fulfill social responsibility, San Fu introduced the “Balanced Scorecard” in 2017 as the promotion model of the company’s strategic development goals, and also used it as the work index and the ability to quantify work objectives and characterize functional behaviors. For the annual performance appraisal system, San Fu will examine the integrity and fairness of the assessment 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 assessment 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 2023, the proportion of people who received performance appraisal accounted for 100% of the total number of people who should be assessed.

Balanced Scorecard



Performance Appraisal System

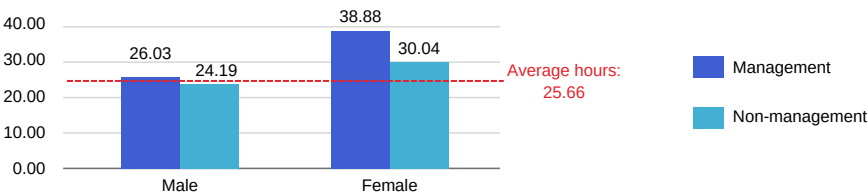


Employee Training Hours

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 2023, the average number of hours per person participating in education and training is 25.66 hours, a significant increase of 124% from the year 2022. We provide equal education and training rights for all employees regardless of gender. If further divided by gender, male employees receive an average of 24.43 hours of training each year, and female employees receive an average of 30.64 hours of training each year. In the past, because the on-site shift personnel were mainly male, and were required to take the training course for the environmental safety and health certificate, so that the average training hours for men were slightly higher than that for women. However, the number of training hours for females in the online courses increased by 507.96 hours in 2023 compared to last year, indicating that the Company has provided more flexible and diversified learning arrangements in education and training.

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

		Male	Female	Total
Management	Actual number of persons during the reporting period	38	5	43
	Hours of training during the reporting period (physical courses)	522	55	569
	Hours of training during the reporting period (online courses)	466.98	139.4	606.38
	Average hours of training during the reporting period	26.03	38.88	27.33
Non-management	Actual headcount during the reporting period	254	69	323
	Hours of training during the reporting period (physical courses)	2503	980	3483
	Hours of training during the reporting period (online courses)	3642.04	1092.86	4734.9
	Average hours of training during the reporting period	24.19	30.04	25.44
Total	Number of people	292	74	366
	Hours	7134.02	2267.26	9393.28
Total No. of employees at the end of the reporting period	Number of people	292	74	366
Average hours of training per employee	Hours	24.43	30.64	25.66



Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

6.1 Manpower Employment

6.2 Employee Care

6.3 Labor-Management Communication

6.4 Career Development

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

Professional Training Course

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

In order to achieve sustainable development, San Fu must maintain its survival and prosperity in the competitive market environment and continue to pursue growth momentum. To continue the “OKR Objectives and Key Results” of 2022, the Upward Management Golf Practical Training” was designed to be held at the Queena Plaza Hotel in Tainan in 2023 to provide mid-level executives with the opportunity to utilize their communication skills and to cultivate a tacit understanding with their supervisors. This course was designed for middle level managers to utilize their communication and exchange skills, develop tacit understanding with their supervisors, enhance their upward communication and coordination skills, and stimulate the potential of the entire team to create a prosperous future for San Fu. A total of 30 people were trained in this program.

Finally, in accordance with the Occupational Safety and Health Act and the Occupational Safety and Health Education and Training Rules, San Fu regularly reviews the validity of the safety, environmental and health certificates of its employees and arranges retraining courses for those certificates that are about to expire.

Starting from 2020, in order to enhance the effectiveness of training and reduce the hardship of training colleagues, after checking internal resources, we appoint internal colleagues to be the lecturers for the courses of “Safety and Health Education and Training for Hazardous Operation Supervisors” and “First Aid Personnel On-the-Job Training” and conduct on-the-job training in accordance with the characteristics of the company's own industry and the operating environment, while appointing an external certification association to conduct the “Forklift Operator On-the-Job Training”. During the year 2023, there were two “Safety and Health Education and Training Courses for Hazardous Operation Supervisors” with a total of 34 trainees, one “First Aid On-the-Job Training” with a total of 11 trainees, and one “On-the-Job Training for Forklift Operators” with a total of 36 trainees.”.

Professional Training Course

Functional Category	Core Professional Function	Upper Management	Middle Management	Junior Staff	Professional staff	General employee	Recommended Course
Leadership	Strategic planning and vision leadership	🎓					Efficient decision
General management Skill	Nurturing and developing subordinates		🎓				Four vocations of leadership, and OKR management
	Team leadership and collaboration		🎓				The Catfish Effect and the Seven Habits of Highly Effective People
Advanced job skills	Language skills			🎓	🎓		English course, Vietnamese course, and Japanese courses
Functional expertise	Professional skills training				🎓		SEAL seminar and practical operation course Lv.2, and Total Productive Management (TPM)
	ISO system training				🎓	🎓	ISO9001 auditor, ISO14001 auditor, ISO45001 Auditor, and ISO50001 energy management, system provisions analysis Auditor, ISO50001 energy management system provisions analysis
	Safety and sanitation certificate training				🎓	🎓	Hazard general knowledge, hazardous operation supervisor, forklift, first aid and other work safety certification training.
Basic Training	Core Values/Organizational Culture	🎓	🎓	🎓	🎓	🎓	Integrity management, communication funnel, telephone etiquette, investment and financial management concept, workplace anti-bullying, and RBA overview.
	New employee training	🎓	🎓	🎓	🎓	🎓	Company Profile & Work Rules, General Safety and Health Education and Training, Promotion of Environmental Awareness and Description of Environmental Management System,   S09001 Quality Management System, SA8000 Corporate Social Responsibility, Hazard general education training (for new employees),and ISO 50001 energy management system overview.



Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

6.1 Manpower Employment

6.2 Employee Care

6.3 Labor-Management Communication

6.4 Career Development

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

E-learning System

In the past, learning was mainly physical learning. Nowadays, digital technology is changing rapidly. In order to keep pace with the time, the human resources department 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 2023, the effectiveness of the digital learning platform was as follows:



Online training for new recruits:

A total of 21 tiers were conducted to save a total of 168 hours of face-to-face teaching by internal lecturers.



Online face-to-face courses:

A total of 14 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, hazard general education training (new personnel), RBA overview, and ISO 50001 energy management system overview.



Health promotion materials:

How to prevent noise hazards, gastrointestinal illnesses, and CPR first aid course, importance of health, and dengue fever.



2023 Integrity Management Online Course

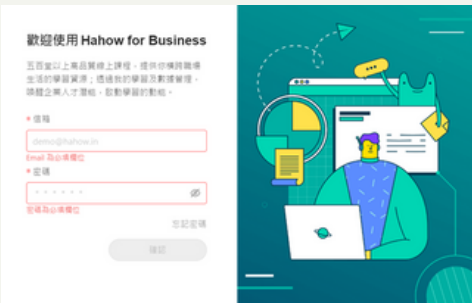
- The board of directors had a total of 8 participants with a completion rate of 100%
- A total of 344 internal colleagues participated in the training with a completion rate of 98.57%.

District/Gender	Female	Male	Total	Rate of Completion
Taipei	14	21	35	94.59%
Chupei	7	22	29	100.00%
Shanhua	43	153	196	98.99%
Liuying	9	57	66	98.51%
Kaohsiung	0	18	18	100.00%
Total	73	271	344	98.57%

Learning Organization Culture

San Fu regards every employee as an important asset. In addition to planning diversified and rich physical and online courses to enhance their work functions, San Fu also emphasizes on employees' own learning needs, therefore, in 2023 San Fu has collaborated with the Hahow Learning Platform to introduce the "Hahow for Business" corporate project, which includes a wide range of courses such as business management, digital marketing, data analysis, workplace skills, programming languages, visual design, foreign languages for business, and diversified life. Each trainee can choose any course they are interested in during the project period, regardless of time and place, to expand their personal potential, promote self-actualization, and further cultivate a learning-oriented organization culture to enhance the internal learning atmosphere of the company.

The project has been implemented for six months, with a total of 466 lessons, 492 hours of training, 8.1 hours of learning per person, and an overall satisfaction rate of 4.7.



Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

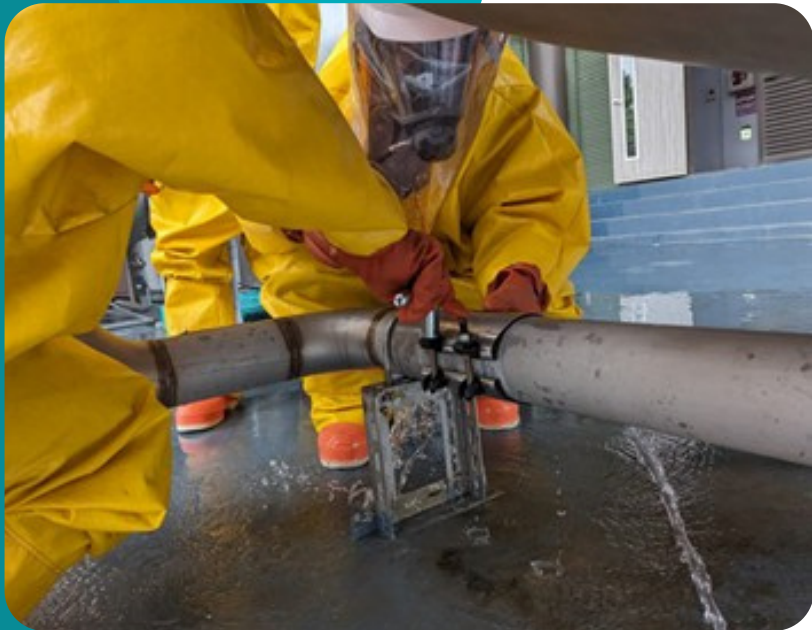
5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

**7.Occupational Safety and Health Management**

8.Social Public Welfare Action

Appendix



7

Occupational Safety and Health Management

7.1 Implementation of Occupational Safety and Health Management 72

7.2 Chemical Hazard Emergency Response Drill 76

100%

Performance on obtaining statutory certificates

100%

Pass rate of dangerous machinery inspection



Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management  
7.1 Implementation of Occupational Safety and Health Management

7.2 Chemical Hazard Emergency Response Drill

8.Social Public Welfare Action

Appendix

Implementation of Occupational Safety and Health Management

Management Policy

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

Below is our safety policy

Compliance with safety and health laws and regulations	Continuous injury prevention and health management	Full participation and continuous improvement	Hazard identification and risk assessment	Establishment of corporate safety and health culture to strengthen safety and health education and communication
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.	Through safety and health non-conformance, corrective 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.	Through continuous auditing activities and safety and health management reviews to identify deficiencies, appropriate risk control techniques are adopted to effectively reduce minimize the impact on stakeholders and improve the hazardous risk to stakeholders to achieve the goal of "zero disaster".	According to the regulations of the management system, each department is required to conduct hazard identification and risk assessment of the organization's products and services every year to identify high-risk operations, machinery, equipment or raw materials and to establish management plans and budgets for the improvement of high-risk items to reduce the organization's risk.	Through the implementation of managerial performance appraisal and employee safety and health bonuses, we establish a corporate safety and health culture and popularize safety and health education and training for employees, workers and contractors, providing time and resources and consulting with employees and their representatives to participate in the implementation of the safety and health management system.

Set up the occupational safety and health management committee

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

Complete Occupational Safety and Health Management System Validation

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

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

	ISO 45001	CNS 45001
Shanhua Factory	●	●
Kaohsuing Factory	●	
Liuying Factory	●	

Hazard Identification Risk Assessment

Based on the laws and regulations, and the rules of the management system of the company, the company conducts risk identification for the employees, workers, contractors and guests in each factory who are engaged in various operations, operation of machinery and equipment, and use of chemicals in accordance with the "Hazard Identification, and Risk Assessment Control Procedures" on a regular basis every year, and defines a quantitative risk score according to the severity and frequency of accidents that may be caused by performing various operational activities, operating machineries or using chemicals. When the risk score falls between 120 and 159.9, it is considered "high risk", and the existing protection measures should be reviewed and prioritized for improvement to reduce the risk. If the risk score is greater than 160, it is considered an "unacceptable risk", and the operation needs to be stopped and the integrity of the existing protection measures should be reviewed immediately or an improvement plan should be implemented or the response ability should be strengthened. According to the hazard identification risk score of each department in 2023, there were 3 cases in Shanhua factory, 1 case in Liuying factory, and 2 cases in Kaohsiung factory, which were classified as high risk or above with a score of more than 120. In 2023, the company included these cases in the annual management program to conduct various audits, which were all completed in that year, with an achievement rate of 100%.

Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

7.1 Implementation of Occupational Safety and Health Management

7.2 Chemical Hazard Emergency Response Drill

8.Social Public Welfare Action

Appendix

Aiming at Zero Disaster

According to the company's philosophy and policies, the Industrial Safety Department sets management goals, formulates execution plans, tracks and checks management performance according to the plans, and takes "zero disasters" as the goal, attaching importance to the safety and health of each employee, and improves employees' risk awareness and safety knowledge through the implementation of risk assessment, 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 also formulated Chapter 8 "Accident Notification and Report" of the "Code of Safe and Healthy Work" for workers and expressly stated that workers exercising the right of withdrawal in accordance with the law shall not be subject to termination of labor contracts, demotions, loss of allowances and other unfavorable treatment. Statistics and analysis of FR, SR and FSI are made monthly, reported to the Occupational Safety and Health Committee quarterly and announced to all employees. The FSI performance statistics over the years are as follows. In 2023, there was one employee suffering a disabling injury, FSI=0.23, and no contractor suffering a disabling injury, FSI=0 . Looking forward to 2024, all colleagues of the company continue to work hard to maintain the goal of zero disasters.

Occupational Accident Total Injury Index FSI Statistical Chart

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

Item/Year	Employee			Non-employee (Contractor)		
	2021	2022	2023	2021	2022	2023
Experienced working hours (hr.)	722,632	750,065	741,163	64,159	54,098	66,530
Number of disabling injuries	1	0	1	1	0	0
Disabling Frequency Rate (F.R)	1.38	0	1.35	15.59	0	0
Loss in days of disabling injury	1	0	28	8	0	0
Disabling Injury Severity Rate (S.R.)	1.38	0	37.78	124.69	0	0
Frequency Severity Indicator (FSI)	0.04	0	0.23	1.39	0	0

2023 occupational injury statistics are as follows:

Item/Year	Employee			Non-employee (Contractor)		
	2021	2022	2023	2021	2022	2023
Experienced working hours (Hr)	722,632	750,065	741,163	64,159	54,098	66,530
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	1	0	1	1	0	0
Rate of recordable occupational injuries	1.38	0	1.35	15.59	0	0
Lost day rate (LDR)	0.3	0	7.5	--	0	0
Total days of absence	6.9	0	28	--	0	0
Absence rate (AR%)	0.01	0	0.05	--	0	0
Main types of occupational injuries	Harmful substances Contact	None	Stumble	Stumble	None	None

Note 1: Except the lost day rate (LDR) in the table above, the rates were calculated based on 1,000,000 work hours and it covered all workers.  
Note 2: Serious occupational injuries were disabling injuries which cannot be recovered within 6 months.  
Note 3: Loss day rate (LDR, with the second decimal place unconditionally rounded off)=(Total number of lost days for disabling injuries/Total number of hours worked) x 200,000.  
Note 4: Absence rate (AR, with the second decimal place unconditionally rounded off and including casual leave, sick leave and absence, etc.)=(Total number of days absent/Total number of man-days worked)×100%.

Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

7.1 Implementation of Occupational Safety and Health Management

7.2 Chemical Hazard Emergency Response Drill

8.Social Public Welfare Action

Appendix

Traffic Safety Management

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

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

VARF =  $\frac{\text{number of accidents}}{\text{total number of driven km}} \times K$  ( K is a 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 =  $\frac{\text{Employee traffic accidents}}{\text{Total Employee Hours}} \times K$  ( K is a constant = 1,000,000)

● Traffic Safety Performance Statistics

2023		
No. of traffic accidents	1	VAFR=2.14
Total mileage (km)	1,402,655	
No of employee's traffic accidents	3	ETAFR=43.12
Total employee's working hours (hr.)	741,163	

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

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



Statistics and Improvement of Major Fines for Violations in Labor Safety

In 2023, the Southern District Occupational Safety and Health Center of the Occupational Safety and Health Administration of the Ministry of Labor has visited our factories for labor inspection three times, and the Tainan City Occupational Safety and Health Department has visited our factories for labor inspection once, and the deadline for improvement was as follows, and one of them was fined NT\$100,000.

● Statistics on Violations after Labor Inspection

Factory	Date	Cause	Competent Authority	Improvements	Fines
Shanhua Factory	01/12	Failure to implement on-site inspection of silica methane storage area.	Southern District Occupational Safety Center of the Occupational Safety and Health Administration	Implement on-site inspections of silica methane storage areas.	No fines
	11/11	Failure to implement daily inspections of forklifts before operation.		Implement daily inspections of forklifts before operation.	No fines
	11/15	On 10/31, during a pipeline dismantling operation, an employee Mr. Wu fell onto the ground due to the height difference in elevation of about 70 centimeters when he stepped down the stairs from the top of the mixing barrel with a tool held in his hand.		1. Use handrails when walking up and down stairs. 2. When going up and down the equipment, the personnel should return the tools to the tool box or tool belt. 3. Build a maintenance platform for repair equipment. 4. Ensure that staff are instructed to do so.	A fine of NT\$100,000
Liuying Factory	01/31	Labor inspections by the Tainan City Occupational Safety and Health Department revealed that there was no risk assessment (explosion-proof zoning) in the manufacturing process and that explosion-proof electrical equipment was not inspected on a regular basis.	Tainan City Occupational Safety and Health Department	1. Have an industrial safety technician create an explosion-proof zoning. 2. Regularly inspect the explosion-proof electrical equipment.	No fines

Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

7.1 Implementation of Occupational Safety and Health Management

7.2 Chemical Hazard Emergency Response Drill

8.Social Public Welfare Action

Appendix

Safety and Health Education and Training

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

Statistics on occupational safety education and training in 2023

Course	Object	Type of course	Training hours	Training Rate
Work safety instructions	Contractor	Physical courses	3	100%
Defensive driving	All employees in the factories	Online course	1	100%
General Safety and Health Education and Training for Working Laborers	All employees in the factories	Online course	3	100%
Hazardous chemicals Fire general knowledge and fire extinguisher operation training	All employees in the factories	Online course	2	100%
Respiratory Protection Education and Training	Specific operators	Online course	3	100%

Statistics on the performance of factory employees in obtaining statutory licenses in 2023

Certificate Item	No. of people obtained	Compliance with regulatory standards
Occupational safety and health business manager	23	100% compliance
Occupational safety and health managers	6	100% compliance
Construction Industry Occupational Safety and Health Business Supervisor	3	100% compliance
Operators of stationary cranes over three metric tons	50	100% compliance
Specific Chemical Substance Work Supervisor Trainer	118	100% compliance
Operators for forklifts over 1 metric ton	145	100% compliance
Dangerous and Hazardous Materials Labeling and Communication Rules	161	100% compliance
Safety valve inspection and pressure, air tightness test	19	100% compliance
High pressure gas specific equipment operators	28	100% compliance
On-site safety and health supervisors	13	100% compliance
The first pressure vessel operator	13	100% compliance
First aider	50	100% compliance
Dust Operations Supervisor	15	100% compliance
Hypoxia operation supervisor	44	100% compliance
Organic Solvent Operations Supervisor	96	100% compliance
Boiler operator	17	100% compliance
Process Safety Assessor	5	100% compliance
Road Dangerous Goods Delivery Personnel	13	100% compliance
Security supervisor	5	100% compliance
Security inspector	7	100% compliance
Fire management Staff	10	100% compliance
Health Services Nursing Staff	1	100% compliance



Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

7.1 Implementation of Occupational Safety and Health Management

7.2 Chemical Hazard Emergency Response Drill

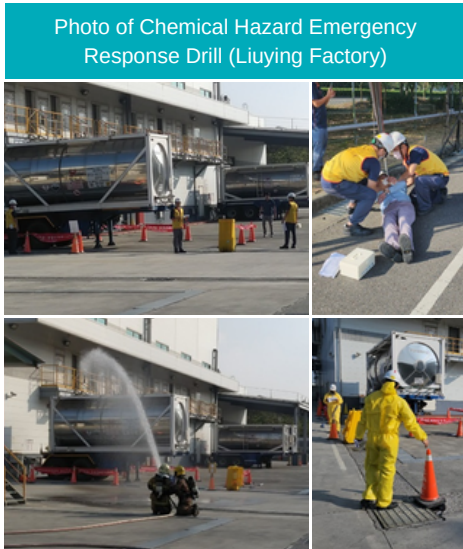
8.Social Public Welfare Action

Appendix

Chemical Hazard Emergency Response Drill

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

Chemical substances are prone to chemical hazards in the process of production, manufacture, storage, and transportation. Therefore, the company attaches great importance to the daily work safety awareness training, and holds two chemical disaster emergency response drills in the factory every year to ensure the safety of employees inside and outside the factory and the community, and achieve the ultimate goal of ensuring the safety of life and property of people. From time to time, the company invites the Poison Disaster Response Team of Kaohsiung University of Science and Technology and Fire Brigade to guide the emergency response training and review deficiencies, as the focus of the next drill to improve, and to implement the safety management of tanker transportation. The company has established “Emergency Response and Handling Procedures”. All duties, notification and handling procedures are handled in accordance with this procedure to minimize personnel and property losses when an accident occurs. All factories hold fire and disaster prevention drills every six months in accordance with regulations and cooperate with the supervision and guidance of the fire brigade to prevent disasters before they occur.



Chemical Hazard Emergency Response Drill

Factory	Tier No.	Drill Time	Inside/Outside Factory		Emergency drill items	Drill assumption situation/Drill content
			Inside	Outside		
Shanhua Factory	1	2023/04/20	●		"Self-defense fire-fighting emergency response drill" held at Shanhua Factory in the first half of 2023,	Drill for emergency response after a 200-liter heating medium oil barrel in the public utilities section collapsed and leaked due to an earthquake
	2	2023/10/18	●		"Self-defense fire-fighting group emergency response drill" held at Shanhua Factory in the second half of 2023,	The TMAH factory was shaken by an earthquake, resulting in a too-high internal voltage of the AC panel of the solar panel, which causes a fire
	3	2023/11/28	●		Fire extinguisher practical training	Practical training on the use of fire extinguishers.
	4	2023/12/20		●	National Kaohsiung University of Science and Technology-Southern District Poison Disaster Response Consultation Center Chemical Tanker Leakage Response Exercise	Commander-level emergency response training
Liuying Factory	1	2023/11/16	●		2023 Liuying Factory "Emergency Response Drill"	The chemical tank truck in the factory leaks during unloading monoethanolamine solution due to earthquake.
Kaohsiung Factory	1	2023/05/09	●		"Self-defense fire-fighting group emergency response drill" held at Kaohsiung Factory in the first half of 2023	Practical training on the use of fire extinguishers.
	2	2023/05/25	●		"Aniline Toxic Chemical Emergency Response	Aniline transmission pipeline leakage accident response drill
	3	2023/11/14	●		"Self-defense fire-fighting group emergency response drill" held at Kaohsiung Factory in the second half of 2023	Notification and evacuation guidance training

Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

7.1 Implementation of Occupational Safety and Health Management

7.2 Chemical Hazard Emergency Response Drill

8.Social Public Welfare Action

Appendix

Medical Checkups for General and Special Operations

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

In addition, for employees whose work poses health hazards, such as work the involving noise, dust, lead, benzene, arsenic, manganese, cadmium, nickel, mercury and their compounds, a special medical checkup will be carried out every year according to law. In 2023, a total of 27 employees took the checkup, and 24 of them were judged to be requiring Level I or Level II management, where personal health guidance and relevant health education were provided, health management was carried out in accordance with the health inspection grading system, and follow-up tracking was carried out continuously.

Implementation of health examination statistics in 2023 (unit: person)

Category of Medical Checkup	Total no. of people	Level-1 management	Level-2 management	Level-3 management	Level-4 management
General health check	279	--	--	--	--
Special operation health check: Noise	5	--	4	1	--
Special operation health check: Dust	3	3	--	--	--
Special operation health check: Lead	17	17	--	--	--
Special operation health check: Arsenic	13	8	3	2	--
Special operation health check: Manganese	13	13	--	--	--
Special operation health check: Chromic acid	2	2	--	--	--
Special operation health check: Cadmium	13	12	1	--	--
Special operation health check: Nickel	13	9	4	--	--
Special j operation health check: Mercury	9	5	4	--	--
Special Operation Health Check: DMF	1	1	--	--	--
Special Operation Health Check: TCE	1	1	--	--	--
Special Operation Health Check: Benzene	1	1	--	--	--
Special Operation Health Check: Bipyridine	1	1	--	--	--

In addition, there was one employee who was classified as Level 4 management for noise operation. After the health consultation and risk assessment of the work site conducted by the factory doctor of the department of occupational medicine, there was no need for the employee to be appropriately assigned to another work site, but it was still recommended that the employee should be equipped with relevant protective gears and hearing protection when entering in the noise operation area of the work site.

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

Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

7.1 Implementation of Occupational Safety and Health Management

7.2 Chemical Hazard Emergency Response Drill

8.Social Public Welfare Action

Appendix

Four major plans

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

Ergonomic hazards	Maternal health protection	Abnormal workload	Workplace misconduct
<p>In the ergonomic hazard prevention program, the company conducts ergonomic assessment health questionnaires according to different operating modes to assess the risk level of exposure of the workers, and the result is that 19 employees are suspected to be exposed to hazards, and after consulting with the nurse and the factory doctor, all of them are suspected to be exposed to no hazards related to their work, and the company also conducts related health guidance, regularly inspects employees' correct working postures, and actively asks them about the musculoskeletal condition of the employees.</p> <p>In addition, during the health guidance, we regularly check the correct posture of the staff and take the initiative to ask them about their musculoskeletal status, which effectively reduces the risk of ergonomic hazards caused by long-term repetitive or bad posture operations.</p>	<p>When it is known that an employee is pregnant, the employee and her supervisor will fill out the "Female Labor Maternal Health Risk Assessment Form". In 2023, there were no pregnant female employees who received maternal health protection, and medical personnel interviewed and assessed whether there were any hazardous substances in the workplace that may cause maternal health problems, and provided health protection measures, such as health guidance, notification of hazards, and job adjustments when necessary, to ensure that pregnant and postpartum female employees will be able to receive maternal health protection. In order to ensure the physical and mental health of pregnant, postpartum, and breastfeeding female colleagues, we provide them with health guidance, information on hazards of pregnancy, and job adjustments when necessary.</p>	<p>The "Overload Scale" is filled out for assessment annually. According to the risk level screened by personal risk factors, occupational specialists conduct interviews and health guidance for medium- and high-risk employees, and nurses provide relevant health information for low-risk employees and notify their supervisors for appropriate assistance.</p>	<p>In the education and training of new and on-the-job employees, the training course on prevention of unlawful abuse in the workplace is included, and "Hazard Identification and Risk Assessment of Unlawful Abuse Prevention in the Workplace" is carried out for all employees every year. The senior management signs and declares the "Written Statement on the Prevention of Unlawful Abuse in the Workplace", through the configuration of a safe workplace and the appropriate deployment of manpower; another human resources unit establishes an "unlawful abuse notification and complaint investigation team" to carry out the investigation of illegal abuses and complaints and implement a workplace unlawful abuse prevention plan to reduce the chance of unlawful abuse both inside and outside the workplace.</p>

Hazardous machinery and equipment inspection 100% qualified

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

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

Managed objects	Name	Shanhua Factory	Liuying Factory	Kaohsiung Factory	Quantity
Hazardous equipment	The first pressure vessel	8	0	12	20
Hazardous equipment	High pressure gas setting equipment	3	12	9	24
Hazardous equipment	High pressure gas container	2	0	0	2
Hazardous equipment	Boiler	2	0	0	2
Dangerous machinery	None	0	0	0	0
Total Qualified Quantity					48

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 2023,there were 17 deficiencies in Shanhua Factory, 4 in Liuying Factory, and 3 in Kaohsiung Factory, a total of 24, all of which were improved in the current year.

Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

7.1 Implementation of Occupational Safety and Health Management

7.2 Chemical Hazard Emergency Response Drill

8.Social Public Welfare Action

Appendix

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

Before the contractor enters the factory for construction, in addition to completing at least 3 hours of education and training courses of the relevant in-plant construction safety and health regulations in accordance with the “Contractor Management Procedures”, the pre-construction safety and agreement organization meetings are held in accordance with the law, and necessary construction site occupational safety and health management units and designated personnel are set up, in addition to daily hazard notification before construction site operations, toolbox meetings, and in conjunction with the construction site supervisors in accordance with the “Safe Work Permit Procedures” to implement the relevant work before, during and after the operation. In order to enhance the safety and health awareness of contractors and workers related to various constructions, the supervisors and occupational safety personnel of each department will visit the construction site regularly or irregularly, and those found to be violating regulations may be reported, improved, traced and recorded in accordance with the “Environment/Safety/ Sanitation Non-compliance Handling, Correction and Preventive Measures Operation Procedures”. If there is still no improvement, a fine or suspension will be imposed until the improvement is completed in accordance with the “Penalty Standards for Contractors Violating Safety, Health and Environmental Protection Regulations”.

Safety and Health Information Sharing

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

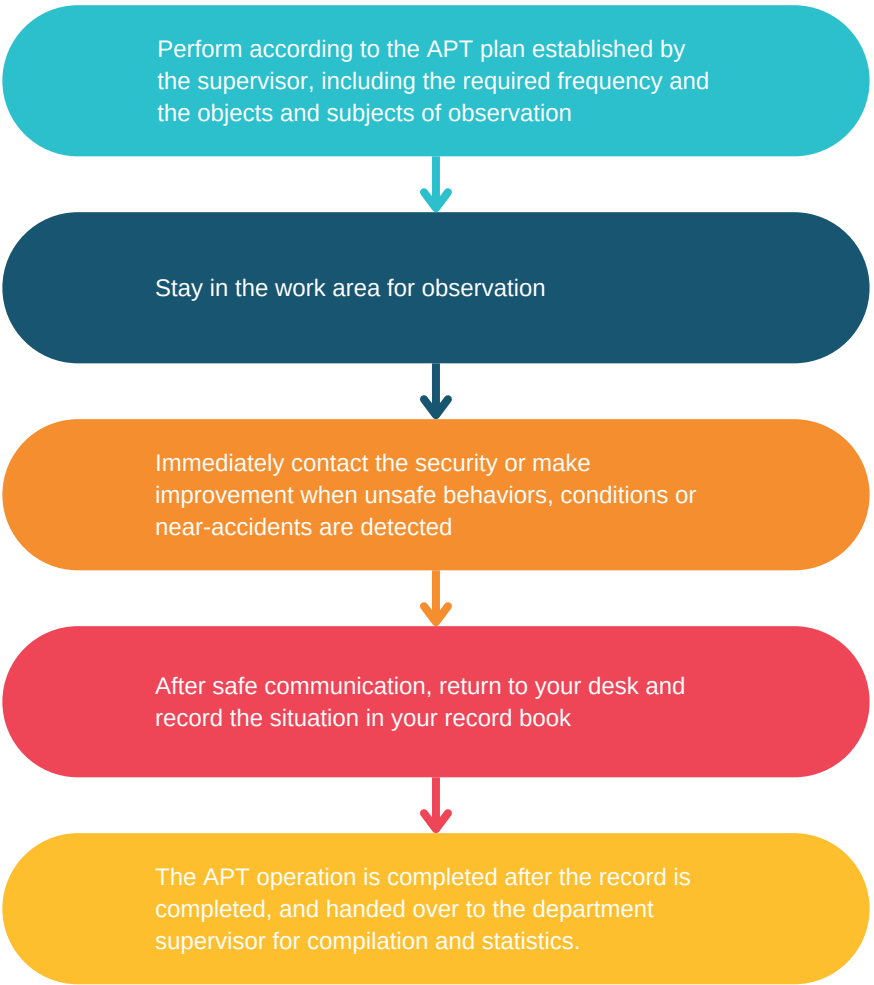
6S competition, more than one- million-dollar prizes have been given away

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 17 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.



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 2023, a total of 2,308 company-wide reports were filed.





Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix



Photo source: Shanhua Junior High School Baseball Team Facebook

8

Social Public Welfare

8.1 Respond to public welfare with practical actions 81

98 hours

Adoption Road 0.5 km, Community Service Hours.

Total of \$110,000

Sponsor the promotion of chemical events.

Sponsor Graduation Ceremony Gifts

for Siaosin Elementary School and Jiaba Elementary School.

\$20,000

Sponsor the Aboriginal Association to organize online safety education and publicity activities.

\$150,000

Sponsor Shanhua Junior High School Baseball Team.

\$10,000~30,000 each

Sponsor local community and neighborhood events.

\$4,000,000

Scholarships for low-income students in public and private universities.

Twice a Year

Join hands with blood donation center to hold factory-site blood donation event.

\$50,000

Sponsor the 2024 Chemical Industry Talent Recruitment Expo.

Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

8.1 Respond to Public Welfare with Practical Actions

Appendix

Respond to public welfare with practical actions

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

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

In order to improve the air quality and clean environment in Tainan City, we responded to the road adoption by the Environmental Protection Bureau and took the initiative to maintain the surrounding traffic road environment and effectively suppress the generation of dust from vehicles. Since 2012, manpower was arranged to clean the surrounding area and entrance and exit roads of the factory during office hours every day, and the total length of the road was 0.5 kilometers, and the number of community service hours was 98 hours. San Fu Chemical took the responsibility of maintaining the cleanliness of the surrounding environment and maintained a clean and beautiful environment and a good quality.



Sparing no effort in promoting talents.

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

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



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



Sponsor the 2024 Chemical Industry Talent Recruitment Expo



Photo source: <https://www.facebook.com/chemcareer/>

In order to cultivate outstanding talents who are beneficial to society and encourage underprivileged students to study, we have set up scholarships in the chemical engineering departments of National Taiwan University, National Cheng Kung University and Tunghai University since 2015. The amount of \$150,000 is donated to each of these universities per year, with an accumulated total of \$4 million up to 2023, and these students after graduation are encouraged to join the industry and give back to the society with their professional knowledge.

Photo source: provided by Cheng Kung University





Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

8.1 Respond to Public Welfare with Practical Actions

Appendix

Promote chemistry, and popularize education

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



Sponsor \$25,000

for Taiwan Chemical Engineering Association's 70th Anniversary Celebration Activities.

Sponsor \$50,000

for 2023 Taiwan Chemical Industry Forum.

Sponsor \$35,000

for Taiwan Chemical Industry Association in 2023.



Photo source: Taiwan Chemical Industry Association Website.



Photo source: Taiwan Chemical Industry Association Website.



Internet awareness, education promotion

Respond to social needs with action and commit to information technology education to promote the importance of cyber security.



Photo source: Aboriginal Association website

Sponsor \$25,000

for the Aboriginal Association to organize online safety education and publicity activities.

Ongoing Community Involvement

In order to promote neighborhood harmony and maintain good community relations, Tainan Shanhua Factory has started involving in community involvement 23 years ago and sponsored the surrounding neighbors to carry out community activities.



Sponsored \$10,000

for the environmental protection squad of Xiaoxinli community development of Shanhua district.



Sponsored \$10,000

each for the tours of the community volunteers of Xiaoxinli Community Development Association



Sponsored \$10,000 and \$30,000

for the anniversary celebration of Xiaoxinli Community Development Association and funeral subsidies for disadvantaged residents respectively.

Sponsored \$18,000

for Liuying District Volunteer Fire Brigade.

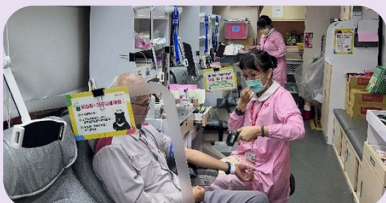


San Fu's Love, Warm Blood is Always There

According to statistics from the World Health Organization, one blood donation can save three lives on average. San Fu Chemical calls on its colleagues to contribute their part and respond to public welfare activities and give back to the society.

Twice a Year

Join hands with the blood donation center to hold factory blood donation event to continue the positive cycle of helping others



Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and  
Supply Chain Management

6.Creation of Employee  
Enthusiasm

7.Occupational Safety and Health  
Management

8.Social Public Welfare Action

Appendix

Appendix

GRI Standard Comparison Table	84
SASB Chemical Industry Indicators	87
Table 1. Sustainability Disclosure Topics & Metrics	87
Table 2. Activity Metrics	89
PwC's Independent Limited Assurance Report	90



Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

- GRI Standard Comparison Table
- SASB Chemical Industry Indicators
- Table 1. Sustainability Disclosure Topics & Metrics
- Table 2. Activity Metrics
- PwC's Independent Limited Assurance Report

GRI Standards Comparison Table

Statement of Use	San Fu Chemical Co., Ltd. has made reference to the information cited in the GRI Index Table for the period 2023/01/01-2023/12/31 of the GRI Standards Report.		
GRI 1 Used	GRI 1: Foundation 2021		

Disclosed Item			Page
GRI 2: General Disclosure 2021	2-1	Organizational details	4-5
	2-2	Entities included in organization's sustainability reporting	5
	2-3	Reporting period, frequency and contact point	4-5
	2-4	Restatements of information	4
	2-5	External assurance	4, 23
	2-6	Activities, value chain and other business relationships	18-22 31-33
	2-7	Employees	59
	2-8	Workers who are not employees	59
	2-9	Governance structure and composition	24-26
	2-10	Nomination and selection of the highest governance body	24
	2-11	Chair of the highest governance body	24
	2-12	Role of the highest governance body in overseeing the management of impacts	6 24-26
	2-13	Delegation of responsibility for managing impacts	6 24-26
	2-14	Role of the highest governance body in sustainability reporting	6, 25
	2-15	Conflict of interest	24
	2-16	Communication of critical concerns	6, 25
	2-17	Collective knowledge of the highest governance body	24
	2-18	Evaluation of the performance of the highest governance body	24

Disclosed Item			Page
GRI 2: General Disclosure 2021	2-19	Remuneration policies	25
	2-20	Process to determine remuneration	25
	2-21	Annual total compensation ratio	25, 62
	2-22	Statement on sustainable development strategy	13-15
	2-23	Policy commitments	24-26 52-53 62-66
	2-24	Embedding policy commitments	24-26 55-56 68-69
	2-25	Process to remediate negative impacts	52 62-63
	2-26	Mechanism for seeking advice and raising concerns	52 62-63
	2-27	Compliance with laws and regulations	26, 49
	2-28	Membership associations	23
	2-29	Approach to stakeholder engagement	7-8
	2-30	Collective bargaining agreements	67
GRI 3: Material Topic 2021	3-1	Process to determine material topics	7, 9
	3-2	List of material topics	10-12
	3-3	Management of material topics	10-12

Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

- GRI Standard Comparison Table

- SASB Chemical Industry Indicators

- Table 1. Sustainability Disclosure Topics & Metrics

- Table 2. Activity Metrics

- PwC's Independent Limited Assurance Report

Material Topic 1: Economic Performance

Disclosed Item			Page
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	29
	201-2	Financial implications and other risks and opportunities due to climate change	35-37
	201-3	Defined benefit plan obligations and other retirement plans	66

Material Topic 2: Emissions

Disclosed Item			Page
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	38
	305-2	Energy indirect (Scope 2) GHG emissions	38
	305-3	Other indirect (Scope 3) GHG emissions	38
	305-4	GHG emissions intensity	38
	305-5	Reduction of GHG emissions	13, 15, 39
	305-7	Nitrogen Oxides (NOx), sulfur oxides (SOx), and other significant air emissions	39

Material Topic 3: Labor-Management Relationship

Disclosed Item			Page
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	61
	401-2	Benefits provided to full-time employees that are not provided to temporary or parttime employees	62-64
	401-3	Parental leave	63
GRI 402: Labor/Management Relation 2016	402-1	Minimum notice periods regarding operational changes	67

Material Topic 4: Occupational Safety and Health

Disclosed Item			Page
GRI 403: Occupational Safety and Health 2018	403-1	Drainage-related Impact Management	72
	403-2	Water intake	72-73
	403-3	Discharge Volume	77
	403-4	Worker participation, consultation, and communication on occupational health and safety	72-73
	403-5	Worker training on occupational health and safety	75
	403-6	Promotion of worker health	64-66
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	79
	403-9	Work-related injuries	73
	403-10	Work-related ill health	77

Material Topic 5: Training and Education, Employee Diversity and Equal Opportunity

Disclosed Item			Page
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	68
	404-2	Programs for upgrading employee skills and transition assistance programs	69
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	24 59-60

Material Topic 6: Product and Service Quality

Disclosed Item			Page
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	Due to the confidentiality of product formulas, the disclosure of related information has been omitted.
	417-2	Incidents of non-compliance concerning product and service information and labeling	26
	417-3	Incidents of non-compliance concerning marketing communications	26

Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

- GRI Standard Comparison Table

- SASB Chemical Industry Indicators

- Table 1. Sustainability Disclosure Topics & Metrics

- Table 2. Activity Metrics

- PwC's Independent Limited Assurance Report

Material Topic 7: Customer Privacy

Disclosed Item			Page
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	26

Material Topic 8: Environmental, Social and Economic Compliance (Industrial Self-Defined Standards)

Disclosed Item			Page
Environmental Compliance	Statistics on the incidents of being punished by the Environmental Protection Bureau during factory inspection due to the violations of domestic environmental protection related laws and regulations.		26, 49
Sociueconomic Compliance	For social issues such as financial reporting, discrimination in the workplace, or corruption, statistics are provided on the amount of large fines imposed for violations of laws and regulations, and the number of sanctions other than fines imposed.		26

Other General Topics Disclosed

Topic: Anti-Corruption

Disclosed Item			Page
GRI 205: Anti-Corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	26, 70
	205-3	Confirmed Incidents of corruption and actions taken	26

Topic: Sewage and Wastes

Disclosed Item			Page
GRI 303: Water and Effluents 2018	303-2	Management of water discharge related impacts	47-48
	303-3	Water withdrawal	47
	303-4	Water discharge	48
	303-5	Water consumption	47
GRI 306: Waste 2020	306-3	Waste generated	48-49
	306-4	Waste diverted from disposal	48-49
	306-5	Waste directed to disposal	48-49

Topic: Customer Health and Safety

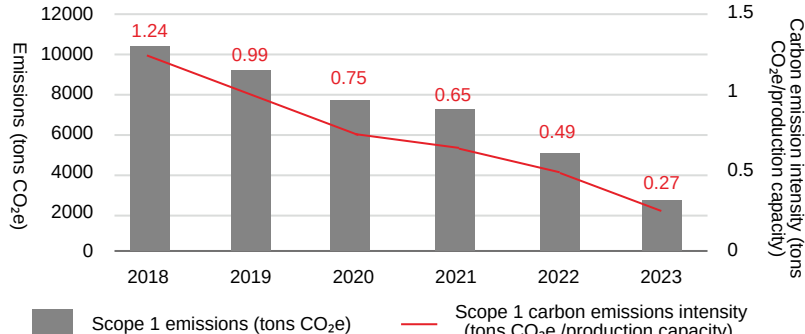
Disclosed Item			Page
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	26

Content

Message from the Chairman
About the Report
1.About Us
2.Economic Performance
3.Response to Climate Change
4.Sustainable Environment
5.Customer Commitment and Supply Chain Management
6.Creation of Employee Enthusiasm
7.Occupational Safety and Health Management
8.Social Public Welfare Action
Appendix
• GRI Standard Comparison Table
• SASB Chemical Industry Indicators
• Table 1. Sustainability Disclosure Topics & Metrics
• Table 2. Activity Metrics
• PwC's Independent Limited Assurance Report

Sustainability Accounting Standards Board (SASB)’s Chemical Industry Indicators

Table 1. Sustainability Disclosure Topics & Metrics

SASB Topic	SASB Code	Accounting Metric	Category	Annual Disclosure Status Result	UNIT	Page	Remarks																				
Greenhouse Gas Emission	RT-CH-110a.1	1. Scope 1 GHG emissions	Quantification	2638.3	Ton CO <sub>2</sub> e	38																					
		2. Percentage of Scope 1 GHG emissions subject to emission limitation regulations	Quantification	0	Percent (%)	--	Areas not subject to emission limitation by Ministry of Environment																				
	RT-CH-110a.2	Exploration of long-term and short-term strategies or plans, and reduction targets of Scope 1 emissions	Qualitative Description	<div>1. The completion of the conversion of boiler combustion from heavy oil to natural gas at the San Fu Chemical Co. (Shanhua Factory) at the end of 2019 has significantly reduced Scope 1 emissions from 9,090.0 tons CO<sub>2</sub>e to 7,617.8 tons CO<sub>2</sub>e in 2020, and the addition of the MVR system in 2021 has reduced the need for steam use, reducing Scope 1 carbon emissions to 2,638.3 tons CO<sub>2</sub>e in 2023. Scope 1 carbon intensity is reduced from 0.99 in the base year 2019 to 0.27 in 2023 (carbon intensity: ton CO<sub>2</sub>e / production).</div> <div>2. There is no other strategy in the short to medium terms and the long-term target is 2050 net zero.</div> <div><div>Scope 1 Carbon Emissions Status over the Years</div><table><caption>Scope 1 Carbon Emissions Status over the Years</caption><tr><th>Year</th><th>Scope 1 emissions (tons CO<sub>2</sub>e)</th><th>Scope 1 carbon emissions intensity (tons CO<sub>2</sub>e / production capacity)</th></tr><tr><td>2018</td><td>9,090.0</td><td>1.24</td></tr><tr><td>2019</td><td>7,617.8</td><td>0.99</td></tr><tr><td>2020</td><td>7,617.8</td><td>0.75</td></tr><tr><td>2021</td><td>2,638.3</td><td>0.65</td></tr><tr><td>2022</td><td>2,638.3</td><td>0.49</td></tr><tr><td>2023</td><td>2,638.3</td><td>0.27</td></tr></table></div> <div>■ Scope 1 emissions (tons CO<sub>2</sub>e)      — Scope 1 carbon emissions intensity (tons CO<sub>2</sub>e / production capacity)</div>	Year	Scope 1 emissions (tons CO <sub>2</sub> e)	Scope 1 carbon emissions intensity (tons CO <sub>2</sub> e / production capacity)	2018	9,090.0	1.24	2019	7,617.8	0.99	2020	7,617.8	0.75	2021	2,638.3	0.65	2022	2,638.3	0.49	2023	2,638.3	0.27	N/A	--
Year	Scope 1 emissions (tons CO <sub>2</sub> e)	Scope 1 carbon emissions intensity (tons CO <sub>2</sub> e / production capacity)																									
2018	9,090.0	1.24																									
2019	7,617.8	0.99																									
2020	7,617.8	0.75																									
2021	2,638.3	0.65																									
2022	2,638.3	0.49																									
2023	2,638.3	0.27																									
Air Quality	RT-CH-120a.1	Air pollutant emissions: Nitrogen oxides (NO <sub>x</sub> )	Quantification	1.77	Ton (t)	39																					
		Sulfur oxides (SO <sub>x</sub> )	Quantification	0	Ton (t)	39																					
		Volatile organic compounds (VOCs)	Quantification	3.42	Ton (t)	39																					
		Hazardous air pollutants (HAPs)	Quantification	0	Ton (t)	--																					
Energy Management	RT-CH-130a.1	1.Total energy consumption	Quantification	161,123	GJ	46																					
		2.Percentage of grid electricity	Quantification	74.73	Percent (%)	46																					
		3.Percentage of renewable energy	Quantification	0	Percent (%)	46																					
		4.Total self-generated energy	Quantification	0	GJ	46																					



Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

- GRI Standard Comparison Table
- SASB Chemical Industry Indicators
- **Table 1. Sustainability Disclosure Topics & Metrics**
- Table 2. Activity Metrics
- PwC's Independent Limited Assurance Report

SASB Topic	SASB Code	Accounting Metric	Category	Annual Disclosure Status Result	UNIT	Page	Remarks
Water Resources Management	RT-CH-140a.1	1.Total water withdrawal	Quantification	356,970	Cubic meter(m³)	47	
		2.Total water consumption	Quantification	165,730	Cubic meter(m³)	47	
		3.Percentage of water withdrawal and consumption in high or very high water stress areas	Quantification	0	Percent (%)	--	None of the areas are under high or very high water stress.
	RT-CH-140a.2	Number of cases of violating water quality related discharge permits, standards, and regulations	Quantification	0	No. of pieces	--	
	RT-CH-140a.3	Description of water management risks and strategies, and risk reduction practices	Qualitative Description	1. Install additional water-saving equipment and strengthen publicity, so that employees can cultivate the awareness of water conservation, and enhance the efficiency of water conservation. 2. Self-inspect the effective management of process wastewater to ensure that the quality of water discharged by the company meets the national discharge standards and reduces the burden on the environment. For more details, please refer to the chapter 'Sustainable Environment - Water Resource Management' in this report.	N/A	47-48	
Hazardous Waste Management	RT-CH-150a.1	1.Hazardous waste generation	Quantification	891.43	Ton (t)	48	
		2.Percentage of hazardous waste recycled	Quantification	0	Percent (%)	48	
Community Relations	RT-CH-210a.1	Discuss the process of engaging in the management of risks and opportunities associated with community interests	Qualitative Description	San Fu Chemical has a total of three production locations, of which only the Tainan Shanhua factory is located near the residential community. Due to the actual or potential negative impacts on the community caused by our business activities, such as chemical odor or effluents during production or discharge, etc., it is necessary to avoid affecting the health of our employees and the living of the people in the community. The Company conducts continuous monitoring of the air quality and water quality in the factory area every year to reduce the impact of operational activities on nearby residents and the community and reduce residents' concerns about air and water pollution around the factory and to strengthen equipment leakage inspection and repair and irregular inspection. In order to promote neighborhood harmony and maintain good community relations, the Tainan factory has been engaged in community involvement from 23 years ago., sponsoring community activities in the surrounding neighborhood.	N/A	47-49 81-82	
Labor Safety and Health	RT-CH-320a.1	1.Total recordable incident rate (TRIR) for direct and contract staff	Quantification	0.27	Percent (%)	--	
		2.Fatality rate for direct and contract staff	Quantification	0	Percent (%)	--	
	RT-CH-320a.2	Job Description for Evaluating, Monitoring, and Reducing Exposure to Long-Term (Chronic) Health Risks of Employees and Contracted Workers	Qualitative Description	According to the Human Factors Hazard Plan, a company-wide human factors assessment health questionnaire will be conducted to assess the level of risk to which workers are exposed, and suspected hazardous workers will be consulted and evaluated by the factory doctor to determine if they are work-related and have not developed occupational diseases. For more details, please refer to the chapter "Occupational Safety and Health Management - Four Major Plans" in this report.	N/A	77-78	
Product Design for Using Stage Efficiency	RT-CH-410a.1	Revenues of products with resources efficiency can be increased at the using stage.	Quantification	0	NTD	--	There is no product design for using stage efficiency in the company

Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

- GRI Standard Comparison Table

- SASB Chemical Industry Indicators

- Table 1. Sustainability Disclosure Topics & Metrics

- Table 2. Activity Metrics

- PwC's Independent Limited Assurance Report

SASB Topic	SASB Code	Accounting Metric	Category	Annual Disclosure Status Result	UNIT	Page	Remarks
Safety & Environment Management of Chemicals	RT-CH-410b.1	1.Percentage of products containing health and environmental hazardous substances classified as Scopes 1 and 2 by the Globalized Harmonized System of Classification and Labeling of Chemicals (GHS)	Quantification	90	Percent (%)	--	
		2 Percentage of all products in these categories that have undergone hazard assessments.	Quantification	100	Percent (%)	--	
	RT-CH-410b.2	1. Management of chemicals of concern and 2. Development strategies for alternative products that reduce human and environmental impacts	Qualitative Description	1. Comply with the requirements of IECQ QC 080000 standard. 2. Comply with the international hazardous substances RoHS, REACH and other regulations, and formulate standards for hazardous substances management. 3.Provide hazardous substance inspection reports on a regular basis. 4.Achieve the goal of environmentally friendly material selection, comply with international environmental regulations (RoHS, REACH..) and customer specifications, and develop market leading technology/products/services.	N/A	55	
Genetically Modified Organism	RT-CH-410c.1	Genetically Modified Products (GMO) as a Percentage of Overall Revenue	Quantification	0	Percent (%)	--	San Fu has no genetically modified products
Legal and Regulatory Environmental Management	RT-CH-530a.1	The company's position on government regulation and policy planning with regard to environmental and social issues:	Qualitative Description	1.Our Shanhua and Liuying factories have obtained ISO 14001 certification. 2.Our operations comply with domestic and international laws and regulations, and key events can be found in the About Us section. 3.We are invited to participate in industry forums from time to time. 4.Regularly discussing the impact of environmental laws and regulations at safety and environmental protection meetings. For more details, please refer to the About Us section – "Third Party Verification, Operation Compliance with Domestic and International Laws and Regulations and Critical Events section' and "Sustainable Environment" of this report.	N/A	23 26 42-43	
Operational Safety, Emergency Preparation and Response	RT-CH-540a.1	1.Process Safety Incidents Count (PSIC)	Quantification	0	No. of times	--	
		2.Process Safety Total Incident Rate (PSTIR)	Quantification	0	Percent (%)	--	
		3.Process Safety Incident Severity Rate (PSISR)	Quantification	0	Percent (%)	--	
	RT-CH-540a.2	Number of Transportation Accidents - Highway	Quantification	0	No. of times	--	

Note 1: Process Safety Incidents Count (PSIC) is defined as the number of incidents that meet the following four conditions:  
(a) It must be related to process; if there is an incident in the refrigeration system that is not related to process, or a fire in the office building, etc., it will not be included in the count.  
(b) A chemical spill that exceeds the minimum requirements for reporting, a spill that results in death or injury of an employee or contractor or the hospitalization of a third party (other than an employee or contractor), an officially declared community evacuation or shelter-in-place, or a fire or explosion that results in direct damage to the company, any of which would be required to be reported.  
(c) Incidents occurring in production or warehouses, etc.  
(d) Serious leakage, where the amount of leakage exceeds the threshold in any one hour.

Note 2: Process Safety Total Incident Rate (PSTIR) is calculated as the number of process safety incidents (PSIC) x 200,000 / total number of hours worked by workers (employees, contractors, or subcontractors).

Note 3: Process Safety Incident Severity Rate (PSISR) is calculated as the total process safety incident severity score x 200,000 / total number of hours worked by workers (employees, contractors, or subcontractors). The annual process safety incident severity score is the number of process safety incidents classified through the process safety incident severity scale.

Note 4: Number of transport incidents is the number determines if no leakage occurred during transport.

Table 2. Activity Metrics

SASB Code	Accounting Metric	Category	Annual Disclosure Status Result	UNIT	Page	Remarks
RT-CH-000.A	Production capacity	Quantification	Speciality chemical Products: 50,223 Basic chemical products: 2,395	Ton (t)	19	

Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

• GRI Standard Comparison Table

• SASB Chemical Industry Indicators

• Table 1. Sustainability Disclosure Topics & Metrics

• Table 2. Activity Metrics

• PwC's Independent Limited Assurance Report



會計師有限確信報告

三福化工股份有限公司 公鑒：

本會計師受三福化工股份有限公司（以下簡稱「貴公司」）之委任，對 貴公司選定民國112年度永續報告書所報導之關鍵績效指標（以下簡稱「所選定之關鍵績效指標」）執行確信程序。本會計師業已確信竣事，並依據結果出具有限確信報告。

標的資訊與適用基準

本確信案件之標的資訊係 貴公司上開所選定之關鍵績效指標，有關所選定之關鍵績效指標及其適用基準詳列於 貴公司民國112年度永續報告書第91至92頁之「確信項目彙總表」。前述所選定之關鍵績效指標之報導範圍業於永續報告書第5頁之「報告書範疇與邊界」段落述明。

上開適用基準係為臺灣證券交易所「上市公司編製與申報永續報告書作業辦法」與相關問答集及有關法令之規定、全球永續性報告協會(Global Reporting Initiatives, GRI)發布之最新版GRI準則(GRI Standards)與行業補充指南，以及 貴公司依行業特性與其所選定之關鍵績效指標參採或自行設計其他基準。

管理階層之責任

貴公司管理階層之責任係依照適用基準編製永續報告書所選定之關鍵績效指標，且設計、付諸實行及維持與所選定之關鍵績效指標編製有關之內部控制，以確保所選定之關鍵績效指標未存有導因於舞弊或錯誤之重大不實表達。

先天限制

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

會計師之獨立性及品質管理

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

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本事務所適用品質管理準則1號「會計師事務所之品質管理」，該品質管理準則規定會計師事務所設計、付諸實行及執行品質管理制度，包含與遵循職業道德規範、專業準則及所適用法令有關之政策或程序。

會計師之責任

本會計師之責任係依照確信準則3000號「非屬歷史性財務資訊查核或核閱之確信案件」規劃及執行有限確信案件，基於所執行之程序及所獲取之證據，對第一段所述 貴公司所選定之關鍵績效指標是否未存有重大不實表達取得有限確信，並作成有限確信之結論。

依確信準則3000號之規定，本有限確信案件工作包括評估 貴公司採用適用基準編製永續報告書所選定之關鍵績效指標之妥適性、評估所選定之關鍵績效指標導因於舞弊或錯誤之重大不實表達風險、依情況對所評估風險作出必要之因應，以及評估所選定之關鍵績效指標之整體表達。有關風險評估程序（包括對內部控制之瞭解）及因應所評估風險之程序，有限確信案件之範圍明顯小於合理確信案件。

本會計師對第一段所述 貴公司所選定之關鍵績效指標所執行之程序係基於專業判斷，該等程序包括查詢、對流程之觀察、文件之檢查是否適當之評估，以及與相關紀錄之核對或調節。

基於本案件情況，本會計師於執行上述程序時：

- 已對參與編製所選定之關鍵績效指標之相關人員進行訪談，以瞭解編製前述資訊之流程、所應用之資訊系統，以及攸關之內部控制，以辨認重大不實表達之領域。
- 基於對上述事項之瞭解及所辨認之領域，已對所選定之關鍵績效指標選取樣本進行查詢、觀察及檢查等測試，以取得有限確信之證據。

相較於合理確信案件，有限確信案件所執行程序之性質及時間不同，其範圍亦較小，故於有限確信案件所取得之確信程度亦明顯低於合理確信案件中取得者。因此，本會計師不對 貴公司所選定之關鍵績效指標在所有重大方面，是否依照適用基準編製，表示合理確信之意見。

此報告不對民國112年度永續報告書整體及其相關內部控制設計或執行之有效性提供任何確信。

Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

Appendix

- GRI Standard Comparison Table
- SASB Chemical Industry Indicators
- Table 1. Sustainability Disclosure Topics & Metrics
- Table 2. Activity Metrics
- PwC's Independent Limited Assurance Report



有限確信之結論

依據所執行之程序與所獲取之證據，本會計師並未發現第一段所述 貴公司所選定之關鍵績效指標在所有重大方面有未依照適用基準編製之情事。

其它事項

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

資 誠 聯 合 會 計 師 事 務 所

會計師 王 崧 澤



中 華 民 國 1 1 3 年 7 月 1 2 日

附錄 確信項目彙總表

編號	確信標的	頁碼	適用基準	其它說明
1	2023 年度善化廠、柳科廠、高雄廠及辦公室各能源使用量以 10 億焦耳為單位換算熱能之總額共計 161,123，分別為： (1)外購電力 120,413 (2)柴油 <sup>1</sup> 3,184 (3)天然氣 37,526。 外購電力百分比為 74.73%。  <sup>1</sup> 柴油使用量邊界主要使用於本公司發電機用油及自有運輸車輛，包括歐翼車 1 台及槽車 5 台，做為出貨運輸使用。	46	三福化工彙整外部供應商繳費單據統計能源使用量總和。	「上市公司編製與申報永續報告書作業辦法」第四條第一項規定之應加強揭露永續指標。
2	2023 年度之取水量共計 356.97 百萬公升，分別為： (1)台北總公司：自來水 0.33 百萬公升 (2)竹北辦公室：自來水 0.07 百萬公升 (3)善化廠：自來水 5.68 百萬公升 地下水 292.47 百萬公升 (4)柳科廠：自來水 12.78 百萬公升 (5)高雄廠：工業用水 45.64 百萬公升  2023 年度台北總公司、竹北辦公室、善化廠、柳科廠及高雄廠耗水量 <sup>2</sup> 分別為 0.33 百萬公升、0.07 百萬公升、128.84 百萬公升、8.71 百萬公升及 27.78 百萬公升，共計 165.73 百萬公升。  2023 年度善化廠、柳科廠及高雄廠廢水量分別為 169.31 百萬公升、4.07 百萬公升及 17.86 百萬公升，共計 191.24 百萬公升。  <sup>2</sup> 耗水量計算為總取水量減廢水量。	47 48	三福化工彙整外部供應商繳費單據之自來水及工業用水之取水量總和； 及自行統計並申報經濟部水利署水權資訊網之地下水取水量總和。  三福化工自行統計並申報環境保護局之廢(汙)水排放量總和。	「上市公司編製與申報永續報告書作業辦法」第四條第一項規定之應加強揭露永續指標。



Content

Message from the Chairman

About the Report

1.About Us

2.Economic Performance

3.Response to Climate Change

4.Sustainable Environment

5.Customer Commitment and Supply Chain Management

6.Creation of Employee Enthusiasm

7.Occupational Safety and Health Management

8.Social Public Welfare Action

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3	2023 年度善化廠、柳科廠及高雄廠之有害廢棄物共計 891.43 公噸，種類如下： (1)其他含有毒重金屬且超過溶出標準之混合廢棄物 0 公噸 (2)廢液 pH 值≤2.0 839.21 公噸 (3)其他易燃性事業廢棄物混合物 52.22 公噸。	48	依據環境保護署「廢棄物清理法」及三福化工「事業廢棄物清理計劃書」之規定所清理之有害廢棄物。  三福化工委託清運並申報環境保護署事業廢棄物申報及管理資訊系統之有害廢棄物清運量總和。	「上市公司編製與申報永續報告書作業辦法」第四條第一項規定之應加強揭露永續指標。
4	2023 年度員工之失能傷害發生次數共 1 次， 2023 年職災綜合傷害指數如下： - 失能傷害頻率(FR) 1.35 - 失能傷害嚴重率(SR) 37.78 - 綜合傷害指數(FSI) 0.23 2023 年職業傷害統計如下： - 職業傷害比率 1.35 - 損工率(LDR) 7.5 - 缺勤總天數(天) 28 - 缺勤率(AR%) 0.05	73	依據職業安全衛生法統計之各項數據。	「上市公司編製與申報永續報告書作業辦法」第四條第一項規定之應加強揭露永續指標。
5	2023 年度之空氣污染物排放量共計 5.24 噸，分別為： (1)善化廠： 氮氧化物(NOx) 1.77 噸 硫氧化物(SOx) 0 噸 揮發性有機化合物(VOC) 1.76 噸 懸浮微粒(PM) 0.05 噸 (2)柳科廠： 揮發性有機化合物(VOC) 1.29 噸 (2)高雄廠： 揮發性有機化合物(VOC) 0.37 噸 2023 年度善化廠、柳科廠及高雄廠放流水 COD 值平均濃度分別為 51 mg/L、60 mg/L 及 45 mg/L。	39 48	三福化工彙整廠區空氣品質檢測數據及水質檢測數據。	「上市公司編製與申報永續報告書作業辦法」第四條第一項規定之應加強揭露永續指標。

編號	確信標的	頁碼	適用基準	其它說明
6	2023 年度供應商年度評比精密化學品 40 家及基礎化學品 59 家，共計 99 家。 2023 年度供應商稽核總計 39 家。	55 56	三福化工彙整供應商評比及稽核評鑑數據。	「上市公司編製與申報永續報告書作業辦法」第四條第一項規定之應加強揭露永續指標。
7	2023 年度產品產量分別為精密化學品 50,223 噸及基礎化學品 2,395 噸，共計 52,618 噸。	18	三福化工彙整各產品類別之入庫產量總和。	「上市公司編製與申報永續報告書作業辦法」第四條第一項規定之應加強揭露永續指標。

# ESG REPORT

