



Ruentex

SUNNY FRIEND ENVIRONMENTAL TECHNOLOGY CO., LTD.

# 2019 Corporate Social Responsibility Report



RUENTEX





## Scope of This Report

**Sunny Friend Environment Technology Co., Ltd.** (hereinafter referred to as “Sunny Friend” of “the Company”) is a professional waste disposing company. Since our establishment, we have been holding the philosophy of “being a new environment creator” to protect the environment and to create a healthy life for our employees in conformance with four core values: self-management; technical innovation; increasing the awareness of environmental protection; and sustainably maintaining and improving the environment. By effectively integrate supply chain from upstream to downstream, Sunny Friends provides one-stop hazardous industrial waste disposal services, and successfully navigated the growth of Taiwan’s environmental protection industry. To fulfill our corporate social responsibility and commitment to sustainable development, Sunny Friend started to prepare Corporate Social Responsibility Report (CSR Report) since 2015 to facilitate stakeholders’ understanding of our CSR results and build a firm foundation for sustainable operations.

To meet the public’s expectation and ensure the uniformity of disclosure standards, this report (2019 Corporate Social Responsibility Report of Sunny Friend Environment Technology Co., Ltd.) is prepared in response to the revision of Global Reporting Initiative (GRI) and in accordance with the “core” options of GRI Standards. The operational boundaries disclosed in this report are Yunlin and Zhangbin plants, aiming to demonstrate Sunny Friend’s overall CSR performance in economy, environment, society and labor relations. In this report, Sunny Friend Environment Technology Co., Ltd. is shortened as “Sunny Friend”, “the Company”, “SF” or “we”. The information disclosure period of this report is from January 1, 2019 to December 31, 2019, with the Company’s practice and performance data covered in the scopes of corporate governance, economy, society and environment. To ensure the integrity of disclosed information that is based on specific projects and activities, some of disclosed information may be related to the Sunny Friend’s affiliates and be dated back before or after the aforesaid period. This year’s report covers the



### Opinions and Feedback on this Report

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contents of previous reports and none of the reported information has changed or been revised. However, the third-party assurance process has not been launched for this year's report. The Company's previous CSR report was published at the end of 2019 and, starting from this year, the Company's CSR report will be published in every September for the reference of stakeholders.





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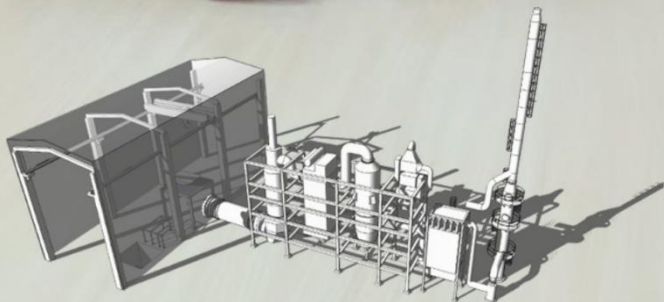
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A handwritten signature in black ink, likely belonging to the Chairman, is written on the table surface.

## Words from Chairman

Following the rapid evolution of global industry, Sunny Friend has become a pioneer in medical and hazardous industrial waste disposal on both sides of Taiwan Strait: Zhangbin Plant that offers one-stop disposal services has great potential in physical-chemical disposal and site remediation; and Beijing Ruentex, on the other hand, can fulfill the high incineration demand in Mainland China with its full incineration capacity. At the moment, Sunny Friend has been proactive in applying for the establishment of new plants, hoping that the new production capacity will drive another wave of growth. By doing so, Sunny Friend will be able not only to implement our “long term, stable, evolving, technological and international” development policy, but also to continuously deepen our internationalization potential and create even more social values.

With the great efforts of our employees and management team, Sunny Friend and our subsidiaries’ consolidated revenue and net income were TWD2.62 billion and TWD992 million, with a respective growth of 18.78% and 20.60% comparing with 2018, in 2019. The earning per share (EPS), on the other hand, was TWD8.91 with an increase of TWD1.53 comparing with 2018 (TWD 7.38). Both profitability indicators have shown improvements on a year-on-year basis. With respect to business operations, Sunny Friend will continue to develop Taiwan’s medical waste market, where Yunlin Plant 1 renovated



to respond to the rapid growth of waste generation (4% per year) and to support emergency cases of the sector already received a license and will strive for environmental protection in the future. Zhangbin Plant 2 (Phase II incinerator) that was established to for industrial waste disposal, on the other hand, also received an operating license in May and has been running successfully since its official launch in Q2. As for China, not only is Beijing Ruentex Plant 2 staging a trial run upon completion thereof, but also our plan on investing facilities in Shanxi, Jiangsu and Hebei Provinces is carrying on, hoping to win the share in the hazardous waste disposal market.

Ever since the pandemic of COVID-19, Sunny Friend has retained the mission of protecting our environment and closely collaborated with the government to dispose COVID-19 waste materials. This has demonstrated our expertise in hazardous waste disposal and how Sunny Friend fulfill our social responsibilities with real action. Looking into the new year, Sunny Friend will, with our greatest effort, continue to proactively develop the environmental protection market in order to meet customers' practice needs therefor with diversified applications. We will, hand in hand, strive to reach the goal of “being a new environment creator”.

Sunny Friend Environment Technology Co., Ltd.

Board Chairman and General Manager *Chang. Fang-Cheng*

## About Sunny Friend

Founded in 1994, Sunny Friend Environmental Technology Co., Ltd. was the country's first infectious waste disposal facility and has its first waste disposal plant established in Yunlin. Sunny Friend's plants in Yunlin primarily serve Taiwan's medical institutions, where the appropriate waste disposal methods and strict control measures thereof enable medical institutions to leave all worries behind. When the SARS firstly broke out in 2003, Environmental Protection Administration (EPA), Executive Yuan appointed Sunny Friend as the SARS waste disposal facility. This has made Sunny Friend the most trustworthy waste disposal facility in both public and private sectors.

In recent years, high-technology has become the most internationally competitive industry of Taiwan. Nevertheless, as the production capacity of technology products is proportional to industrial wastes derived thereof, how industrial wastes are legally and properly disposed has become an important issue, to which the high-technology industry pays close attention to. This is the reason that Sunny Friend stepped into the industrial waste disposal field and, upon effective integration of the upstream, mid-stream and downstream segments, acquired the management rights to Industrial Waste Comprehensive Processing Center of Central Taiwan, assisting high-technology industry in disposing general and hazardous industrial wastes. Sunny Friend's waste disposal competency and expertise have shown its extremely important role in the development of Taiwan's high-technology industry.

Being aware of environmental problems and the needs to prevent and control pollutions, our Yunlin Plant passed the certification of ISO 14001 Environmental management systems in July 2000 and the revision thereof (ISO 14001: 2015) in 2018; and then acquired a license.

Zhangbin Plant, on the other hand, passed the certification of ISO 14001 in December

### SUNNY FRIEND ENVIRONMENTAL TECHNOLOGY CO., LTD.

- Date of establishment: 1994 (the 83rd year of the Republic of China)
- Headquarters: No. 1-20, Yuandong Rd., Yuanchang Township, Yunlin County 655, Taiwan
- Capital: TWD1.115 billion.
- No. of employees: 339 people
- Service items: Professional waste clearance and disposal; engineering consultancy; equipment design and manufacturing.
- Operating sites
  - Service items of Yunlin Plant: Incineration, where the permitted monthly disposal volume is 2,760 t (excluding the disposal volume of Plant 1).
  - Service items of Zhangbin Plant:
    - Incineration, with a permitted monthly disposal volume of 4,200 t.
    - Physical-chemical disposal, with a permitted monthly disposal volume of 1,800 t.
    - Solidification stabilization disposal, with a permitted monthly disposal volume of 3,600 t
    - Final disposal facilities, with a permitted monthly disposal volume of 6,000 t.
- ◆ The above items are calculated as of December 31, 2019.

2009 and the revision thereof (ISO 14001: 2015) in 2017; and then acquired a license. Sunny Friend's continuously efforts in promoting ISO 14001 certification not only facilitate our fulfilment of corporate social responsibility for environmental protection, but also help us to achieve our goals for environmental management and continuous improvement.

With the implementation of ISO 14001 Environmental management system, Sunny Friend is managed to control environmental air, water and waste pollution derived from the waste disposal process while applying to the competent authority for relevant operating permits to ensure the regulatory compliance thereof. During the operations, Sunny Friend also established the waste clearance and disposal management system and real-time CCTV monitoring services, through which the customers can timely control the waste disposal conditions and direction online. Regardless of R&D, design, manipulations and system improvement, Sunny Friend has all technical capabilities and a consistent management approach for disposing waste properly. This is the reason that the Company has successfully led Taiwan's environmental protection industry to progress and become stronger.

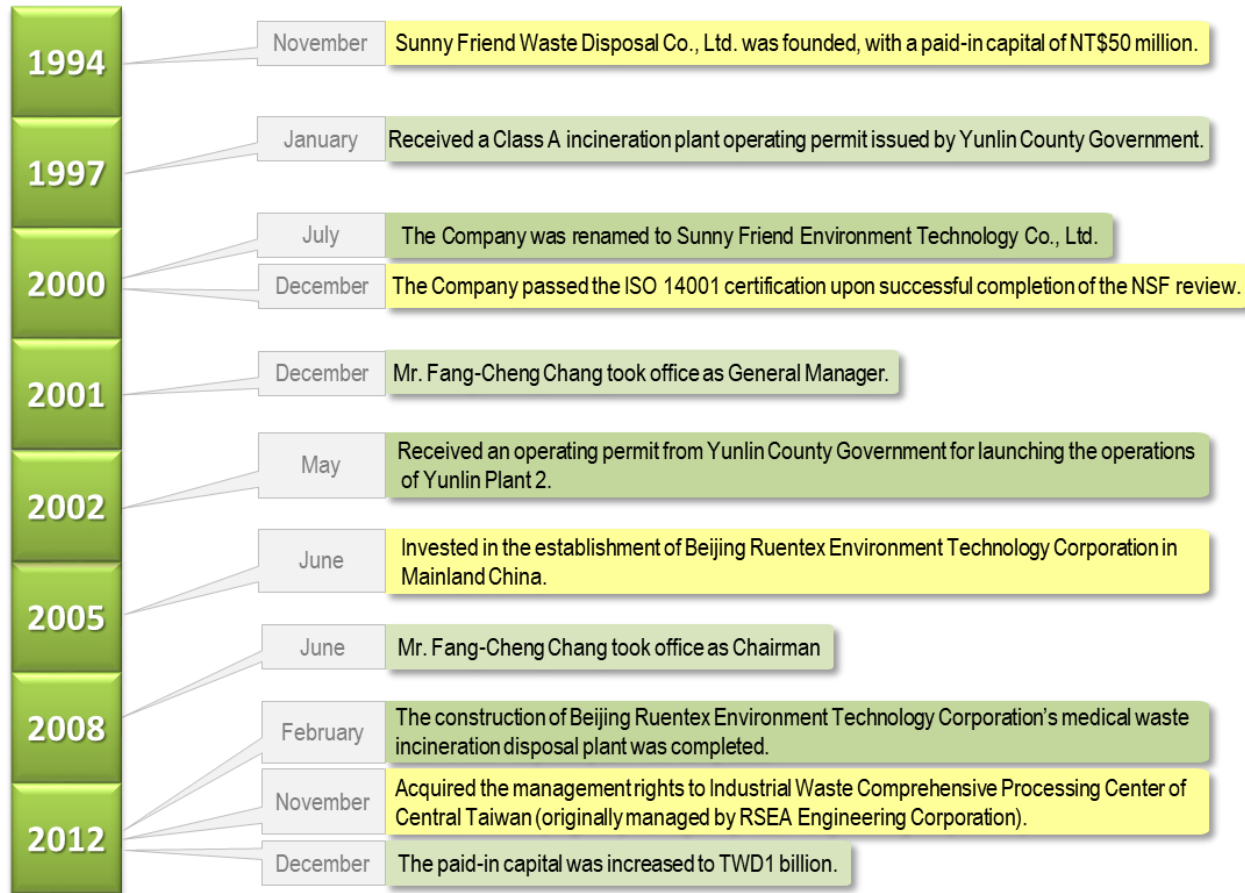
To enhance our operational capabilities and extend our business scope, Sunny Friend became listed on the stock exchange on March 23, 2015. The conscientious review system and disclosure of public information has facilitated our high performance and assisted us in building a sound internal management system, win the hearts of our employees, and attract and retain talents. Also, all of our stakeholders, including the shareholders, government agencies, customers, local people and employees, have shown greater faith in our management team. In 2015, our Yunlin Plant initiated the facility renovation plan, where Plant 3 situated between Plant 1 and Plant 2 launched the operations in August 2017. As for Plant 1 and Plant 2, Plant 1 has upgraded the heat recovery and reuse system, and acquired relevant permits; and Plant 2 was by removing the old facilities and turning the space into a parking area surrounded by greenery, helping to facilitate the workflow while effectively reduce the carbon emission. Zhangbin Plant 2, on the other hand, was officially launched upon receipt of the approval of Industrial Development Bureau, Ministry of Economic Affairs for launching the operations of Industrial Waste Comprehensive Processing Center of Central Taiwan, assisting customers in disposing wastes properly.



◀Yunlin Plant, Sunny Friend Environmental Technology Co., Ltd.



▼ Sunny Friend's milestones (1)

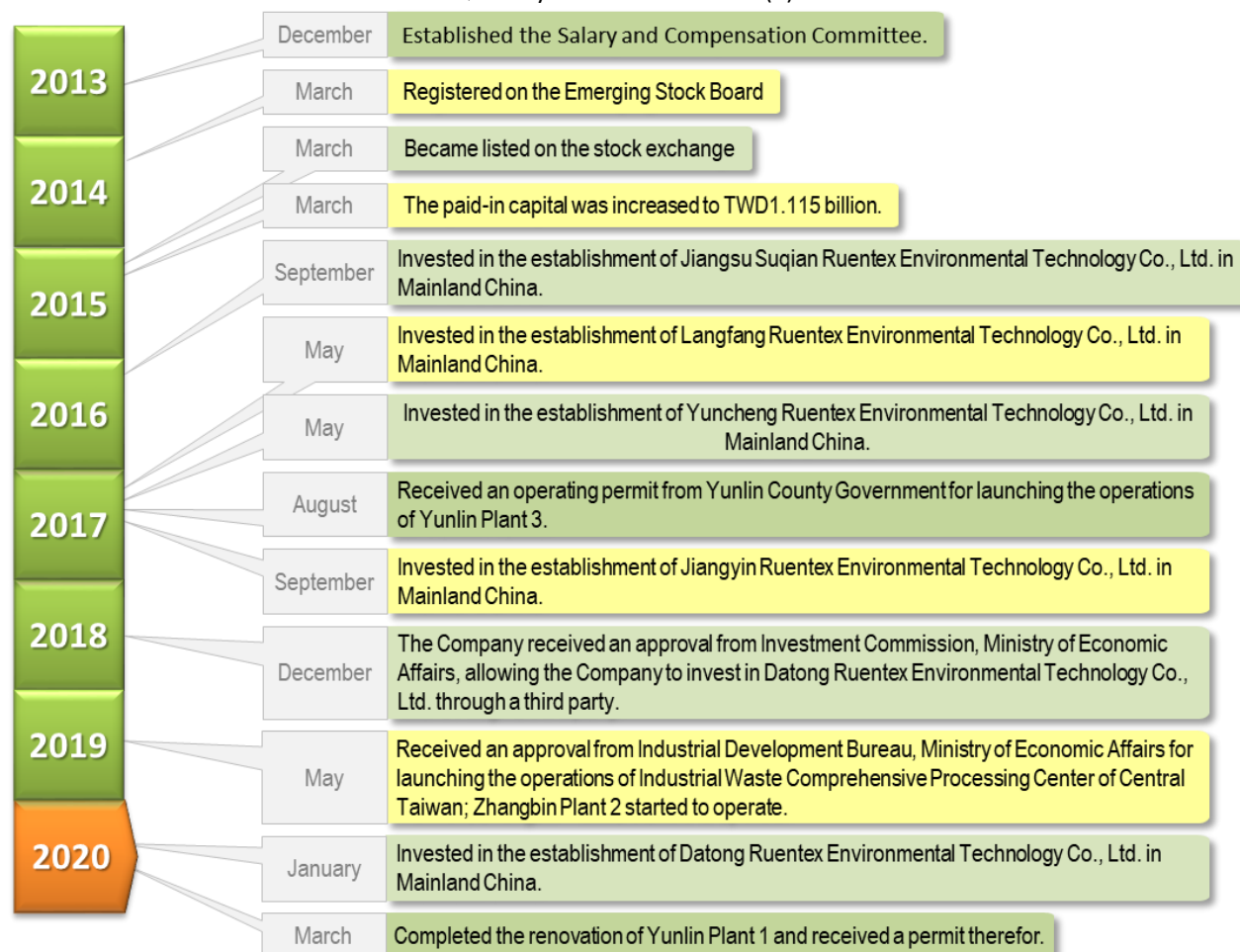


▲ Beijing Ruentex Environment Technology Corporation



▲ Zhangbin Plant, Sunny Friend Environmental Technology Co., Ltd.

▼ Sunny Friend's milestones (2)



▲ Sunny Friend Environmental Technology Co., Ltd. became listed on the stock exchange.



▲ Zhangbin Plant 2, Sunny Friend Environmental Technology Co., Ltd.

▼Summary of social responsibility items

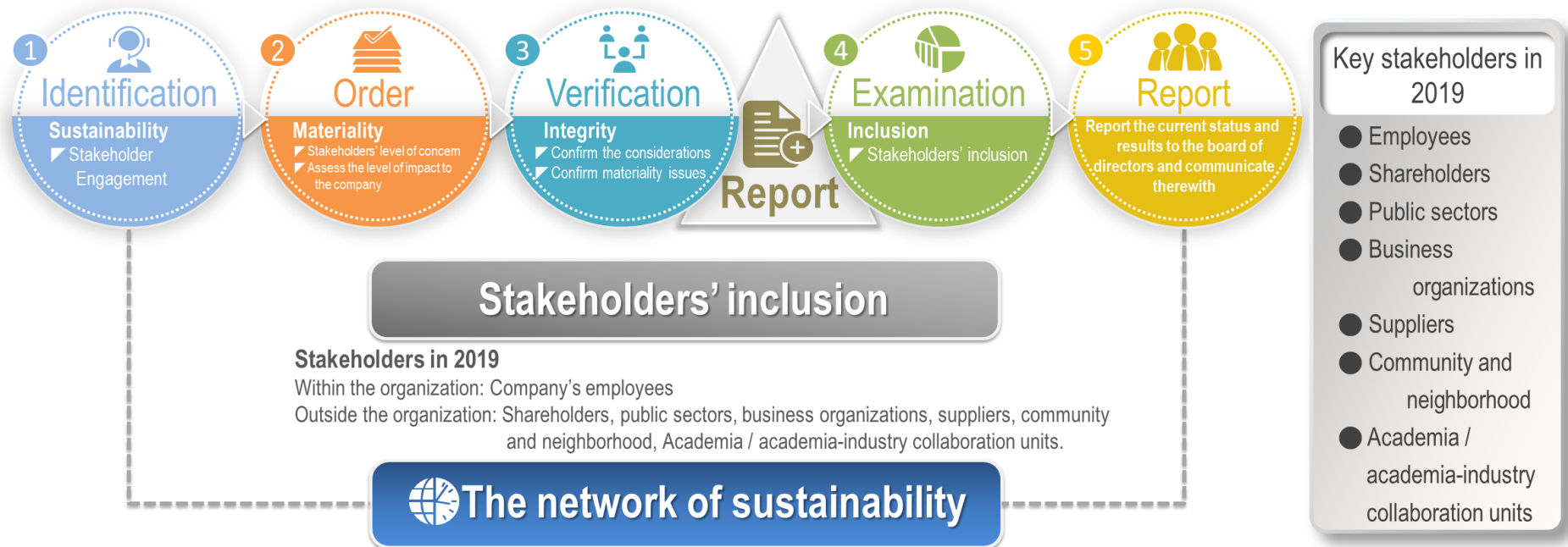
Item \ Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Environmental monitoring	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Emergency fund for the poor		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Scholarships		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Environmental management system				●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Join road-cleaning adoption, tree planting and beach cleaning programs						●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Environmental protection volunteer services								●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Educational caring															●	●	●	●	●	●	●	●	●
After-school classes																●	●	●	●	●	●	●	●
Supervisory committee																●	●	●	●	●	●	●	●
Protect the safety of Yuanchang Junior high school																			●	●	●	●	●
◆Preparation of Sunny Friend’s 2014 CSR Report in December 2015.						<p>Milestones :</p> <p>1997 ▶ Launched operating environment monitoring.</p> <p>1998 ▶ Started to offer emerg ency fund for the poor.</p> <p>1999 ▶ Started to offer scholarships and established Employee Welfare Committee.</p> <p>2000 ▶ Adopted the environmental management system (ISO 14001) and waste management system.</p> <p>2002 ▶ Launched road-cleaning adoption.</p> <p>2003 ▶ Assisted the government in handling SARS waste.</p> <p>2004 ▶ Launched environmental protection volunteer services and activities.</p> <p>2009 ▶ Environmental Protection Administration’s epidemic prevention drills.</p> <p>2011 ▶ Donated books between 2011 and 2013.</p> <p>2012 ▶ Held writing contest and after-school classes for the poor; and established Zhangbin Supervisory Committee.</p> <p>2013 ▶ Published “Northern Lapwing Literary Magazine”; and held the “Sunny Friend Literature and Writing Camp”.</p> <p>2014 ▶ Gifted Global Kids Monthly and Global Kids Junior Monthly; and established Salary and Compensation Committee.</p> <p>2015 ▶ Gifted bike lamps to students and prepared the CSR report.</p> <p>2016 ▶ Held the “Sunny Friend Environmental Protection Science Camp”.</p> <p>2017 ▶ Adopted the new version of corporate social responsibility standards: GRI Standards.</p> <p>2018 ▶ Promulgated the Company’s human rights policy.</p> <p>2019 ▶ Listed management policy for materiality issues; and implemented an evaluation on the impact of climate risks to the Company’s operations.</p>																	
◆Preparation of Sunny Friend’s 2015 CSR Report in November 2016.																							
◆Preparation of Sunny Friend’s 2016 CSR Report in November 2017.																							
◆Preparation of Sunny Friend’s 2017 CSR Report in November 2018.																							
◆Preparation of Sunny Friend’s 2018 CSR Report in September 2019.																							
◆Preparation of Sunny Friend’s 2019 CSR Report in September 2020.																							



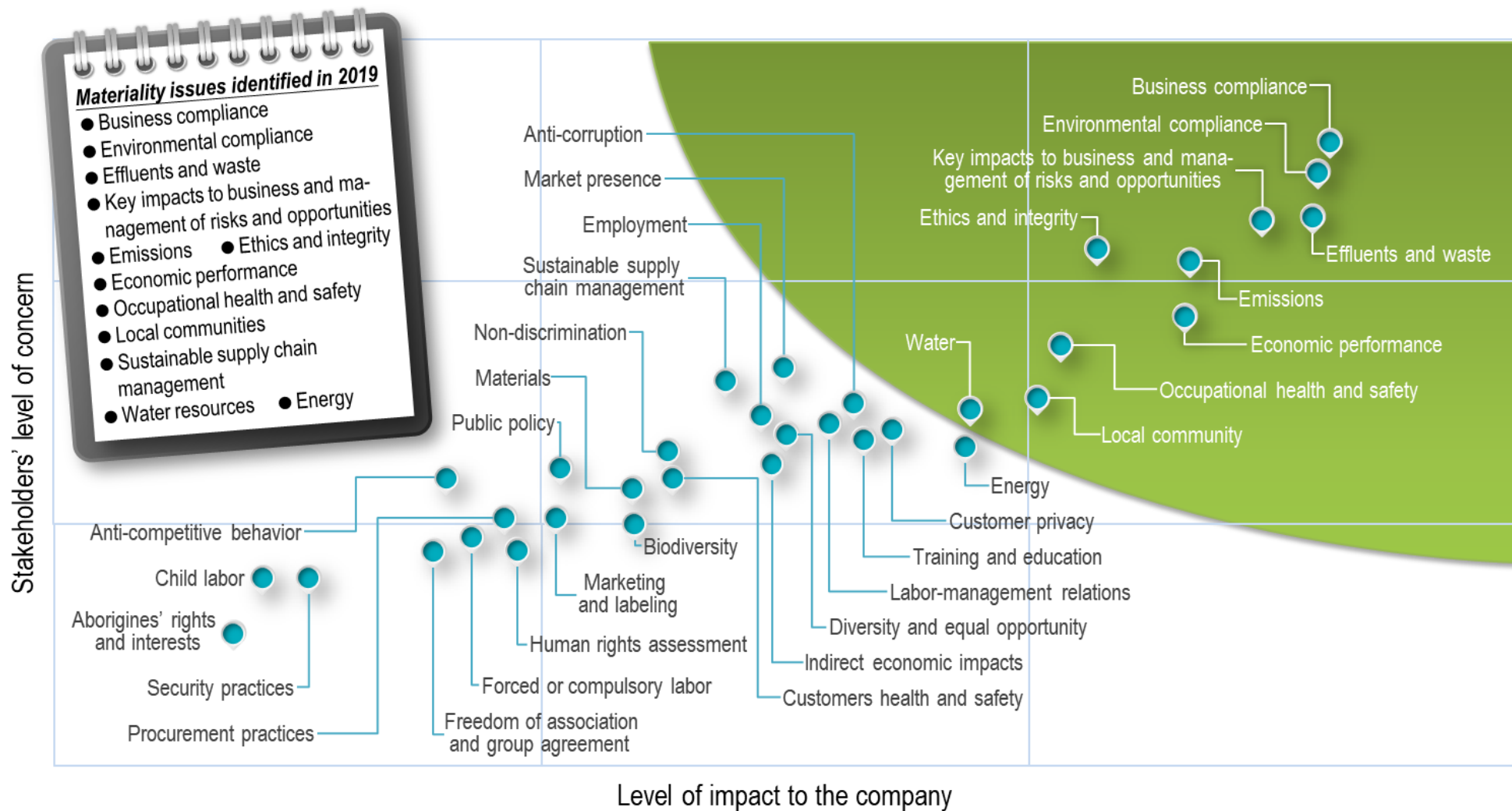
# Identification of Materiality Issues and Stakeholder Engagement

To understand materiality issues to which the stakeholders pay great attention and to focus on the Company's vision of sustainable governance, the CSR promotion team has implemented the stakeholder identification and engagement processes based on the requirements of AA1000 Stakeholder Engagement Standard and GRI Standards. The identified stakeholders and materiality issues are then used as a reference to prepare Sunny Friend's CSR report and responses; and further set the Company's primary management policy and implementation plans to meet the stakeholders' needs and expectations.

Sunny Friend has set regular and irregular communication mechanisms for stakeholder engagement; and report the status and results thereof to the board of directors on an annual basis. Also, the CSR report is also presented to the board of directors each year to demonstrate relevant results.



▲ The process of identifying stakeholders and materiality issues.



▼ CSR materiality issues in 2019 and corresponding chapters

Materiality Issues	Stakeholders							Corresponding chapter in the report	Corresponding GRI index	Corresponding SDGs
	Employees	Shareholders	Public sectors	Business organizations	Suppliers	Community and neighborhood	Academia / academia-industry collaboration units			
Regulatory compliance	●	●	●	●	●	●	●	1.3 Integrity and Regulatory Compliance	GRI307 GRI419	SDG8 Decent work and Economic Growth
Effluents and waste		●	●	●		●	●	3.1 Environmental Management	GRI306	SDG 6 Clean Water and Sanitation
Key impacts to business and management of risks and opportunities	●	●	●	●	●	●	●	3.4 Climate Risks	GRI201-1 GRI201-2	SDG 16 Peace, Justice and Strong Institutions
Emissions		●	●	●		●	●	3.2 Energy Saving and Carbon Reduction	GRI305	SDG 13 Climate Action
Ethics and integrity	●	●	●	●	●	●	●	1.3 Integrity and Regulatory Compliance	GRI102	SDG8 Decent work and Economic Growth
Economic performance	●	●		●	●	●		1.2 Business Performance	GRI201	SDG8 Decent work and Economic Growth
Occupational health and safety	●	●	●				●	2.2 Occupational Health and Safety	GRI403	SDG8 Decent work and Economic Growth
Local communities		●	●			●		2.3 Social Inclusion	GRI413	SDG 4 Quality Education
Water resources		●	●	●		●	●	3.1 Environmental Management	GRI303	SDG 6 Clean Water and Sanitation
Sustainable supply chain management		●			●			4.1 Supply Chain Management	GRI308 GRI414	SDG 12 Responsible Consumption and Production
Energy		●	●					3.1 Environmental Management	GRI302	SDG 13 Climate Action

Note: After internal discussions and resolutions, 11 materiality issues were selected as illustrated in the diagram. Materiality issues that are related to environmental compliance and business compliance are presented as regulatory compliance in the table.



▼ Sunny Friend's materiality issues of 2018 and stakeholder engagement (1)

Stakeholders	Concerned issues	Communication methods	Communication frequency	Specific measures	Corresponding
Employees	Regulatory Compliance	Labor-management meeting Employee Welfare Committee Internal Communication Report	Quarterly Quarterly Irregularly	Hold regular labor-management meetings; two-way communication with the Employee Welfare Committee; public addressing of employees' concerns; and education and training sessions	2. Social Care
	Key impacts to business and management of risks and opportunities				
	Ethics and integrity				
	Economic performance				
	Occupational health and safety				
Shareholders	Regulatory Compliance	Shareholders meeting Annual report Financial statements Corporate website Market Observation Post System (MOPS) of Taiwan Stock Exchange (TWSE)	Annually Annually Quarterly Irregularly Monthly	Maintain legitimate management and seek stable profitability; hold shareholders' meeting on a regular basis; and proactively announce important information on the website.	1. Corporate Governance
	Effluents and waste				
	Emissions				
	Key impacts to business and management of risks and opportunities				
	Ethics and integrity				
	Economic performance				
	Occupational health and safety				
	Local communities				
	Water resources				
	Sustainable supply chain management				
	Energy				
Public sectors	Regulatory Compliance	Policy brief meeting Public hearings Government websites Exchanges with the authority by official documents	Irregularly Irregularly Irregularly Irregularly	Actively participate in policy brief meetings, discussion sessions on compliance and announcement clarification organized by the government.	3. Environmental Protection
	Effluents and waste				
	Emissions				
	Key impacts to business and management of risks and opportunities				
	Ethics and integrity				
	Occupational health and safety				
	Local communities				
	Water resources				
	Energy				

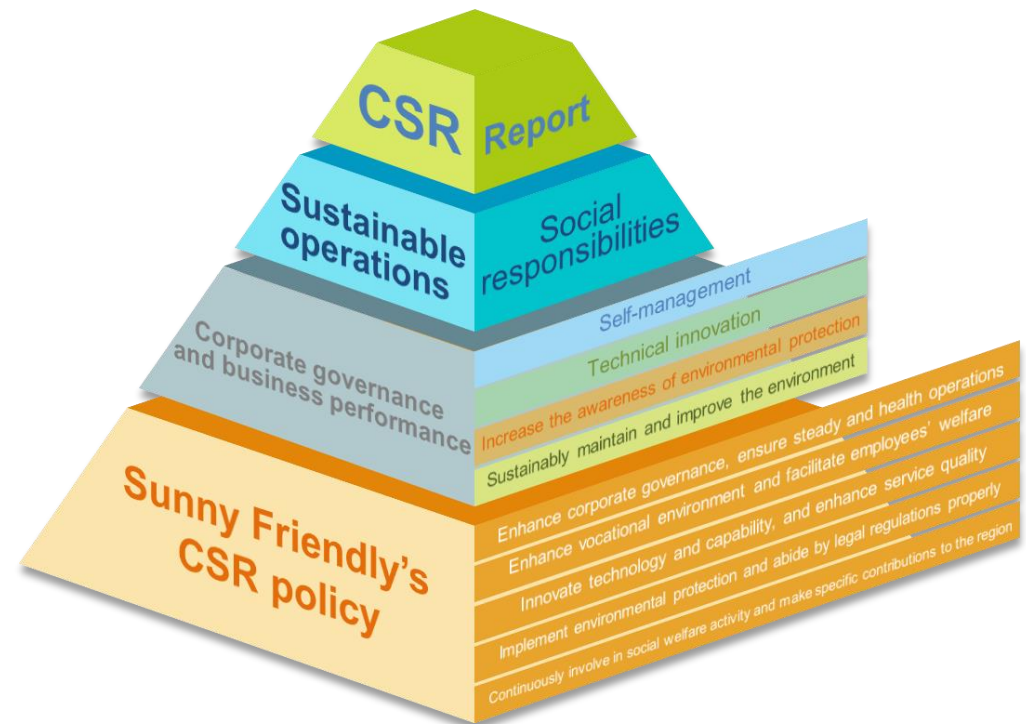
▼ Sunny Friend's materiality issues of 2018 and stakeholder engagement (2)

Stakeholders	Concerned issues	Communication methods	Communication frequency	Specific measures	Corresponding
Business organizations	Regulatory Compliance	By telephone By site visits By e-mail By official documents	Daily Daily Daily Monthly	Properly handle documents to be sent; let frontline personnel to interview customers or conduct customer satisfaction surveys to understand customers' feedback and satisfaction levels; and establish a dedicated point of contact.	1. Corporate Governance
	Effluents and waste				
	Emissions				
	Key impacts to business and management of risks and opportunities				
	Ethics and integrity				
	Economic performance				
	Water				
Suppliers	Regulatory Compliance	By e-mail By telephone By site visits	Daily Daily Irregularly	Formulate procurement contracts; establish suppliers evaluation system; and participate in suppliers' showcase of new technologies.	4. Partnerships
	Key impacts to business and management of risks and opportunities				
	Ethics and integrity				
	Economic performance				
	Sustainable supply chain management				
Community and neighborhoods	Regulatory Compliance	Visits to communities Visits to office of the local village chiefs Visits to township offices Local feedback and sponsorships	Weekly Weekly Monthly According to the plan	Proactively visit the local communities and schools; participate in public events; donate books; issue publications; and hold activities to increase interaction.	2. Social Care
	Effluents and waste				
	Emissions				
	Key impacts to business and management of risks and opportunities				
	Ethics and integrity				
	Economic performance				
	Local communities				
Academia / academia-industry collaboration units	Regulatory Compliance	By telephone By site visits By e-mail	Irregularly Irregularly Irregularly	Irregular academia-industry collaboration projects; interpretation of regulations; drafted amendments to regulations; expression of opinions at public hearings; waste clearance and disposal related regulations; and evaluation on the impact of new technology.	3. Environmental Protection
	Effluents and waste				
	Emissions				
	Key impacts to business and management of risks and opportunities				
	Ethics and integrity				
	Occupational health and safety				
	Water				

# 1 Corporate Governance

Upholding the philosophy of “being a new environment creator since our establishment, Sunny Friend has been assisting in disposing waste generated from economic activities to enhance people’s living quality and to prevent environmental pollution. Our conducts not only comply with local regulations, but also meet the public’s expectations. By effectively integrate supply chain from upstream to downstream, Sunny Friends provides one-stop hazardous industrial waste disposal services, and successfully navigated the growth of Taiwan’s environmental protection industry. With an insistence on the waste clearance and disposal quality, we have done our very best to protect the environment and create a healthy life for our employees in conformance with four core values: self-management; technical innovation; increasing the awareness of environmental protection; and sustainably maintaining and improving the environment. In the future, we will continue to abide by the principles of equality, honesty, promise keeping and transparency when engaging in business activities; and will adhere to the commitment of business integrity. With our greatest efforts and the integration of the Group’s resources, we will continuously and effectively ensure the regulatory compliance of our business to reduce and prevent operating risks.

To implement environmental protection and facilitate labor-management relations, Sunny Friend has been proactive in joining local organizations and participating in activities related thereto. For example, we have affiliated to Yunlin County Waste Clearance and Disposal Association and Taiwan Environmental Engineering Association in the sector of environmental protection and energy; and Yunlin Hsien Industrial Association, Chiayi Hsien Industrial Association and Changhua Coastal Park Association of Changhua County in the sector of industry. Also, to maximize our efforts in protecting the environment and creating harmonious labor-employment relations, we have appointed personnel to join regulation advocacy, education/training sessions, networking events and meetings on a regular basis.



After Sunny Friend became listed on the stock exchange in 2015, we have gradually adopted and continuously improve our corporate governance. Our primary mission is to meet the requirements proposed in the corporate governance evaluation while meeting the expectations of Taiwan's competent authorities and the public. We aim not only to enhance our corporate governance system, but also to demonstrate our performance.

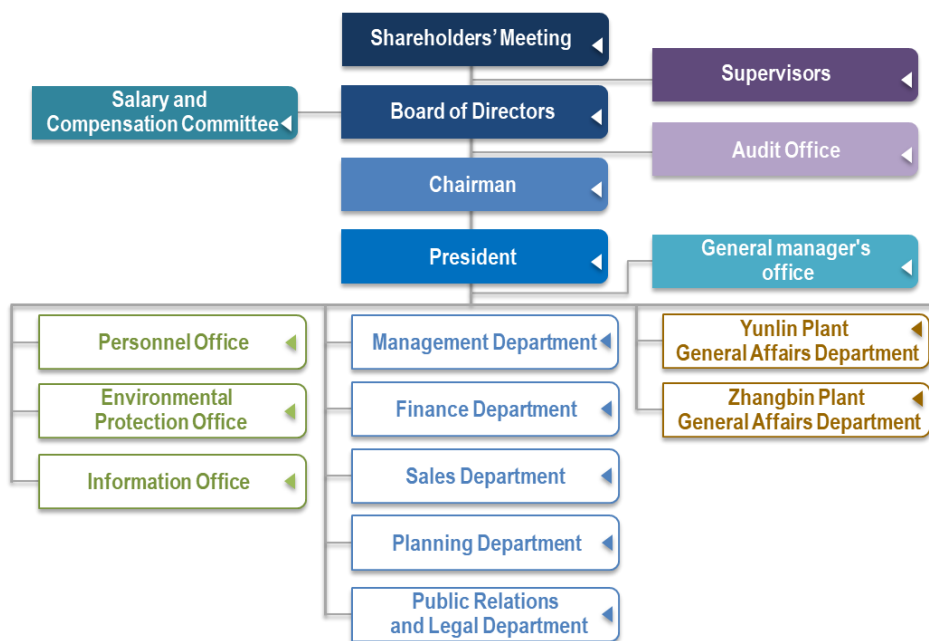
The objectives of corporate governance are to fulfill managers' responsibilities; protect shareholders' legal rights and interests; and guarantee other stakeholders' interests through the implementation of instructions and management mechanisms. The internal mechanisms of good corporate governance shall strengthen board of directors and supervisors' functions; implement internal control system; and implement and strengthen information exposure; and encourage shareholders' participations. As for external mechanisms, it is a must to timely discuss and amend regulations; seek for external experts' opinions and feedback; enhance the operations of self-regulatory organization; facilitate the supervisory functions of the competent authorities or stock exchange; and optimize the performance of judicial system. With respect to the management strategy, Sunny Friend upholds high standards of business integrity to regularly review and update Code of Conduct for Corporate Governance and CSR report; continuously optimize our organizational structure and the transparency of our operations; properly respond to risk variables; and enhance and implement corporate governance. It is our aspiration of protecting not only the interests of our shareholders and other stakeholders, but also the entire society and even the ecological environment of earth.





## 1.1 Administrative Organization

Board of directors is the highest governance unit of Sunny Friend. Consisting of 7 directors (including 3 independent directors) and 3 supervisors, the board of directors is in charge of making economy, environment and society related decisions. Also, to strengthen our administrative organization, we have abided by the expectation of the competent authority to establish the Salary and Compensation Committee. In 2019, Sunny Friend held 6 board of directors meetings with an average attendance rate of 100%. The Salary and Compensation Committee, which is established under the board of directors, consists for 3 members with an office term of three years. The Committee members are in charge of setting and regularly review the policy, system, standards and structure related to Sunny Friend's directors, supervisors and managers' annual and long-term performance goals and compensation. For example, the committee not only regularly assesses directors, supervisors and managers' achievement of output goals, but also set their respective salary and compensation in details. In 2019, the Salary and Compensation Committee held 2 meetings with an average attendance rate of 100%; and expressed no opinion on directors and supervisors' compensation. The corporate governance structure illustrated with job descriptions is as below. CSR related affairs are promoted by Management Department, which holds annual meetings to review and discuss the implementation of CSR, propose improvement approaches, and report the sustainable governance results to the board of directors.



Board of Directors	No. of Person/ Unit	Descriptions
Chairman	1	Held 6 meetings and an average attendance rate of 100%.
Directors	3	
Supervisors	3	
Independent directors	3	
Salary and Compensation Committee	3	Held 2 meetings and an average attendance rate of 100%.

Department	Operations
General Manager's Office	Develop operating policies, company strategy and management plans; supervise the Company's operations; and analyze financial information.
Audit Office	Study and audit internal control systems; assess various materials; and carry out audits.
Personnel Office	In charge of compensation and benefits; employment of personnel; talent cultivation; education and training; performance appraisal; and employees' welfare.
Environmental Protection Office	Implement the environmental management system; assist the competent environmental authority in carrying out audits; manage factory affairs and workplace safety; arrange employee health checks; conduct education and training; apply for factory and factory affairs related certificate or amendments thereto; implement matters committed during the environmental impact assessment.
Information Office	Plan, design and integrate the information system; maintain the hardware, software and network security; and control the flow.
Management Department	In charge of item purchase; ensure internal and external environmental sanitation; manage office equipment and handle other related affairs; manage the Company's materials; and implement and maintain the Company's security system.
Finance Department	Process the Company's financial accounts; manage cashier operations; in charge of financing and fund management; generate accounting and financial information; establish and amend stock operations; and prepare budget summary.
Sales Department	Develop business performance targets; conduct market analysis and marketing planning; supervise the Company's business operations; and manage and dispatch transportation vehicles.
Planning Department	Plan the Company's future business direction; undertake engineering projects and plans; prepare environmental protection proposals; and plan the configuration of incinerators and landfills.
Public Relations and Legal Department	Point of contact and communication with external organizations; handle legal affairs.
Yunlin Plant General Affairs Department	Manage the operations of incinerators and materials; maintain and repair the equipment; and ensure the safety incinerator operations.
Zhangbin Plant General Affairs Department	Manage the incineration, physicochemical processing, solidification and landfill operations of Zhangbin Plant; manage the materials; maintain and repair the equipment; and ensure the safety incinerator operations.

## Internal Organization and Operations

Sunny Friend has established an internal audit unit that is subordinate to the board of directors to examine and evaluate the internal control system design of internal units and the implementation effectiveness thereof. The objectives are to assist the board of directors and management level in checking and reviewing the deficiency of internal control system and operational effectiveness and efficiency; and to timely provide improvement related suggestions. This

can ensure the continuous and effective performance of our internal control systems; and will be used to review and make amendments to the systems. The internal audit unit draws up annual audit plan according to risk assessment results each year. During the internal audit of 2019, it was discovered that the stamp used for sales quotation was not included in the list of stamps and relevant management procedures; and such failure was listed as “Internal Control System Deficiency and Abnormality”. The proposed improvement measures are to let the Management Department to manage the said stamp and establish a file therefor; and track the subsequent improvement works adopted by Management Department and Sales Department in order to ameliorate the system and the implementation thereof. The said improvement measures shall be tracked on a quarterly basis and be done by 2019. According to the investigation, improvement works have been done on the design of respective internal control system, where the Management Department already amended Stamp Management Rules by adding rules governing stamps for special purposes (“special stamps”). The said amendment was approved by the board of directors and promulgated on February 26, 2019 and, later in June 2019, the effectiveness of the improvement measure was tracked: The Management Department already listed and numbered all special stamps with descriptions thereof specified. An investigation on Zhangbin Plant’s stamp use records for quotation stamp was also carried out between April and May 2020, where the records were reliable as related information were timely provided. According to the records, the said stamp had 245 records in April (12 per work day) and 266 records in May (13 per work day). Therefore, it is proven that all improvement works in regard to the said internal control deficiency case were done.

## 1.2 Business Performance

Upholding professional management, Sunny Friend values shareholders and investors opinions, and share with all shareholders our management results. To create long-term and stable business performance, we have integrated the supply chain to offer one-stop services within and outside the country. We also assist the government and public in properly disposing waste through incineration, physicochemical processing, solidification and landfill (final processing) operations. It is our plan to expand our domestic production capacities by reconstructing Yunlin Plant 1 and Zhangbin Plant 2. As for our overseas production capacities, it is our plan to build Beijing Plant 2 and other plant facilities in Yuncheng, Jiangyin, Suqian and Datong, hoping to have a breakthrough development in waste disposal quality and volume while creating a stable business performance.

Sunny Friend has stipulated a retirement welfare benefits plan and set up a labor retirement reserve account in accordance with Labor Standards Act; and, each month, allocate an amount equal to an appropriate percentage of employees’ monthly salary to the special account of Supervisory Committee of Business Entities’ Labor Retirement Reserve as prescribed by law. Starting from July 1, 2005, Sunny Friend has established a defined contribution pension plan under the Labor Pension Act (hereinafter referred to as the “Act”), allocating 6% of employees' monthly salary to the retirement fund account. With respect to the amount of the said retirement fund account, employees may, according to their respective willingness, decide to go for monthly pension payment or lump-sum payment upon retirement.

Table 1-1. An overview of subsidiaries in the consolidated financial statements

Investment Company	Subsidiary
Sunny Friend Environmental Technology Co., Ltd.	Liang Wei Environmental Engineering Co., Ltd. (Liang Wei)
	Cheng Shin Environmental Engineering Co., Ltd. (Cheng Shin)
	Chin Hsin Environmental Engineering Co., Ltd. (Chin Hsin)
	Shuoding Resources Recycling Co., Ltd. (Shuoding)
	Full Giant Resources Ltd. (Full Giant)
Full Giant Resources Ltd.	Arise Profits Ltd.(Arise)
	Jiangsu Suqian Ruentex Environmental Control Co., Ltd. (Jiangsu Suqian)
	Langfang Ruentex Environmental Technology Co., Ltd. (Langfang Ruentex)
	Yuncheng Ruentex Environmental Technology Co., Ltd. (Yuncheng Ruentex)
	Jiangyin Ruentex New Environmental Technology Co., Ltd. (Jiangyin Ruentex New)
Arise Profits Ltd.	Beijing Ruentex Environmental Technology Co., Ltd. (Beijing Ruentex)



▲ Excellence awards issued by the Ministry of Finance

The Company's business performance is presented with the data between 2017 and 2019. Based the comparison of our revenue and net profit over the last three years, we have summarized our business performance; and analyzed the proportion of direct economic values generated and distributed by the organization as follows. With respect to the information of subsidiaries in the consolidated financial statements, please refer to Table 1-1 .



**Table 1-2. An overview of Sunny Friend's business performance from 2017 to 2019 (Unit: TWD1,000)**

Composition	Amount of 2017	Amount of 2018	Amount of 2019
Operating revenue	1,903,528	2,205,999	2,620,308
Operating costs	687,467	797,408	999,156
Gross Profit	1,216,061	1,408,591	1,621,152
Gross margin	63.88	63.85	61.87
Operating expenses	337,401	393,459	421,863
Operating profit	878,660	1,015,132	1,199,289
Non-operating income and expenses	53,741	29,185	37,376
Profit (loss) before income tax	932,401	1,044,317	1,236,665
Earnings per share (TWD)	7.03	7.38	8.91

**Table 1-3. An analysis on the proportion of direct economic values generated and distributed by the organization (Unit: TWD1,000)**

Composition	Amount of 2017	Amount of 2018	Amount of 2019
Generation of direct economic value	1,957,272	2,235,184	2,657,684
Operating revenue	1,903,528	2,205,999	2,620,308
Non-operating income and expenses	53,744	29,185	37,376
Distribution of direct economic value	1,024,869	1,119,868	1,421,019
Operating costs	562,983	687,274	764,443
Employees salary and benefits (EC3)	437,269	473,226	609,951
Payment to the funder(s)	2,305	4,274	19,520
Transactions with the government (EC4)	9,119	10,957	10,700
Community investment (EC7)	13,192	15,137	16,405
Retained economic value (generation of direct economic value – distribution of direct economic value)	932,403	1,044,316	1,236,665

## 1.3 Business Integrity and Regulatory Compliance

### Business Integrity

To build an integrity-based corporate culture, ensure a sound development thereof, and establish a good business model, Sunny Friend has drawn up “Code of Integrity” in accordance with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”; and received the approval of the board of directors. Besides, to implement business integrity requirements and prevent dishonesty, we have stipulated “Procedures for Ethical Management and Guidelines for Conduct”, which has specifically defined the integrity principles with which the Company shall comply, and are published on the Sunny Friend and Market Observation Post System (MOPS) websites for internal and external stakeholders to read and comply with.

To facilitate the management of business integrity, Sunny Friend’s Management Department is in charge of the formulation, supervision and implementation of business integrity policy and dishonesty prevention guidelines; and is designated to report relevant activities to the board of directors once a year. To implement business integrity policy and prevent dishonest behavior, we have specified matters to which our personnel must pay attention in practice; relevant operating procedures; guidelines for conduct; punishment for violation; and the reporting and complaint system in our “Procedures for Ethical Management and Guidelines for Conduct”. Apart from committing to implement the said measures, we have designated Public Relations and Legal Department to assist Management Department in amending, implementing and interpreting the prevention guidelines; offering consulting services; and recording reported causes and establishing a file accordingly. The following channels are also offered for employees to express their opinions and for our Company to establish an effective accounting system and internal control system. All of these help Sunny Friend to cautiously monitor and control operating risks derived from dishonest behavior; and to ensure the implementation of business integrity. Our Audit Office, on the other hand, is appointed to timely check the compliance of the system.



#### Complaint Channel

Telephone: 05-7885788 Ext. 513  
E-mail: [nip@mail.sunnyfriend.com.tw](mailto:nip@mail.sunnyfriend.com.tw)

Sunny Friend’s “Procedures for Ethical Management and Guidelines for Conduct” specifies that the responsible unit must hold one internal propaganda each year. The purpose thereof is to let the chairman, vice president or high-management team to emphasize the importance of business integrity to the directors, employed and appointed. Apart from it, the Company also holds business integrity related internal and external education and trainings (including classes related to the prohibition of dishonest behavior; regulatory compliance; prevention plan; business integrity related commercial activity; education and training; and assessment and appraisal) at least once each year.



▲The implementation of integrity education and trainings.

To enhance the Company's CSR culture, ensure a sound business development and implement corporate governance, we have drawn up "Code of Conduct for Corporate Governance", "Code of Ethics" and "Code of Conduct for Corporate Social Responsibility" in accordance with "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", "Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies" and "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"; and received an approval from the board of directors. Relevant legal basis and corresponding chapters in Sunny Friend's CSR report are summarized as follows:

Legal Basis	Sunny Friend's Internal Rules
Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies	Code of Integrity
Procedures for Ethical Management and Guidelines for Conduct for TWSE/TPEX Listed Companies	Procedures for Ethical Management and Guidelines for Conduct
Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies	Code of Conduct for Corporate Governance
Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies	Code of Ethics
Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies	Code of Conduct for Corporate Social Responsibility



▲ The implementation of Code of Ethics training

The Company did not violate any of our internal rules, including “Code of Integrity”, “Procedures for Ethical Management and Guidelines for Conduct”, “Code of Conduct for Corporate Governance”, “Code of Ethics” and “Code of Conduct for Corporate Social Responsibility”.

## Regulatory Compliance

Primarily engaged in waste disposal, the Company’s scope of business includes medical waste disposal; hazardous and general industrial waste disposal; design, planning and construction of disposal facilities; and construction of incineration plants or landfills under contract. Apart from complying with the Company Act and Stock Exchanges’ regulations governing listed companies, the Company also abide by “Waste Disposal Act”, “Permit Management Regulations for Public or Private Waste Clearance and Disposal Organizations” and “Regulations Governing Ministry of Economic Affairs’ Guidance to Enterprises for Installing Industrial Waste Disposal Facilities” enacted by central competent authorities “Environmental Protection Administration (EPA)” of Executive Yuan and “Ministry of Economic Affairs (MOEA)”. Based on aforesaid waste disposal regulations, we have conscientiously regulated ourselves. With respect to major violations, the disclosed amount of penalty is TWD60,000 above. In 2019, there was one violation case as specified below:

Plant	Violated regulation	Reason(s)	Amount of penalty (TWD)	Improvement and preventive measure(s)
Zhangbin Plant	Occupational Safety and Health Act	Failed to prevent injuries posed by falling, falling objects or collapse at the job site.	TWD60,000.	Made amendments to “Solid Waste Unloading and Refuse Bunker Reception Standard Operating Procedures”, “Labor Work Rules” and “Hazard Notification Form” as follows: Decrease stored items’ center of gravity and restrict the stack height at 2 m. In the case of exceeding the said height, adopt necessary measures such as tying stored items up with rope; installing a protective mesh; pounding stakes; imposing restrictions on the height; and changing the stack-up method.



## Reporting, Handling and Reporting Channels of Code of Ethics and Code of Integrity Violations

To prevent our Company's personnel from engaging in any illegal act or violating Code of Ethics and/or Code of Integrity, Sunny Friend has specially stipulated "Regulations Governing Reported Cases"; and established a reporting channel, with which reported cases can be handled in compliance.

Table 1-4. List of reporting channels

Reported to		Director, supervisor, chairman, chairman and general director, manager, employee and those with substantial control	First-level managers of general manager's office and audit office.
Reporting method	In writing or telephone	02-25795580 Ext. 202	05-7885788 Ext. 622
	Fax	02-25794015	05-7887933
	E-mail	report@mail.sunnyfriend.com.tw	accuse@mail.sunnyfriend.com.tw
Handling unit		Audit office accepts an incident report and fills in "Internal Incident Reporting Form"; and Personnel Office and PR & Legal Department assist in handling relevant affairs.	Personnel Office accepts an incident report and fills in "Internal Incident Reporting Form"; and PR & Legal Department assists in handling relevant affairs.

## 1.4 Human Rights Policy

To provide employees a friendly workplace that enables them to bring their talents into play, Sunny Friend agrees on the objectives of United Nation's (UN) "Universal Declaration of Human Rights", "Guiding Principles on Business and Human Rights", "International Labor Organization Convention" and "International Labor Office Tripartite Declaration of Principles"; and, based thereon and domestic labor regulations ("Labor Standard Act", "Act of Gender Equality in Employment" and "Occupational Safety and Health Act"), stipulated the Company's corporate governance and human rights policy. Sunny Friend also requests our partners to comply with relevant policy to prevent any act that infringes or violates human rights, enabling our internal and external members to be treated with equality and dignity. The Company's human rights policy and management approaches, which have been disclosed on Sunny Friend's official website, are as follows:



Policy key point	Description
Compliance with the law	Commitment to fully comply with the applicable labor laws and human rights standards.
Right to work	All work should be voluntary and selective, giving employees the right to leave freely with reasonable notice, and the use of forced and child labor is prohibited.
Dignity of labor	Any form of harassment or inhuman treatment is prohibited, including sexual harassment, abuse, slavery, corporal punishment, threat, exploitation, mental or physical oppression or verbal abuse. The Company also provides an environment for employees to work in dignity.
Equal employment opportunity	Employees are hired based on their capabilities. At the time of recruiting, hiring, training, rewarding, promotion, termination, retirement or other employment circumstances, they are not assessed based on their race, social class, language, thoughts, religion, political party, native place, place of birth, gender, sexual orientation, age, marital status, appearance, facial features, physical and mental disability, past membership in the labor union or other conditions which are protected by the law. There shall not be discrimination and the Company adheres to the concept of equal pay for equal work.
Work schedule management	Comply with the working hours, rest and vacation standards specified by the labor regulations.
Salary and benefits	Provide remuneration and treatment for employees in accordance with the labor regulations, including minimum wages, paid leave, official holidays, rest days and other benefits as required by laws and regulations.
Freedom of association	Respect the rights of employees to associate freely and organize unions, and arrange labor-management meetings in accordance with the laws and regulations to provide a communication channel for employees.
Functional skills development	Committed to protecting employees' equal development opportunities, providing training programs required for their duties and continuously improving and adding employees' work abilities and skills.

## Management of Human Rights Policy

To implement human rights policy, the Company has planned management measures as follows:

1. Establish rules related to right to work, work schedule management and salary and benefits. They are included in Sunny Friend's "Work Rules" which are submitted to the local labor authorities for review.
2. Regularly conduct human rights education and training for employees, such as gender equality, prevention of unlawful violations at workplace and others.
3. Establish "Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace" to protect employees' right to work in dignity.
4. Regularly hold labor-management meetings, at least once every three months.
5. In compliance with labor laws and regulations, the Company has no labor dispute and violation of labor laws and regulations in 2019.
6. The Company complies with the "Employment Service Act" to implement equal employment opportunity. There is no record of violation in 2019.
7. To ensure employees' functional skills development, the Company continues to organize education and training programs and provide subsidies to improve employees' professional competence.





▲Continue to organize various education and training programs for employees.



## 2 Social Care

Sunny Friend knows that the implementation of corporate social responsibility starts from understanding the actual needs of society. We value our employees as the most important assets of our Company and an important link to social interactions. Upholding a community-based management approach and the spirit of giving back to the community, we aim to minimize social impacts to the community of where our operational sites are located through local development and education. We also tirelessly ameliorate ourselves, hoping that Sunny Friend will contribute substantial and positive values to the society. Internally, we pay great attention to the caring of our employees, continuously upgrade the work environment and enhance employees' welfare; externally, we pay close attention to community development, participate in social activities and develop local education. In the future, we will further develop the Company's policy and enhance relevant performance to ensure the consistency thereof with our CSR policy.

<p>▶▶</p> <p>Upgrade the work environment Enhance employees' welfare</p>	<p>▶▶▶</p> <p>Diversify the development of education and trainings Promote and implement self-checks Lectures themed on healthcare and caring</p>	<p>In 2019</p> <p>Held 37 training sessions for new employees Held 42 internal education/ training sessions Trained 73 people through external education/ training sessions</p>	
<p>▶▶</p> <p>Enhance social welfare Giving back to the society with our best</p>	<p>▶▶▶</p> <p>Social care and assistance Facilitate local education Environmental education</p>	<p>In 2019</p> <p>175 people received the winter emergency fund for the poor 95 scholarship winners 532 writing contest award winners 582 people participated in the Sunny Friend Literature and Writing Camp 413 people participated in the Sunny Friend Environmental Protection Science Camp Adopted 4,500 m long coast of the "Xianxi Waste Section" for the coastal clearance and protection project.</p>	



## 2.1 Caring for Employees

Sunny Friend values our employees as the most important assets of our Company and an important link to social interactions. Upholding a community-based management approach and the spirit of giving back to the community, we employ local talents who live in the region or nearby villages at priority; and care for and take care of every employee to offer them a stable, fair and open workplace. We do not discriminate any of our employee due to their race, social class, language, thoughts, religion, political party, native place, place of birth, gender, sexual orientation, age, marital status, appearance, facial features, physical, mental disability and so on.

Sunny Friend pays close attention to employees' benefits and labor conditions and manages human resources with a well-structured training, reward, promotion and retirement system. To build an egalitarian workplace and dignity of labor, also treat our employees based on the principle of pay equality and prohibit any forms of harassment or inhuman treatment. As prescribed by the Labor Act and "Regulations for Implementing Labor-Management Meeting", the Company also holds at least one labor-management meeting and Employee Welfare Committee meeting each quarter, through which labor representatives can express employees' opinions and suggestions with respect to specific issues. The meetings enable labor and management representatives to reach consensus through discussion and further create a harmonious work environment. Besides, Sunny Friend also established Human Resource Management Rules and Work Rules, with which labor's labor conditions, salary and benefits comply with. The said Work Rules already reported to local county/city governments and received approvals therefrom.

Apart from offering employees a friendly workplace to optimize their work performance, Sunny Friend also complies with labor related regulations, such as Labor Standard Act, Employment Service Act, Occupational Safety and Health Act and Act of Gender Equality in Employment. According to the statistics over the last three years (2017 to 2019), there was only 1 occupational accident, which occurred in 2017 due to the violation of accident prevention obligations as prescribed in Occupational Safety and Health Act. Apart therefrom, there is no other violation of labor related laws and no employment dispute, showing good labor relations established by Sunny Friend based on mutual trust and proper communication.

Sunny Friend always considers employees' health and safety as the top priority. Apart from offering employees a friendly, safe and healthy environment, Sunny Friend holds regular health checks for factory personnel (every half year), sales personnel (every year) and administrative personnel (every two years); offers work required protective equipment and protection; and adopts preventive and protection measures according to relevant guidelines and rules. Various activities also take place on a regular basis to release employees' pressure after work. The mid-autumn party is one of the examples, where Sunny Friend's employees in the north, center and south gather together during the Mid-Autumn Festival to enhance interdepartmental relations. Furthermore, the Company publicly commends "employee of the year" and employees with seniority of over 10 and/or 20 years; and, since 2019, offers all departments an amount of budget for arranging gathering events.



## Composition of Employees

The Company has 339 employees, including 123 from Yunlin Plant and 216 from Zhangbin Plant, in 2019. Among them, 3 are indigenous people and 4 are physically and/or mentally challenged. The average age of Sunny Friend's employees is 38 years old, where the proportions of employees aged between 30-39 and 40-49 are 36% and 28% respectively.

In 2019, Sunny Friend recruited 76 employees and 33 people resigned from the work. Not only are Sunny Friend's employees formally recruited as a full-time employee, but also Sunny Friend has a high retention rate over the last twenty some years. In 2019, the turnover rate of Sunny Friend's employee is around 8.8%, showing that Sunny Friend's work environment and benefits are highly recognized our employees. As the population of where the operational sites are located mostly move to urban areas, Sunny Friend has 105 local employees at Yunlin Plant; and 177 local employees. The proportions thereof are 85% and 82% respectively. It is our aspiration that Sunny Friend will continue to expand and to create more local employment opportunities.

Table 2-1. Rank, age and gender analysis of Sunny Friend's employees

Personnel category		No. of people	Proportion	Male(%)	Female
Junior and senior management personnel (Ranks 4 and 5)		35	10%	91%	9%
Other management personnel (Ranks 1 to 3)		304	89%	77%	23%
No. of local personnel		282	83%	76%	24%
Age distribution	<30	83	24%	81%	19%
	30-39	121	36%	77%	23%
	40-49	95	28%	78%	22%
	>50	40	12%	83%	17%
No. of employees in 2019		339 people			

The Company's job positions can be divided into five ranks: grassroots personnel belongs to Rank 1 employees; junior management personnel belongs to Rank 4 employees; senior management personnel belongs to Rank 5 employees. Employees are recruited or promoted according to their professional skills, experiences and qualifications. The correlation analysis on the job rank and average age indicates that Sunny Friend offers employees specific promotion channels according to their respective competences and work experiences.

Table 2-2. An analysis on the gender and age of Sunny Friend's employees recruited in 2019.

Age \ Gender	Female		Male	
	No. of people	Proportion	No. of people	Proportion
< 30	6	7.9%	34	44.7%
30-45	6	7.9%	27	35.5%
> 45	0	0%	3	4%
Total	12	15.8%	64	84.2%
Total of newly recruited personnel	76			

Table 2-3. An analysis on the gender and age of people who resigned from Sunny Friend in 2019.

Age \ Gender	Female		Male	
	No. of people	Proportion	No. of people	Proportion
< 30	2	6.1%	13	39.4%
30-45	4	12.1%	9	27.3%
> 45	0	0%	5	15.1%
Total	6	18.2%	27	81.8%
Total of resigned personnel	33			

## Salary and benefits

In 2019, the average salary of Sunny Friend's Ranks 1 and 2 employees were 1.39 and 1.67 higher than the legal minimum basic salary; and these grassroots personnel's salary requirements and benefits are in compliance with regulations. It is important to note that the salary of Sunny Friend's employees is decided based on their educational background, performance and market standards; and is not affected by the gender. However, male employees' average basic salary is slightly higher than that of female employees primarily due to the job position thereof and shift taken thereby

Apart from aforesaid basic salary, the Company also allocates 7% of the profit of the current year as employees' compensation according to the Company Act and the Company's Articles of Incorporation. The said compensation is distributed to employees according to relevant rules of the Company.

Table 2-4. A proportional analysis on grassroots employees' average basic salary and legal minimum salary.

Items	Personnel category	Rank 1 personnel		Rank 2 personnel	
		Male	Female	Male	Female
No. of people		130	28	84	31
Average basic salary / minimum basic salary		1.42	1.23	1.69	1.63
Comprehensive basic salary in average/ legal minimum salary		1.39		1.67	

Note: The legal minimum basic salary was NTD23,100 in 2019.

Sunny Friend has reported the number, salary average and salary median of non-managerial full-time employees according to relevant rules. In 2019, the number of non-managerial full-time employees was 300 people; and the salary average and median thereof were NTD961,000 and 679,000, respectively.

Items	2018	2019
No. of non-managerial full-time employees – weighted average	257	300
Salary average of non-managerial full-time employees	951,000	961,000
Salary median of non-managerial full-time employees	- - -	679,000



## Rest and Vacation

The working hours of Sunny Friend's employees comply with legal working hours. The employees are also given appropriate rest during the work period, including: at least 1 rest day in 7 days; and special leaves, holidays and rest days as prescribed by law. In the case where employees' working hours are extended, not only shall the overtime pay (1.34 or 1.67 of hourly pay) be given to the employees, but also the total of overtime working hours shall not exceed 46 hours in a month.

## Maternity Protection

To protect employees' work rights during the birth-giving period, the Company offers pregnancy check-up leaves, maternity leaves and parental leaves for raising children to female employees as prescribed by law. As for male employees, 5 days of paternity leaves and parental leaves for raising children are also given thereto. Besides, whenever necessary, employees may apply for family care leaves and menstrual leaves.

## Welfare Measures

To safeguard the rights and interests of our employees, Sunny Friend has applied not only labor insurance and national health insurance for our employees as prescribed by law, but also group insurance to provide better protection to our employees. Besides, our employees can apply for wedding cash gift and funeral cash gift according to the Company's Human Resource Management Rules; and the Company holds one domestic/overseas trip or subsidizes our employees and their family members therefor every three years. Sunny Friend also established the Employee Welfare Committee in accordance with relevant regulations to offer employees the birthday cash gift; cash gifts for four important traditional festivals; scholarships; travel subsidy; and other child-birth and wedding related cash gifts and benefits.



▲Staff trip.

## Career Development

Employees are important assets of Sunny Friend and a bedrock, on which we have established our business. The growth of our employees, on the other hand, is the driving force that facilitate our corporate development. Our Company offers a good workplace and welfare to our employees while continuously enhancing employees' recognition to the Company. Concerning the cultivation of our employees and education/trainings offered thereto, we always do our very best and make our greatest efforts to enhance employees' competency at work; and encourage them to take on-the-job trainings and obtain professional certificates. We believe that, by enhancing quality of our manpower, we will be able to respond to market trends and environmental revolutions while increasing the competitiveness of our organization. We also allocate an amount of budget to conduct a series of comprehensive education and training programs for sales personnel each year. These programs, which are planned and implemented by our staffs, enable new employees to understand the corporate culture formed over the last twenty some years. Also, to ensure that the provided programs are in compliance with work competence requirements and that the employees can have the knowledge, skills and attitude required for reaching our business objectives, the Company has planned relevant education and training programs that are divided into three major categories: trainings for new employees; internal education/training programs; and external education/training programs. According to the statistics of 2019, each of our employees accepted at least 19.9 hours of education and training programs in average.

Trainings for new employees	Internal education/training programs	External education/training programs
The new employee training program is carried out by law to assist new employees in understanding the Company's operations, articles of incorporation and work rules. The contents thereof include: occupational safety and health; prevention of occupational accidents; the Company's internal rules; and the inheritance of corporate culture. The objectives thereof are to establish good work habit and realize the Company's sustainable development goals.	Enhance employees' core competence and ameliorate their knowledge in workplace through liberal education; professional trainings; management trainings; and advanced trainings of relevant laws and regulations. An internal lecturer training system is also established to inherit experiences and knowledge inside the organization.	Encourage employees to acquire professional certificates and/or licenses; and participate in professional trainings on a regularly basis. Subsidies for external education/training programs and license/certificate examinations are also offered to encourage employees to obtain a professional license (and increase their willingness therefor) and to enhance their professional competence.
Held 37 sessions	Held 42 sessions	Trained 73 people through external education/training sessions



▲ Education and trainings for the employees



▲ Education and trainings for the employees

## 2.2 Occupational Health and Safety

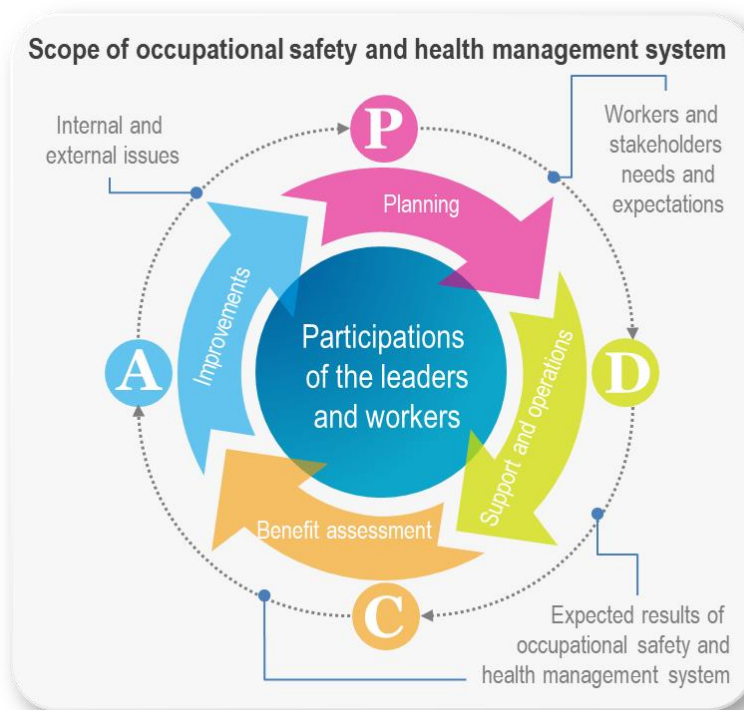
The primary objective of business management is to generate profit. However, the generation of profit must be established on the basis of safety. Therefore, safety is the essential for business management and respecting life is the universal value: the generation of profit is only meaningful because of life; without the life, an enterprise will also lose its values. Therefore, to build a healthy and safe work environment, we have established an occupational safety and health management organizations: to reach the objectives of effective management, supervision and improvement, the Company's Environmental Health and Safety Office is in charge of organizing and handling occupational safety and health management and environmental protection related matters; later in July of 2016, we then further established Occupational Safety and Health Office at Zhangbin Plant to enhance the safety and health management of Zhangbin Plant and respond to Occupational Safety and Health Act. We have also drawn up Safety and Health Rules, with which our employees comply with; set occupational disaster prevention plans and emergency response plans, to which relevant departments shall implement accordingly; continuously track amendments to legal regulations; and supervise safety and health operation plans, management measures

and audit works to provide employees a safe workplace. With a well-planned protection plan, it is our aspiration to enhance our employees safety awareness and concepts; and increase operating personnel's alertness while giving them the right occupational health and safety concepts. In the meantime, we also adopt various software and hardware protection measures to make sure that our employees are working in a good, safe and healthy environment. This will help to optimize their work performance and facilitate the operations and management of Zhangbin Plant.

In 2017, Zhangbin Plant established the Occupational Safety and Health Committee, which holds quarterly meetings to review safety and health related matters and to make coordination and suggestions accordingly.

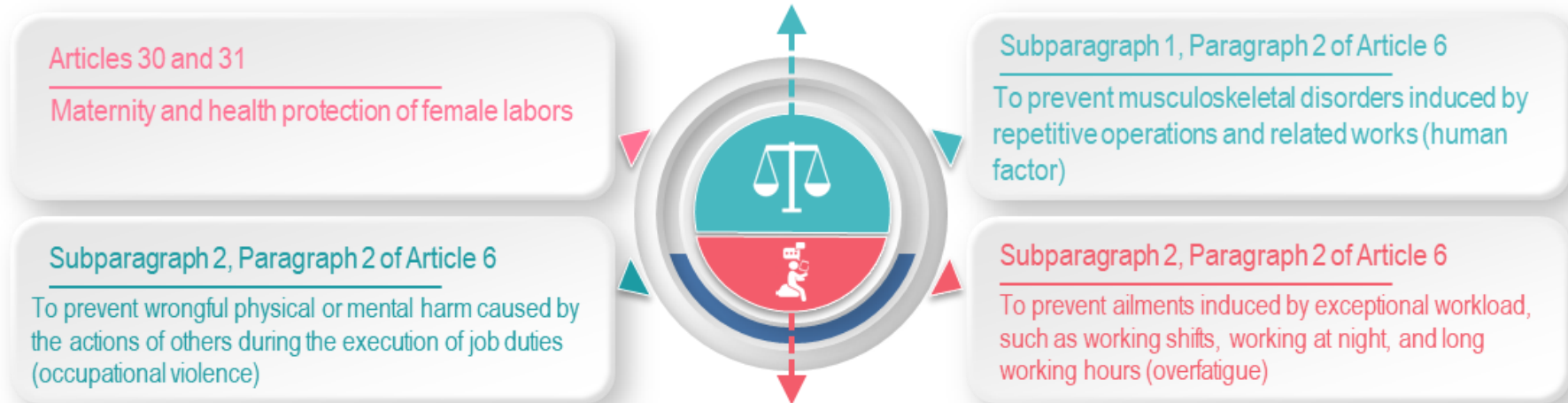
In May 2019, Zhangbin Plant started to hire professional medical staffs to provide in-factory medical services; and to implement labor health education and health facilitation plans.

In November 2019, Zhangbin Plant passed ISO45001:2018 Occupational health and safety management systems. This enables the organization to eliminate potential hazards or minimize occupational safety and health risks; build up an effective management system; and continuously improve our occupational safety and health performance.

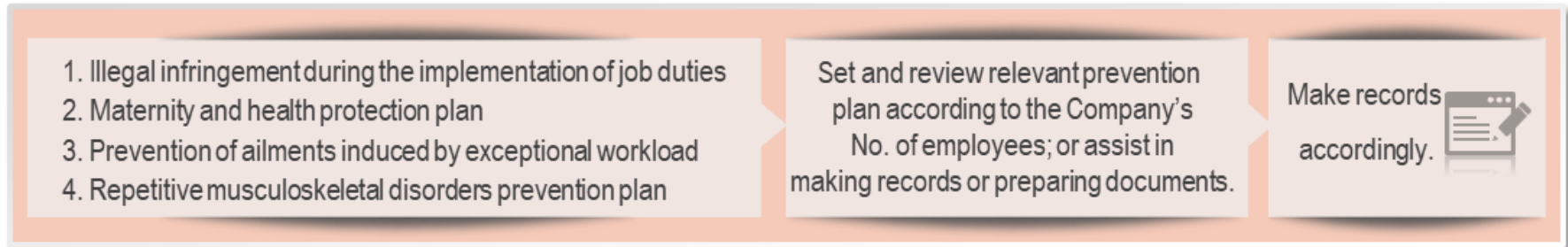




## Occupational medical and healthcare on-the-spot services implementation plan



## Occupational Safety and Health Act Protection of physical and mental health



### Occupational safety and health policy

1. Tackle the root causes of people to build a safe environment: Make continuous improvements with a preventive thinking and proactive attitude in order to provide safe and healthy work conditions.
2. Comply with laws and abide by rules: Fulfill regulatory requirements and committed agreement.
3. Eliminate hazard to reduce risks: Identify hazards on a regularly basis to reduce occupational safety and health risks and eliminate hazards.
4. Establish a bridge through Labor-management collaboration: Encourage workers to participate in and establish counseling and communication channels.

Targets	<ol style="list-style-type: none"> <li>1. Continuously respond to new regulatory requirements or agreement requirements.</li> <li>2. Prevent major occupational accidents and incidents during business operations; or serious violations of laws that can results in penalty or fines from the competent authority.</li> <li>3. Identify safety and health related hazards; and then, with respect to intolerable high-risk operations and activities, plan the corrective actions to reach the targets.</li> </ol>
Responsibilities	Zhangbin Plant established “Occupational Safety and Health Office” dedicated thereto in July 2016; and then “Occupational Safety and Health Committee” chaired by the head of Zhangbin Plant (associate manager) in the following year.
Resources	<ol style="list-style-type: none"> <li>1. Zhangbin Plant established “Occupational Safety and Health Office” dedicated thereto. The Office has 3 people whose responsibility is to promote the implementation of occupational safety and health system.</li> <li>2. Regularly hold occupational safety and health management system related internal and external audits.</li> <li>3. Hire one professional medical staff; hold six in-factory services each month; and hire one professional doctor to offer medical services every two months.</li> </ol>
Reporting and complaints mechanism	Provide counseling services and reporting channels for workplace bullying: Occupational Safety and Health Office.

## Occupational Safety and Health Performance

Zhangbin Plant passed the ISO45001:2018 Occupational health and safety management systems in November 2019. The management system adopted thereby is based on the Plan-Do-Check-Act (PDCA) cycle, helping the organization to make continuous improvements. With the use thereof, Zhangbin Plant also established the following procedures: occupational safety and health policy; management reviews; occupational safety and health responsibility and authority management procedures; management of occupational safety and health objectives and implementations; planning and control of occupational safety and health operations; acquisition of regulations and compliance evaluation; procurement procedures; amendments management; occupational safety and health personnel competency training procedures; internal audits; corrective and preventive measures for incompliance; communication procedures; procedures governing the preparation of and response to occupational safety and health emergency events; accident reporting, handling and investigation procedures; procedures governing the supervision and assessment of occupational safety and health performance and so on. The establishment of the said procedures can facilitate the elimination of hazards; minimize occupational safety and health risks; construct an effective management; and further provide a safe and healthy workplace. This enables the Company not only to prevent work related injuries and damages, but also continuously ameliorate the occupational safety and health performance thereof.

### Yunlin Plant

Year	2017	2018	2019
Total person-work hours	148,792	157,402	164,264
Number of general occupational injuries <sup>Note 1</sup>	0	1 <sup>Note 8</sup>	0
Number of severe occupational injuries <sup>Note 2</sup>	0	0	0
Number of death	0	0	0
Total of recordable occupational injuries (person-times)	0	1	0
Lost workdays	0	127	0
Death rate of occupational injuries <sup>Note 3</sup>	-	-	-
Rate of severe occupational injury <sup>Note 4</sup>	-	-	-
Rate of recordable occupational injuries (disabling injury frequency rate) <sup>Note 5</sup>	-	6.35	-
Disabling severity rate <sup>Note 6</sup>	-	806.85	-
Frequency-severity indicator <sup>Note 7</sup>	-	2.26	-

Note 1: For those who lost less than 180 workdays.

Note 2: For those who lost more than 180 workdays (excluding the death)

Note 3: Death rate of occupational injuries = Number of death\*1,000,000/ total person-work hours.

Note 4: Rate of severe occupational injury = Number of severe occupational injuries\*1,000,000/ total person-work hours.

Note 5: Rate of recordable occupational injuries = Total of recordable occupational injuries person (person-times)\*1,000,000/total person-work hours.

Note 6: Frequency-severity indicator = Lost workdays\*1,000,000/ total person-work hours.

Note 7: Frequency-severity indicator =  $\sqrt{(\text{Disabling frequency rate} * \text{Frequency-severity indicator}) / 1,000}$ .

Note 8: Where the occupational injury type is classified as "others".

### Zhangbin Plant

Year	2017	2018	2019
Total person-work hours	255,872	323,928	404,056
Number of general occupational injuries <sup>Note 1</sup>	3	7	8
Number of severe occupational injuries <sup>Note 2</sup>	0	0	0
Number of death	1	0	0
Total of recordable occupational injuries (person-times)	4	7	8
Lost workdays	6,078	107	48
Death rate of occupational injuries <sup>Note 3</sup>	3.91	-	-
Rate of severe occupational injury <sup>Note 4</sup>	-	-	-
Rate of recordable occupational injuries (disabling injury frequency rate) <sup>Note 5</sup>	15.63	21.61	19.80
Disabling severity rate <sup>Note 6</sup>	23,754.06	330.32	118.80
Frequency-severity indicator <sup>Note 7</sup>	19.27	2.67	1.53

#### Zhangbin Plant

	2017	2018	2019
Major type(s) of occupational injuries	Number of injuries (person-times)		
Commuting road-traffic accident	3	3	3
Falling down	0	1	2
Falling objects	0	1	1
Broken objects	0	1	0
Being nipped or rolled up	0	0	1
Collapsing, cave in	0	0	1
Improper acts	0	1	0
Electrification	1 <sup>Note 1</sup>	0	0

Note 1: This is a death case. The victim was sweating, which made his clothes all wet, and then touched the live wire, resulting in ground potential rise.

### Standard Operating Procedures for Employees and Inspection Management

During the operations, not only shall the employees comply with work rules, but also Environmental Protection Office shall conduct regular and irregular inspections in accordance with Occupational Safety and Health Act and relevant regulations. The inspection methods are divided into target inspections; job checks; on-site inspection tours; working environment monitoring and so on. The contents of the said inspections, checks and monitoring shall be set by the use unit and Environmental Protection Office; and then inspected, checked and monitored according to the plan. To minimize accidents resulted from equipment failure, on-site operating facilities shall also be checked and maintained on a regular basis according to relevant rules. Where the air-pollution prevention and control equipment is damaged, the said damage shall be reported according to environmental protection regulations.

### High-Risk Operations and Operating Control Rules

With respect to operations with limited space and high-risk operations, such as those that can result in electrification, Sunny Friend has drawn up hazard prevention plans and regularly conducts relevant educational and training programs. These measures enable the employees who engage in the said operation



not only to understand the hazards and risks thereof, but also increase their awareness during the operations, helping them to prevent the happening of occupational injuries.

For operations within a limited space, the Company has launched the “Limited Space Hazard Prevention Plan”. The contents thereof include the confirmation of hazards within a limited space; ventilation methods, oxygen within a limited space; measurement of hazardous substances; preventive measures, operating procedures and safety control approaches for potential hazards during the operations (ex. oxygen deficiency; falling; electrification; fire and explosion; being nipped/rolled up; intoxication; collapsing and cave-in; having contacts with hazardous substances, such as gas and powder; falling; cutting; scratches; having contacts with high or low temperature points and so on); operation permission procedures; check points and maintenance works of provided protective equipment; operation control facilities and work safety inspection methods; emergency response and handling measures and so on.

With respect to operations involving electrification, the Company has set electrification prevention plans and electrical safety work standards. Examples like cutting off the power during electrical works; wearing protective equipment; and carrying out collaborative works, Sunny Friend already established relevant rules; and continuously carries out education/training programs related thereto. It is our expectation to provide employees a safe workplace and prevent electrification accidents from happening again.

## Emergency Response Drills

Establish emergency response plans and procedures to ensure our employees’ capability of timely adopting proper response measures when an accident occurs. This also helps to prevent or mitigate hazard impacts to our environment. Also, plan and implement occupational safety and health related educational and training programs. Those who engage in operations involving potential hazards, their supervisors and dangerous machinery operators shall acquire relevant certificates and take regular on-the-job trainings. In 2019, Zhangbin Plant trained 191 people through occupational safety and health educational and training programs (including falling prevention; and hazard identification in a limited space); 40 people through emergency medical personnel trainings; 34 supervisors of hazardous operations through on-the-job trainings; and 60 operators through stacker retrainings. Yulin Plant, on the other hand, trained 139 people through occupational safety and health educational and training programs (including falling prevention; and hazard identification in a limited space); 7 supervisors of hazardous operations through on-the-job trainings; and 29 acetylene welding technicians, help them to enhance their safety awareness at workplace.

To ensure our employees’ ability of using extinguishing equipment accurately and cooperating with one another when a fire disaster occurs, Sunny Friend has done our very best to maintain the functions of all fire-fighting and emergency response equipment. Apart from cooperating with local fire-fighting department to hold self-defense fire-fighting drills each year, we also enhanced power failure related emergency response drills due to the unstable power supply of Taiwan Power. It is our hope that, by adopting aforesaid measures, our employees will not be harmed and the Company’s damages and losses will be minimized when an accident occurs.



▲ Regular self-defense fire-fighting drills and emergency response trainings.

## Health Checks and Care

To maintain the physical health of our employees, the Company has planned regular health checks for our employees; implemented health management approaches; and supervised investigations, handling and statistics of occupational diseases, general injuries, disabling injuries and death. To provide our employees a safe workplace, we do not only track abnormal data, but also fortify their health management. Besides, we also hold various health related workshops with local health agencies in order to protect our employees and facilitate their health.

To build a safe and healthy work environment; comply with environmental protection, safety and health regulations; and to prevent the happening of occupational hazards, Sunny Friend holds regular free health checks for our employees. The said free health checks are arranged on a regular basis, including: once every half year for factory personnel; once a year for drivers and sales personnel; and once every two years for administrative personnel. The health check results are explained to employees and, in case of having any abnormality, continuously tracked.



▲ Regularly hold general health checks and health checks with specific test items.



▲Regularly hold health education and health management programs.

“Safety First” is our commitments to employees. Apart from promoting ISO 14001 to continuously improve the work environment, we also hold occupational safety and health; and emergency response workshops on a regular basis. The purposes thereof are to enable our employees understand emergency response procedures and prevent the happening of occupational injuries; and remind them the importance of paying attention to their safety during the work. Sunny Friend values our employees as the most important assets and it is our belief that, by creating a safe work environment, we will have healthy employees. Through the promotion of healthy workplace, our employees will experience all benefits derived from health facilitation and will pay attention to their workplace safety and health. This helps not only to boost their morale and decrease turnover rate, but also to effectively increase employees’ productivity. More importantly, we will be able to minimize occupation related harms to our employees, such as cumulative occupational injuries, chronic diseases and decline in physical fitness. We believe that, by cooperating with the health unit to promote healthy workplace, both of our employees and the Company will become a winner.

## 2.3 Social Inclusion

As a local enterprise, Sunny Friend has, starting from our Yunlin Plant and Zhangbin Plant, given back to local communities and fulfilled our corporate social responsibility.

Our headquarters is located in Yuanchang Township, Yunlin County. Yuanchang Township has 21 villages and people living in the region are relatively disadvantaged as their income primarily relies on farming and livestock. Over the years, Sunny Friend has been holding various charity and volunteer activities on a regular basis, such as the winter emergency fund for the poor; scholarships; and environmental volunteer programs during Ching Ming festival (Tomb-Sweeping Day). Apart from it, Sunny Friend also donates to families with emergency needs; offers funeral allowance; supports local clubs with material or monetary resources; pays great attention to the education of remote countries; distributes free magazines; and sponsors writing contest, Sunny Friend

Literature and Writing Camp and Sunny Friend Environmental Protection Science Camp.

Contributions made by Sunny Friend to where Zhangbin Plant is located are primarily based on “Agreement of the Give Back Fund during the Operations of Industrial Waste Comprehensive Processing Center of Central Taiwan, Sunny Friend Environmental Technology Co., Ltd. (Zhangbin Plant)”. Not only have Shengkang Township Office and Xianxi Township Office been supporting us in handling relevant affairs, but also we have been proactive in participating in environmental protection activities held by Changhua Coastal Industrial Park.

Besides, Sunny Friend has established good communication channels with local communities. In case of having any impact, we will be able to timely communicate and exchange with local citizens. Our contributions made to the local communities can be further divided into three groups – “social care”, “education facilitation (education and literature activities)” and environmental protection – for detailed explanations.

Table 2-5. Strategy of promoting social care and giving back to local communities

Social Care	Education Facilitation	Environmental Protection
<ul style="list-style-type: none"> <li>● Emergency aid and funeral allowance</li> <li>● Winter emergency fund for the poor</li> <li>● Environmental volunteer programs during Ching Ming festival (Tomb-Sweeping Day)</li> <li>● Support activities held by local clubs</li> <li>● Zhangbin Plant Supervisory Committee</li> </ul>	<ul style="list-style-type: none"> <li>● Donate books to elementary and junior high schools of Yuanchang Township</li> <li>● Sponsor writing contest held in Yuanchang</li> <li>● Published “Northern Lapwing Literary Magazine”</li> <li>● Hold “Sunny Friend Literature and Writing Camp”</li> <li>● Hold “Sunny Friend Environmental Protection Science Camp”</li> <li>● Give away monthly magazines as gifts: “Global Kids Monthly” and “Global Kids Junior Monthly”</li> <li>● Sponsor after-school activities in the region</li> <li>● Distribute scholarships</li> <li>● Protect students of Yuanchang Junior High Schools and ensure their safety</li> </ul>	<ul style="list-style-type: none"> <li>● Conduct the consensus and environmental education programs for Northern Lapwing</li> <li>● Join the adoption of air-quality purification zone</li> <li>● Join coast-cleaning and adoption programs</li> <li>● Actively participate in and sponsor various activities of environmental groups</li> <li>● Assist the government in solving social and environmental protection related incidents</li> </ul>

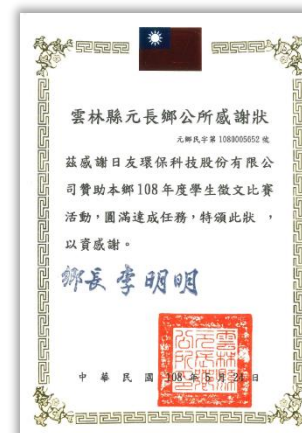




▲ Donated bicycle lights to students to increase their cycling safety



▲ Supporting activities held by local clubs to pull the distance with local communities



▲ Received special thanks from local competent authority



Table 2-6. Results of promoting social care and giving back to local communities

Year	Emergency aid (No. of people)	Funeral allowance (No. of people) <sup>Note</sup>	Winter emergency fund for the poor (No. of people)	Scholarships (No. of people)	Bicycle lights (No. of people)
2017	4	14	170	99	90
2018	2	27	180	98	100
2019	6	20	175	95	84

Note: The application of emergency aid and funeral allowance shall be submitted to the Company by village heads, village secretaries, or local legislators based on applicants' actual needs. The number of people may be increased or decreased, depending on the actual status after the implementation.

## Zhangbin Plant Environmental Protection Supervisory Committee

Our Zhangbin Plant has collaborated with Shengkang Township and Xianxi Township to jointly establish “Environmental Protection Supervisory Committee, Industrial Waste Comprehensive Processing Center of Central Taiwan”. Formed by mayors of both townships, village heads and local representatives, the Committee holds meetings on a regular basis to supervise the Center’s operations. The purpose thereof are to make sure the Company has complied with environmental regulations; implemented environmental protection works; and succeeded in maintaining local environment and the quality thereof.

Contributions made by Sunny Friend to where Zhangbin Plant is located are primarily based on “Agreement of the Give Back Fund during the Operations of Industrial Waste Comprehensive Processing Center of Central Taiwan, Sunny Friend Environmental Technology Co., Ltd. (Zhangbin Plant)”; and both Shengkang Township Office and Xianxi Township Office have been supporting us in handling relevant affairs. The agreement has specified the uses of the said give back fund, including: (1) environmental beautification and hygiene; (2) construction, management and management of public facilities; (3) environmental protection, pollution monitoring, environmental protection facilities, equipment purchase and promotion of eco0friendly education and observations tours; (4) promotions of local folklore festivals and industry; (5) enhancement on life quality, education or cultural activities; (6) welfare (ex. subsidy for national health insurance) for people living in surrounding villages.

表 2-7、日友彰濱廠地方回饋統計表(單位:元)

Year	2017	2018	2019
Shengkang Township Office (57.5%)	2,986,006	3,089,126	5,220,310
Xianxi Township Office (42.5%)	2,207,048	2,283,268	3,858,490
Total	5,193,054	5,372,394	9,078,800



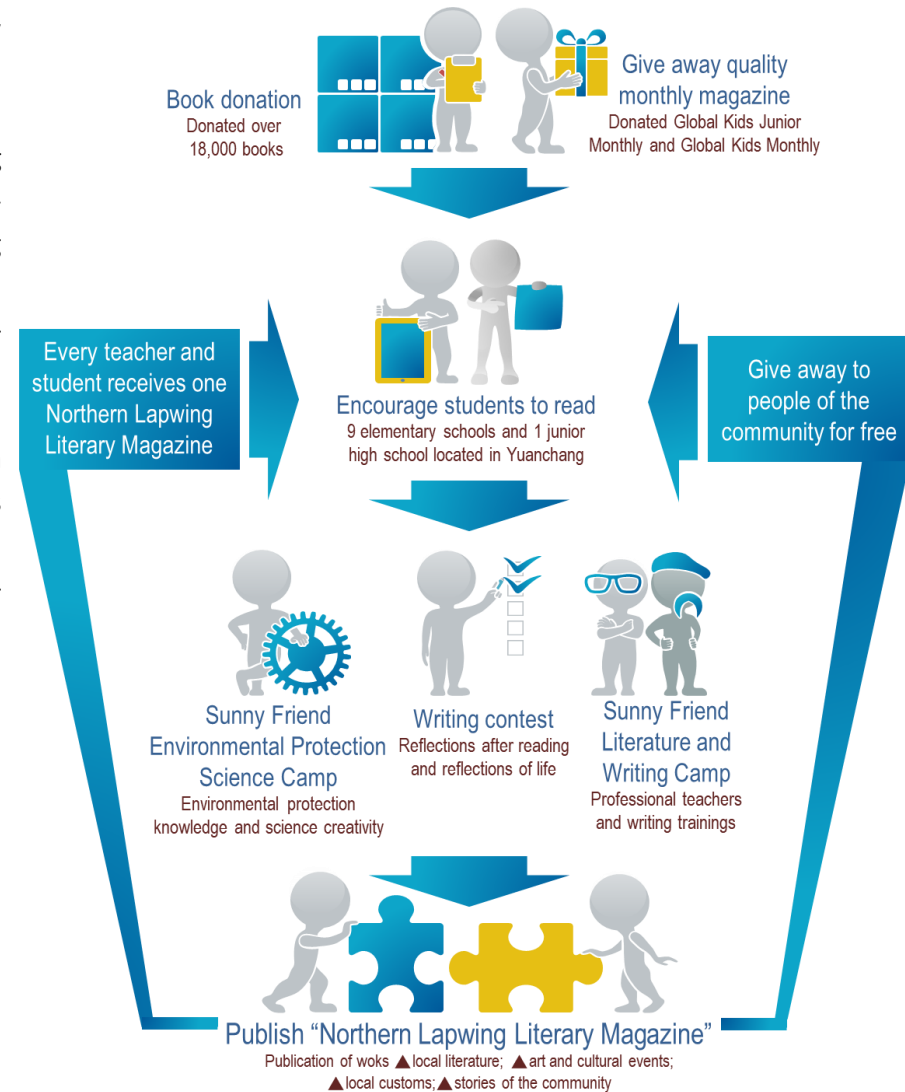
▲ The 2019 Environmental Protection Supervisory Committee Meeting

## 2.4 Educational Facilitation

On the feeling that “the money that has not been spent on education today will be spent on building prisons in the future”, Sunny Friend started to extend the scope of community give back programs to education in 2011. Between 2011 and 2013, Sunny Friend totally donated NTD4,276,000 on purchasing books (about 18,000 books) for 10 elementary and junior high schools in Yuanchang. To encourage students to read more, the Company also holds writing contest, “Sunny Friend Literature and Writing Camp” and Sunny Friend Environmental Protection Science Camp; created “Northern Lapwing Literary Magazine”; and cooperated with “Global Views Educational Foundation” to make reading an interesting hobby. For example, Sunny Friend has not only been giving free “Global Kids Junior Monthly” and “Global Kids Monthly” to children living in remote countries, but also invested in a series of educational resources to enrich disadvantaged students’ resources, hoping to reverse their life and make them dream big. We also encourage students living in Yuanchang to apply for Sunny Friend’s scholarship, which is offered each year to encourage and motivate them to learn more. It is also our hope that they will be able to give back to the society and help even more students.



▲A group photo of students who received the scholarship. It is our aspiration that the scholarships will motivate them to go up in the ladder of knowledge.





## Publication of “Northern Lapwing Literary Magazine”

To encourage local students' writing skills since their childhood, Sunny Friend has been publishing an annual literary magazine named “Northern Lapwing”, a pampered guest that visits Yunlin each year. For us, this magazine not only provides local families and students a platform to share their culture, but also encourages students to learn more and to practice their writing skills starting from childhood. For children who win the writing contest held by Sunny Friend, we do not only distribute awards thereto, but also collect their writing in this magazine with other excellent works selected from Sunny Friend Literature and Writing Camp. This magazine also has various interesting contents and stories. For example, schools of Yuanchang are invited to introduce their teaching characteristics and education concepts; and some people, stories and development results of the region are also presented in the magazine. It is our aspiration that this magazine will link up students with this land. For more information about this magazine, you are welcome to go to Sunny Friend's official website.





#### **About the Northern Lapwing Literary Magazine**

Northern Lapwing (*Vanellus vanellus*) travels far away from Siberia to Taiwan every year to pass the winter. The biggest habitat of Northern Lapwing is Yuanchang Township (Yunlin County), which is known nationwide for its black peanuts. Northern Lapwing loves to forage in peanut plant fields and is therefore nicknamed as “peanut bird”. This is the reason that the Northern Lapwing Literary Magazine is also nicknamed as “The Peanut Bird Literary Magazine”.

Year	No. of issue	No. of prints	Page	Descriptions
2013	No. 1	2,500	38	In response to Sunny Friend’s book donation activity, this issue is themed on “reading promotions” and its front page is “The Book Forest”, the library of Yuanchang Elementary School. We also held the 1 <sup>st</sup> reflective writing contest based on the books that we donated in the first year. The winners’ works were also collected in this magazine, successfully built a good foundation for the promotion of reading.
2014	No. 2	3,500	72	In the 2 <sup>nd</sup> issue, we started to collect excellent works selected from “Sunny Friend Literature and Writing Camp”. This issue is about participating in various activities held by the community. The front page of this issue is Pastor Tim Iverson of Amazing Grace Church who was teaching English at a Hakka elementary school.
2015	No. 3	4,000	108	The scope of writing contest has been extended, where writers are invited to share with the readers their reflections on and feelings of local life. There are a number of excellent works that shared with us different views of life. The 3 <sup>rd</sup> issue also collected works and reflections selected from “Sunny Friend Literature and Writing Camp”. All of these works have enriched the contents of the Northern Lapwing Literary Magazine.
2016	No. 4	3,000	128	In 2016, Sunny Friend launched “Sunny Friend Environmental Protection Science Camp”. Reflections on and stories about the Science Camp were therefore collected in this issue, making this magazine even more interesting and fun. Besides, the number of pages also increased from 38 (the 1 <sup>st</sup> issue) to 128 (the 4 <sup>th</sup> issue), showing Sunny Friend’s success in promoting literature activities.
2017	No. 5	3,800	128	Students are able to freely show their thinking without page limitations. Besides, inside the back cover, we also promoted the green consumption point collection activity held by Environmental Protection Bureau, Yunlin County, showing our support to environmental protection with action.
2018	No. 6	3,800	128	Yuanchang Junior High School and Sunny Friend Literature and Writing Camp cooperated to produce many excellent microfilms. These microfilms even received the golden, silver, bronze and excellence awards at the “2017 Yunlin County Life Education Microfilm Contest”, showing the entire Yunlin County the efforts and growth of Yuanchang’s students.
2019	No. 7	3,500	144	This issue introduced the graceful bearings of Yuanchang, including Tsai Chiu-Tung who was the pioneer of literature in Wukuai Community and whom was known for creating works in Taiwanese using Chinese characters; Xizhuang Community’s poetic records that describes the beauty of Yuanchang; evergreen canteens that received positive feedbacks from the community; the outstanding development results of Zhangbei community; and Guoshuxia Park’s grass field, which has become children’s playground.



## Highlights of the 7th Northern Lapwing Literary Magazine

Residents of Yuanchang community united together because of the power of social empowerment. By promoting the concepts of social empowerment and with local residents' proactive participation in public affairs, Yuanchang has succeeded in shaping its own culture, reaching broad community consensus and making local residents' life full of motivations.







# 西莊詩路

## 以詩詞紀錄元長故鄉之美

雲林縣元長鄉西莊社區發展協會不僅只是長青食堂獲得各界的肯定，社會福利與老人照護雖然是協會發展的主軸，但是針對地方文化與歷史也是投注不少心力。本刊第二期中曾專頁介紹過的西莊詩人吳己同先生，也就是西莊社區發展協會重要的關注對象，不只是詳細的加以調查與記錄，也配合雲林新聞網的採訪，讓民眾了解這位隱居鄉野的文人。

吳己同先生雖自小失學，但是憑藉自身的勤奮努力，在古文方面有深厚的研究，著作有許多古文法疏本，閒暇之餘也以故鄉的一景一物為題材，創作許多精彩的律詩作品。西莊社區發展協會配合行政院農糧署水土保持局農村再生計畫，就以吳己同先生之作品為題材，規劃建置出「西莊詩路」，結合文學作品與農村真實樣貌，讓更多民眾得以了解親近雲林縣元長鄉西莊村，這個民風純樸的庄腳好所在。

前任社區理事長洪銓富先生與前任總幹事蔡啟暉先生，在一次與元長公所社區承辦蘇育正討論當中，萌發出以在地詩人的作品，連結在地景致，以遊戲闖關的方式，呈現出最原汁原味的西莊社區風貌。



# 長青食堂

## 元長西莊社區長青食堂廣受各界肯定

雲林縣元長鄉社區發展從以前發展的脚步就遠比其他鄰近的鄉鎮市緩慢，春豐食品廠的洪銓富先生及頂技鐵工廠的蔡啟暉先生，因有感西莊社區與其他鄉鎮市社區營造程度落差太大，反觀自己居住的西莊社區數十年來如一日，所以決心要重整社區，想讓社區居民過得有尊嚴並且快樂。在接任社區理事長與總幹事職務後，開始著手福利化社區的規劃與建設，除了取經於其他鄰近社區，也向雲林縣政府、元長鄉公所及元長鄉衛生所申請補助，社區照顧關懷據點設立後更是連續獲得評鑑績優的肯定，也踴躍長青食堂建置的基礎步伐。

103年率先開辦老人福利餐廳，並於104年度配合雲林縣政府計畫成立雲林縣第一個老人長青食堂，讓外出工作青壯年不用再擔心老人家中午用餐的問題，在歷經各種計畫修正、計畫執行問題的考驗後，西莊長青食堂逐漸上軌道，成為雲林縣的指標長青食堂，除了獲得衛生福利部評鑑為甲等外，更於107年8月初由蔡英文總統介紹為全國績優的長青食堂外，同月23日於社區接待陳建仁副總統，隔年蔡總統也蒞臨西莊社區與社區長輩一同用餐，共同體驗一起用餐話家常的趣味。社區營造力量讓西莊社區改變了，社區居民們一掃過去陰霾充滿了活力，人人臉上掛著幸福的笑容。

▼108年4月5日，蔡英文總統(前排中)由立委蘇治芬(前排右1)、元長鄉長李明明(前排右5)、社區協會理事長洪銓富(前排左4)與鄉長陳建君(前排右4)等人陪同，在西莊社區長青食堂與長輩共餐，並聽取即將接任社區發展協會簡報。







# 社造爭光

## 長北社區社造成果屢獲佳績

自 104 年改選後，由李明俊擔任社區理事長開始，雲林縣長鄉長北社區發展協會努力參與各類研習、講座與比賽，經過兩年的能量與實力累積後，接連以各類社區環境整備工作獲得中華民國景觀學會、高雄市建築經營學會、雲林縣政府城鄉處、文化處及環保局、雲林科技大學的肯定。先後連續完成髒亂點整治的長北琵琶庭園、黃錦樹屋、標樹下公園，接連獲得雲林縣社區規劃師操作型輔導計畫的金牌及優質肯定，以全雲林縣得分最高安撫拿下桂冠，也獲得 2018 臺灣景觀大賞社區營造與地方創生類《民眾參與特別獎》、2019 年建築園冶獎社區文化景觀營造類優選。

榮獲諸多獎項的標樹下公園



一個有如此亮眼成績的社區發展協會，背後必定有一群認真努力、默默付出的志工，而長北社區發展協會正是應證了這個道理，除了每月定期打掃環境與街區的環保志工隊、不定期聯誼交流的媽媽志工隊、每周固定上課學習的南管樂社，都是社區發展協會堅強結實的後盾。

配合元長鄉 107 年模範母親表揚活動在長北社區活動中心舉辦，元長鄉公所也特別表揚為各個社區努力奉獻的社區志工，長北社區所推舉的模範志工中，尤其以於元長國中任教的吳瓊珠主任最為特殊，除了育育英才無數之外，也長期擔任社區讀經班的志工，社區發展協會的各項志工作也都有她的身影。吳瓊珠主任表示，希望這份愛的魔法能持續蔓延，有力氣就繼續做，做到不能動為止，並鼓勵更多民眾加入志工行列。

照片說明：

左側一、二為吳瓊珠主任接受模範志工表揚，左三為長北南管志工表演。下左為社區環保志工隊打掃社區環境，維護社區環境的努力。下右分別為社區媽媽志工製作社區風味餐點，以及南管樂社課程練習。



## Book Donations to Yuanchang's Elementary and Junior Schools

As elementary and junior schools of Yuanchang are short of book resources due to the resource gap between rural and urban school, Sunny Friend has specially replenished the libraries of 10 elementary and junior schools located in Yuanchang, hoping to enhance students' reading habit. For three consecutive years starting from 2011, Sunny Friend has totally donated NTD4,276,000 and purchased around 18,000 books.

## Holding the Writing Contest in Yuanchang

As it has always been our desire to enhance students' reading habit, Sunny Friend then, after the donation of books, cooperated with Yuanchang Township Office and Yuanchang District of Kiwanis International to hold writing contests. It is our aspiration that, through the process of writing, students will be able to sharpen their observation skills, improve their literary expressions and enhance their creation skills. In the meantime, Sunny Friend also holds award ceremony and gives rewards, medals and certificates to honor the winning students; and discusses with teachers from different schools about how to ameliorate contest rules and assessment standards.



▲ The award ceremony of 2019 Student Writing Contest, which was taken place in Yuanchang Village, Yunlin County.

Table 2-9. Statistics on the number of writing contest participants

Year	2012	2013	2014	2015	2016	2017	2018	2019	Total
No. of participants	145	118	145	158	193	215	206	216	1,396
No. of winners	42	59	60	70	70	76	77	78	532



## Holding “Sunny Friend Literature and Writing Camp”

Over the years, Sunny Friend has been quite successful in holding Sunny Friend Literature and Writing Camp as this event has opened students’ eyes and given them the courage to participate in different contests. Among all competitions participated thereby, Yuanchang Junior High School’s student received the silver award at the Oregon Debate Competition of “Yunlin Good Moral Cup”; and, as a school located in remote country, Yuanchang Junior High School received five awards at Yunlin County Language and Speech Competition for Mandarin speech, Taiwanese speech, writing, calligraphy and Mandarin pronunciation and font. All of these awarded students were frequent callers of Sunny Friend Literature and Writing Camp. This demonstrates that Sunny Friend Literature and Writing Camp not only helped them to unify and enhance their language knowledge, but also made them even more confident.



▲2019 Sunny Friend Literature and Writing Camp

Table 2-10. Statistics on the number of people joining Sunny Friend Literature and Writing Camp

Year	2013	2014	2015	2016	2017	2018	2019	Total
No. of participants	38	109	95	95	90	75	80	582

## Holding “Sunny Friend Environmental Protection Science Camp”

The Sunny Friend Environmental Protection Science Camp held by Sunny Friend in cooperation with Department of Mechanical Engineering, National Yunlin University of Science and Technology (YunTech) is highly popular among students of Yuanchang Township. This science camp specially designed by YunTech’s students not only imparts knowledge, but also has a number of group activities that enable students to brainstorm, DIY science and move their bodies. In the world of science games, the students are able not only to discover more knowledge and dreams, but also to satisfy their curiosity and build up confidence.



Apart from the unforgettable memories, the students who ever participated in the camp also felt a sense of fulfillment and are looking for the arrival of next Sunny Friend Environmental Protection Science Camp.



▲Highlights of 2019 Sunny Friend Environmental Protection Science Camp.

Table 2-11. Statistics on the number of people joining Sunny Friend Environmental Protection Science Camp

Year	2016	2017	2018	2019	Total
Junior-high-school students	60	74	63	61	258
University students	33	37	44	41	155
Total	93	111	107	102	413

### Give away quality monthly magazines “Global Kids Monthly” and “Global Kids Junior Monthly”

Sunny Friend has been giving away quality monthly magazines to every class, making reading reachable to everyone. These magazines, which are regularly updated and designed with some fun elements, enables students to enlarge their scope of learning, cultivate diverse knowledge, discover their interests and further motivate them to learn. By enriching these children’s learning environment, we see that children living in remote countries also have the possibility to reverse their life.

Table 2-12. Statistics on “Global Kids Junior Monthly” and “Global Kids Monthly” that have been given away

Year	2014	2015	2016	2017	2018	2019	Total
Global Kids Junior Monthly (No. of issues)	26	26	25	25	25	24	151
Global Kids Monthly (No. of issues)	37	37	37	37	37	32	217



## Sponsoring local after-school activities

With the aspiration of sharing God's love unconditionally to people of Taiwan, Pastor Tim Iverson and his wife Penny Iverson arrived in Taiwan many years ago. To continue their care for the education in remote countries, they decided to live in Yuanchang Township and established the "after-school services of Amazing Grace Church" to serve children of Yuanchang. Not to go behind the others, Sunny Friend has been sponsoring this after-school services for many years.



▲The after-school services of Amazing Grace Church.



## 2.5 Social Support

### Participation of Northern Lapwing Census and Implementation of Environmental Education

The “Census of Northern Lapwing” held by Wild Bird Society of Yunlin (WBSY) and Endemic Species Research Institute has been carried on for many years. As Yuanchang is the primary habitat of Northern Lapwing throughout Taiwan, nationwide volunteers are therefore attracted to Yunlin each year, searching for the footprints of Northern Lapwing. Many of Sunny Friend’s employees have been continuously participated in the census, showing our determination of implementing environmental education and enhancing ecological conservation concepts.



▲ Care about local environmental conservation and encourage employees to participate in Northern Lapwing Census.

### Adoption of Air Purification Zone

Our Zhangbin Plant has applied to Changhua County Environmental Protection Bureau (where the maintenance unit is Da Tung Elementary School of Shengang township) for adopting an air purification zone sized 2.6227 ha under “The Bare Land Greenery Project of Land No. 254, Shenggu Section, Shengang Township (Shengang Township Coastal Botanical Garden)”. The works include regularly watering the plants in adopted zone; and pest control and prevention related works.



▲ Assessing the air purification zone in 2019.

▲ Regular watering works are adopted in the air purification zone in 2019.



▲ Changhua County Government issued the Excellence Award for “Assessment of Changhua County Air Purification Zone” in 2019.

## Coastal Cleanup Adoption Activity

Our Zhangbin Plant has, since 2010, applied to Changhua County Environmental Protection Bureau for adopting beaches, hoping to guard the coast with our love and hands. The Company has adopted the 4,500-long “Waste Section of Xianxi” for regular coastal cleanup. Besides, upholding the spirit of “caring about our homelands and loving our environment”, Sunny Friend has proactively expanded the scale of coastal cleanup as it is our aspiration to protect our environment with real actions.



▲ Adopted coastal cleanup works in 2019 (regularly clean up the beach).



▲ Changhua County West Coast Carbon and Plastic Reduction Beach Cleanup Activity in 2019.



## Visits to Zhangbin Plant

To promote environmental protection, public hazard monitoring, establishment of environmental protection facilities, equipment procurement and environmental education, Sunny Friend's Zhangbin Plant has successively received a number of academic units from, from example, Feng Chia University (FCU); Lao People's Democratic Republic; Environmental Protection Administration, Executive Yuan; Sinotech Engineering Services Ltd.; Shenyang City Taiwan Affairs Office; Environmental Protection Bureau, Kaohsiung City Government; Changhua District Prosecutors Office; and Chaoyang University of Technology since 2019. Through on-site and field observations, the participants were managed to understand the operations and self-monitoring measures of Zhangbin Plant; and to further prevent the happening of secondary public hazard. The exchanges between the academic and industrial circles have reached the Company's objectives of academic exchanges.



▲ Visited by FCU in 2019.



▲ Visited by the delegates of Lao People's Democratic Republic in 2019.



▲ Visited by Environmental Protection Administration (EPA), Executive Yuan; and Sinotech Engineering Services Ltd. in 2019.



▲ Visited by the delegates of Shenyang City Taiwan Affairs Office in 2019.







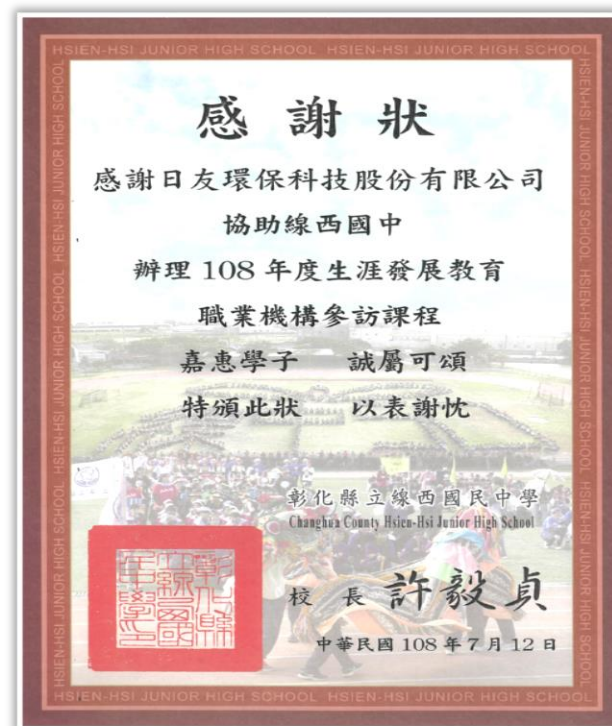
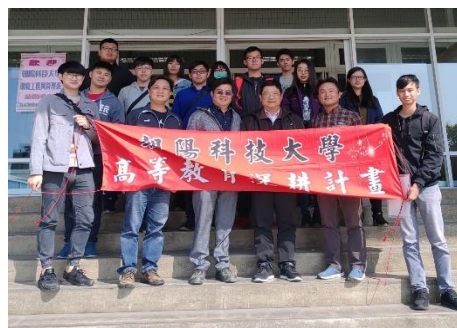
▲ Visited by Environmental Protection Bureau, Kaohsiung City Government in 2019.



▲ Visited by Changhua District Prosecutors Office in 2019.



▲ Visited by Department of Environmental Engineering and Management, Chaoyang University of Technology in 2019.



▲ Visited by Xianxi Junior High School in 2019.

## Assistance to the Government in Properly Handling Social and Environmental Protection Incidents

Possessing professional waste disposal techniques, Sunny Friend knows that environmental protection works must be taken immediately. This is the reason that, upholding our initiative of maximizing our very best efforts for environmental sustainability, Sunny Friends has proactively assisted the government in properly handling social and environmental protection incidents; and in disposing illegally disposed wastes appropriately to prevent the increase of environmental pollution.

- (1) Yunlin District Prosecutors Office handed over a batch of whale and dolphin carcasses to Sunny Friend and designated Sunny Friend to destroy the carcasses. Based on our initiative of supporting local community, Yuanchang Plant has disposed 5,210 kg of carcasses on January 29, 2019.



- (2) With respect to the medical wastes left on the slope at 11.6 k to 11.7 k of Provincial Highway No. 78 (on the west-to-east direction; within the territory of Yunlin County), our Yuanchang Plant supported to handle this batch of waste on April 29, 2019. The objective thereof are to prevent not only impacts to local environment and hygiene, but also harms to people.





(3) On September 23, 2019, Sunny Friend accompanied Taiwan Shilin District Prosecutors Office to destroy a batch of toxic chemicals (4.07288 t) seized thereby.



(4) On October 22, 2019, Sunny Friend accompanied Taipei Customs, Customs Administration, Ministry of Finance to destroy a batch of toxic chemical substances and chemicals (0.55 t) seized thereby.



(5) With respect to illegally disposed wastes transferred by Department of Environmental Protection, New Taipei City Government to Bali Storage Yard for its substituted fulfillment, Sunny Friend accompanied Department of Environmental Protection to dispose 4.29 t of waste mixed solvent on November 25, 2019.



(6) Our Yuanchang Plant assisted Finance Department, Yunlin County in destroying 4,680 kg of substandard cigarettes (391,701 packs) seized thereby on December 11, 2019.





# 3 Environmental Protection

Sunny Friend firmly believes that the promotion of environmental protection and employment safety/health management goals must comply with domestic laws and international environmental protection trends. This is the reason that we set up the ISO 14001 Environmental management systems, on which our environmental management framework and appropriateness thereof are reviewed based, in 2000. Besides, Sunny Friend also set environmental management goals, objectives and solutions each year to implement pollution prevention/control measures and to make sustainable improvements. Sunny Friend's visions and goals with respect to environmental protection are as follows:

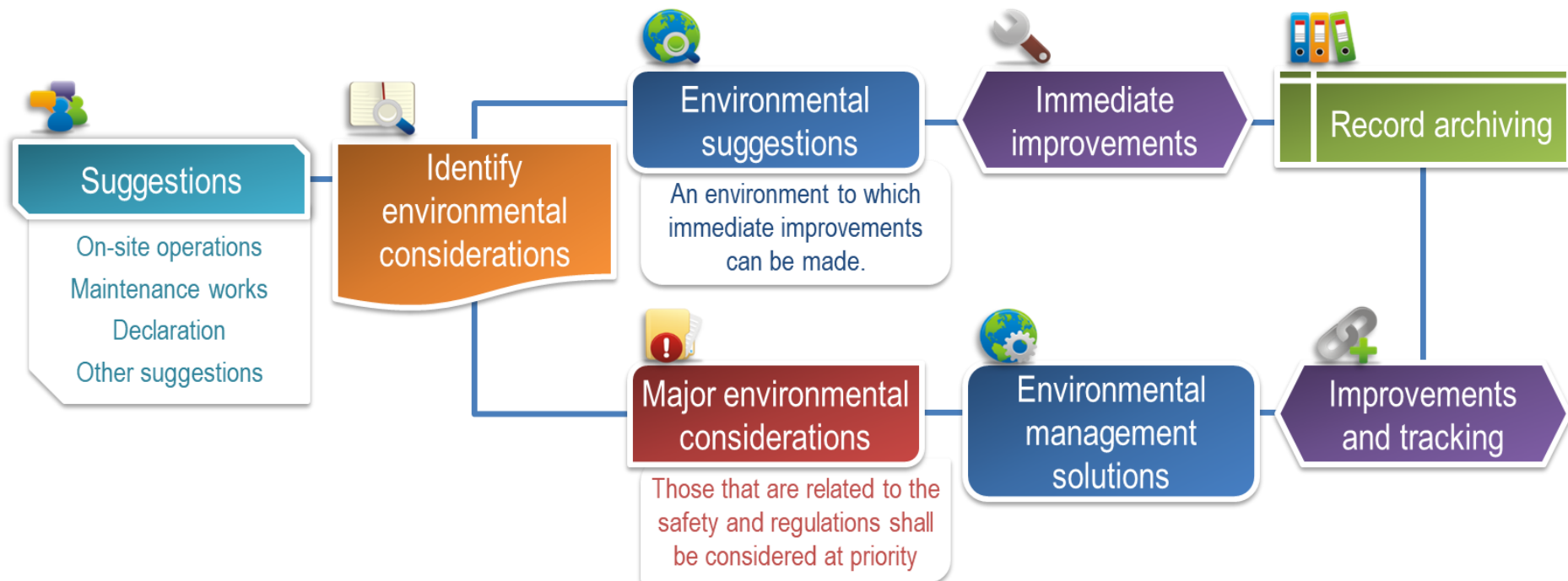




### 3.1 Environmental Management

To facilitate the tracking of system implementation, the Company holds regular environmental management meetings to discuss the implementation of environmental management solutions, regulatory compliance, amendments to environmental regulations, suggestions for environmental improvements, major environmental considerations and document reviews. Besides, to ensure that our environmental management approaches are effectively implemented, the management level also holds environmental management review meetings to discuss the implementation effectiveness of management system; and to confirm next year's annual audit plan and the implementation of annual education and training programs. In 2019, no severe environmental pollution occurred at our Yunlin Plant and Zhangbin Plant.

Sunny Friend also encourages our employees to take on-the-job trainings and acquire expertise related certificate to enhance their professional knowledge and learning ability. As of 2019, 80 of our employees have acquired the waste specialist certificate issued by EPA.





▲The audit status of Environmental Management System in 2019

Table 3-1. An overview of environmental management performance

Plant	Environmental goals	Improvement solutions	Project performance
Yunlin Plant	1.A good workplace with good applications and management 2.Improve workplace safety	The original waste storage pit of Plant 2 was reconstructed into an emergency pool	Improvements have been completed
		The ditches around Plant 1 were renovated	Improvements have been completed
		All central air-conditioning equipment of the office building were replaced with new ones	Improvements have been completed
Zhangbin Plant	Properly dispose waste discarded by customer to minimize impacts to the environment	Waste leakage rate <1%	Improvements have been completed
	Enhance employees emergency response capability and prevent pollutions	Implement emergency response drills every six months	Improvements are in progress
	Well manage the workplace and equipment; and continue to improve environmental maintenance	Maintain the normal operations of landfill	Improvements are in progress
	Put energy-saving and carbon-reduction goals into practice	Implement garbage classification to recycle and reuse resources	Improvements are in progress

## Air-Pollution Prevention and Control

Apart from insisting on properly handling wastes discarded by customers to minimize impacts to our residential environment, our Yunlin Plant and Zhangbin Plant also adopted the Best Available Control Technology (BACT) to effectively prevent pollution; ensure our regulatory compliance; and monitor particulate pollutants, nitrogen oxides and sulfur oxides generated from the incineration process. We also patrol pollution prevention and control equipment on a daily basis; and commission environmental testing agencies recognized by EPA to, on a regular basis, assess whether the concentration of discharged air pollutants meets Stationary Pollution Source Air Pollutant Emissions Standards enacted by the EPA. Upon receipt of EPA's air quality deterioration warnings, the Company will conduct response measure according to the air quality deterioration warning level. The said response measures include: checking if the control/prevention equipment functions normally; confirm the opacity data; confirm the parameters of prevention/control equipment; and then record and reduce the production volume to confirm that the response measures have reached the reduction goals. As all air quality deterioration warnings released by local environmental departments/bureaus in 2019 were merely early warnings, the Company has adopted response measures of early earning, including checking if the control/protection equipment functions normally; if the opacity data are normal; confirm the parameters of control/protection equipment; and make records.

Table 3-2. An overview of flue gas emissions between 2017 and 2019

Plant	Year	Particulate pollutants (t)		Nitrogen oxides (t)		Sulfur oxides (t)	
		Emission	Legal limit	Emission	Legal limit	Emission	Legal limit
Yunlin Plant	2017	1.286	3.92	6.414	32.08	14.430	67.07
	2018	1.911	3.92	3.978	32.08	22.042	67.07
	2019	1.230	3.92	3.196	32.08	19.970	67.07
Zhangbin Plant	2017	0.880	8.243	30.818	39.421	18.911	39.584
	2018 <sup>Note 2</sup>	0.655	8.243	32.715	39.421	24.523	39.584
	2019	3.830	9.343	26.474	48.284	32.411	73.559

Note 1: Although Zhangbin Plant's Phase II incineration facilities were completed in 2019, the new facilities consume more energy and produce more pollutants comparing with the previous year. The reason is that small and medium enterprises (SMES) under the central competent authority produce small amount but complicated and diversified waste, resulting in the difficulty of fulfilling SMEs' waste disposal needs. However, the said increase of pollutant is still far below the regulatory limit.

Note 2: Zhangbin Plant's emission data of 2018 were updated, where the emissions during the trial operations were incorporated therein as requested by the competent authority.

## Water Pollution Prevention and Control

With respect to environmental regulatory compliance and implementation of pollution prevention, the Company has drawn up management measures for wastewater, which is divided primarily into process wastewater, domestic sewage and surface runoff (rainwater) based on the characteristics of incineration industry. To reach the objective of managing wastewater properly, Yunlin Plant collects all process wastewater through the sewer system and then to the wastewater storage tank, whereas the surface runoff is collected to the storage tank through the ditches. To properly dispose wastewater collected in the storage tank, the Company then commissions a qualified clearance organization to transport the wastewater to a qualified disposal organization using a silo truck as prescribed by Waste Disposal Act; regularly tracks the clearance and disposal of wastewater; and regularly tests the quality of wastewater to reach the objective of having an effective management. Also, as our Zhangbin Plant is located within Changhua Coastal Industrial Park, its process wastewater is collected through the sewer system and then discharged to the sewage disposal plant of Changhua Coastal Industrial Park.

## Water Resource Management

### The Importance of Materiality Issues

During the waste disposal process, Sunny Friend is highly dependent on water. Whether the clearance of vehicles or operations of incineration and disposal facilities, water resource is indispensable in the industry. Although Taiwan has sufficient rainfall, the distribution thereof is rather uneven. Besides, torrential rain and short of water resulted from severe climate changes over the years have complicated the management of water resources unwittingly. This is the reason that we consider water resource management as a materiality issue of environment and business operations and, in response thereto, we shall advance our deployment to optimize water resource applications. Also, to prevent water deficiency, our Zhangbin Plant has adopted a water resource management approach based on reduction, reuse and recycling; and has continuously promoted water-saving measures to contribute to environmental protection.

### Management Strategy

In nowadays, water resource supply and consumption has gradually become imbalanced due to water shortage. As a citizen of the earth, Sunny Friend has been promoting the importance of water saving measures in the Company through environmental education; and has incorporated the water-saving concepts into our employees' daily life. By taking 2015 as the base year, we plan to successfully reduce 1% of waste by 2020.



Plant(s)	Risk source(s)	Risk and materiality issue(s)	Action for adaptation
Yunlin Plant	Regulations	<ul style="list-style-type: none"> <li>Responses to laws and regulations</li> <li>Regulations Governing Water Conservation Charge</li> <li>Water Pollution Control Act</li> </ul>	<ul style="list-style-type: none"> <li>Investment in and improvements to environmental protection facilities</li> <li>Regular inspections of wastewater quality</li> </ul>
	Disasters	<ul style="list-style-type: none"> <li>Water resource shortage</li> <li>Increased chance of torrential rain and floods</li> </ul>	<ul style="list-style-type: none"> <li>Draw up natural disaster response and handling operating procedures; and hold regular education/ training programs and emergency response drills</li> <li>Establish intercepting ditches, flood detention pool and storage tank in respond thereto</li> </ul>
Zhangbin Plant	Regulations	<ul style="list-style-type: none"> <li>Responses to laws and regulations</li> <li>Regulations Governing Water Conservation Charge</li> <li>Water Pollution Control Act</li> </ul>	<ul style="list-style-type: none"> <li>Promote the upgrade of wastewater treatment facilities; and the recycling and reuse of wastewater</li> <li>Regular inspections of wastewater quality</li> <li>Participate in government related seminars for learning experiences and receive recommendations therefrom</li> </ul>
	Disasters	<ul style="list-style-type: none"> <li>Water resource shortage</li> <li>Increased chance of torrential rain and floods</li> </ul>	<ul style="list-style-type: none"> <li>Promote energy-saving measures in daily life and water deficiency adaptation mechanisms</li> <li>Upon receipt of an torrential rain warning, check if the rainwater ditches are blocked or have anything inside therein</li> </ul>

Plant(s)	Management objectives	Achievement rate	Major results	Following practice and objectives
Yunlin Plant	Monitor the use of water and maintain stable operations	Achieved	No water deficiency caused business loss in 2019	Continue to monitor the use of water and, whenever it is necessary, set up an emergency response team
	Enhance wastewater storage capacity	In progress	Plan to establish intercepting ditches, flood detention pool and storage tank in 2020 in response to sudden torrential rain resulted from climate change,	Upon the establishment, continue to check if the storage capacity is enough to respond to sudden torrential rain
	Reduce wasting water resources	In progress	1. Change water-cooled air conditioners to air-cooled air conditioners to reduce the use of cooling water 2. Reduce the equipment temperature and adjust the water supply thereof to reduce the use of cooling water	Continue to optimize the equipment's water supply mechanism to ensure the effective use of water resources
Zhangbin Plant	Monitor the use of water and maintain stable operations	Achieved	No water deficiency caused business loss in 2019	Continue to monitor the use of water and, whenever it is necessary, set up an emergency response team
	Regularly test water quality	In progress	Autonomously manage the Plant's wastewater quality in 2019	Continue to optimize the wastewater management mechanisms to ensure the discharge of wastewater complies with regulatory requirements
	Recycle and reuse water resources	In progress	Summarize the water use and management of 2019	Continue carry on the monitoring to ensure the effective recycling and reuse of water resources

## Use of Water Resources

Sunny Friend totally used 111,000,000 l of water, which were collected from water plant, in 2019. Comparing with 2018, the Company consumed 12,000,000 l more water due to the Yunlin Plant renovation project. Upon completion of the renovation project, Yunlin Plant will have its wastewater treatment capacity increased; and will continue to implement the Company's water-saving policy in order to save the water. By taking 2015 as the base year, we plan to successfully reduce 1% of waste by 2020. In 2019, no obvious increase was found in Yunlin Plant and Zhangbin Plant's use of water per ton of waste.

Unit: 1,000,000 l

Source of water consumption <sup>Note 1</sup>	Plant(s) <sup>Note 2</sup>	2017	Water consumption per unit Tap water/ waste disposal amount	2018	Water consumption per unit Tap water/ waste disposal amount	2019	Water consumption per unit Tap water/ waste disposal amount
Water from a third party (tap water)	Yunlin Plant and Zhangbin Plant	178	0.0022	195	0.0028	242	0.0028
Total water consumption		178		195		242	

Note 1: The water consumption type is freshwater (Total Dissolved Solids/TDS at  $\leq 1,000$  mg/L); and is calculated according to the water charge of the year.

Note 2: According to water risk analysis tool developed by World Resources Institute, Taiwan is outside global water stress regions. Also, according to our internal evaluation, our plants do not have high water risk level.

## Waste Disposal

As the Sunny Friend's main sources of waste are hazardous fly ash and general bottom ash, their storage areas are separated for a proper management. For example, fly ash collected by quench tower, cyclone dust collector and bag filter type dust collector are delivered to bulk bags through the system and then placed in the containers for temporary storage. On the other hand, bottom ash produced after the onset of incinerator operation are firstly filtered by water and cooled down; delivered to the storage tank designated for bottom ash using the conveyor; and then filled into bulk bags. In the case of Yunlin Plant, the fly ash and bottom ash produced thereby are given to commissioned qualified clearance and disposal organizations for solidification; and the implementation of the said processes are tracked by the Plant. As for Zhangbin Plant, the fly ash and bottom ash are currently solidified by Sunny Friend; and, upon passing the pressure test, buried.

To reduce the volume of waste, the Company has been promoting waste classification to recycle and reuse reusable resources; and carrying out the approach of printing on the back of paper to reduce the use of papers. By taking 2015 as the base year, we plan to successfully reduce 1% of waste by 2020. Zhangbin

Plant has completed the construction project of Zhangbin Plant 2 (Phase II incinerator) in 2018. As this project aims to primarily dispose solid wastes, the output of fly ash, bottom ash and wastewater has all increased. In 2017 and 2018, Yunlin Plant and Zhangbin Plant have little difference in the volume of incinerator waste (per ton). In 2019, Yunlin Plant's volume of bottom ash (per ton) decreased, whereas Zhangbin Plant has its volume of wastewater (per ton) decreased.

Table 3-3. An overview of Sunny Friend's total waste output between 2017 and 2019

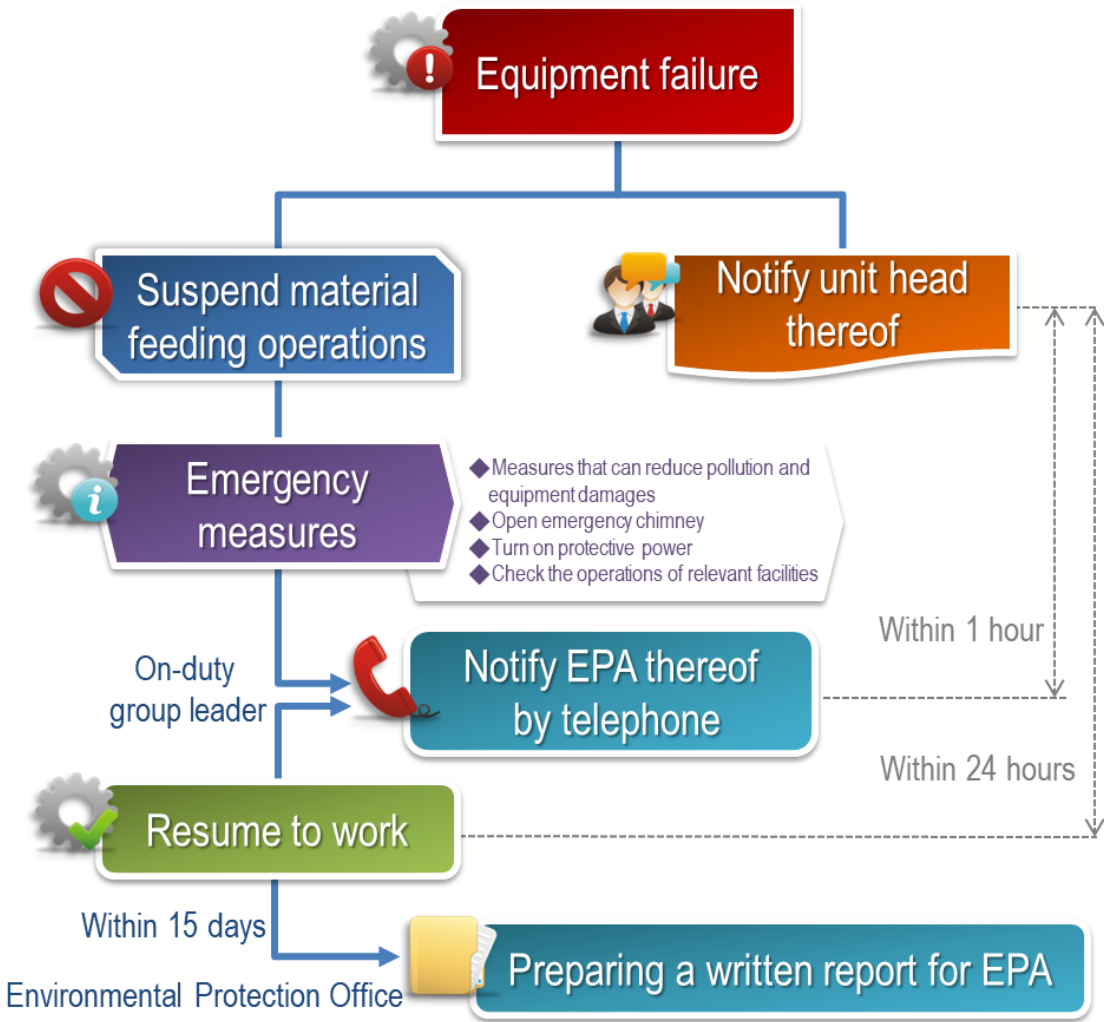
Plant(s)	Year	Annual output of fly ash	Annual output of fly ash Amount of fly ash / volume of incinerator waste	Annual output of bottom ash	Annual output of bottom ash Amount of bottom ash / volume of incinerator waste	Annual output of wastewater	Annual output of wastewater Amount of wastewater / volume of incinerator waste
Yunlin Plant	2017	302t	0.0222	1,331t	0.0980	23,620t	1.7391
	2018	326t	0.0216	1,654t	0.1095	25,231t	1.6704
	2019	349t	0.0237	1,598t	0.1083	28,657t	1.9430
Zhangbin Plant	2017	604t	0.0267	403t	0.0178	21,099t	0.9326
	2018	694t	0.0268	690t	0.0267	22,175t	0.8578
	2019	1,217t	0.0373	1,725t	0.0530	26,136t	0.8007

To maintain equipment operating efficiency and reduce accidents caused by equipment failure, the Company has abided by environmental protection, safety and health regulations to check and maintain our equipment on a regular basis. Where the air pollution prevention and control facilities break down, the Company then reports it as prescribed by environmental protection regulations. In 2019, no serious leakage or disaster occurred at our Yunlin Plant and Zhangbin Plant.

## Site Monitoring and Management

To promote facility management and maintenance, our Company has stipulated various check plans and automatic checklist for facilities; and plans and supervises inspections of safety and health facilities in accordance with Occupational Safety and Health Act and relevant rules. The inspection methods are divided into periodic inspections, target inspections, job checks, on-site inspection tours, hazard labels and work environment monitoring, which are implemented according to established inspection procedures. Besides, periodic inspections on and maintenance of equipment can minimize accidents caused by

equipment failure. Where the air pollution prevention and control facilities break down, the Company then reports it as prescribed by environmental protection regulations.



▲Emergency response and reporting flowchart



▲The competent authority carries out periodic inspections to confirm the implementation of environmental monitoring



## 3.2 Energy Saving and Carbon Reduction

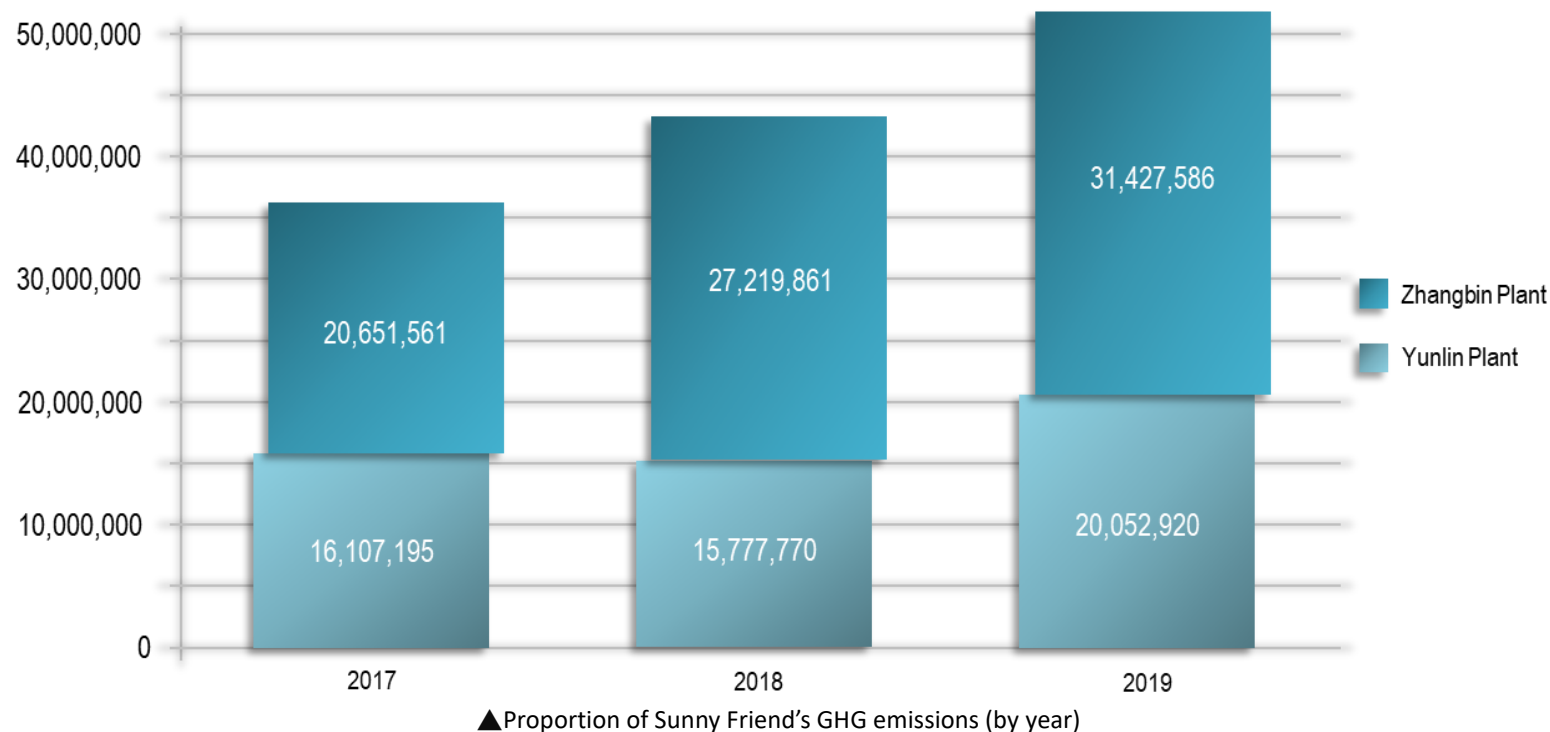
### Greenhouse Gas (GHG) Emission

The global warming issues have been paid great attention in recent years. Sunny Friend's primary greenhouse gas (GHG) emissions are diesel, heavy oil, electricity and burning of wastes. Although Sunny Friend did not use heavy oil in 2018 and 2019, it is our desires to mitigate global warming resulted from production-based GHG emissions and to minimize energy consumption in order to reach a balance between economic development and environmental protection. Therefore, to specifically control our GHG emissions, we have launched the GHG inventory project to investigate the emissions of primarily CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O. Due to the increase of disposal amount in 2019, our Company's GHG emissions also increased in the year. In the future, we plan to increase the efficiency of fuel oil while reduce the usage thereof in order to reduce GHG emissions. By taking 2015 as the base year, we plan to successfully reduce 2% of electricity and 3% of GHG emissions by 2020.

Table 3-4. An overview of Sunny Friend's primary GHG emissions between 2018 and 2019

Year	Types of GHGs Plant(s)	CO <sub>2</sub> (kg)	CO <sub>2</sub> unit emission CO <sub>2</sub> volume/ volume of incinerator waste	CH <sub>4</sub> (kg)	CH <sub>4</sub> unit emission CH <sub>4</sub> volume/ volume of incinerator waste	N <sub>2</sub> O (kg)	N <sub>2</sub> O unit emission N <sub>2</sub> O volume/ volume of incinerator waste
2018	Yunlin Plant	15,773,764	1,044	3,531	0.2338	475	0.0314
2018	Zhangbin Plant	27,211,144	1,053	7,692	0.2975	1,025	0.0396
2018	Total Emissions	42,984,908		11,223		1,500	
2018	Total CO <sub>2</sub> equivalent emissions (kgCO <sub>2e</sub> )	42,997,631					
2019	Yunlin Plant	20,048,646	1,359	3,766	0.2553	508	0.0344
2019	Zhangbin Plant	31,418,393	963	8,113	0.2485	1,080	0.0331
2019	Total Emissions	51,467,039		11,879		1,588	
2019	Total CO <sub>2</sub> equivalent emissions (kgCO <sub>2e</sub> )	51,480,506					

Note : The Company's primary GHGs in 2019 are CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O. According to EPA's "Table of GHG Emission Parameters" (Version 6.0.3), the GHG emission parameters are as follows: CO<sub>2</sub> emission parameter of waste is 0.7570KgCO<sub>2</sub>/Kg; the CO<sub>2</sub> emission parameter of diesel is 2.6060 KgCO<sub>2</sub>/L; the CO<sub>2</sub> emission parameter of heavy oil is 3.110 KgCO<sub>2</sub>/L; the CO<sub>2</sub> emission parameter of electricity is 0.529 Kg CO<sub>2</sub>/kWh; the CH<sub>4</sub> emission parameter of waste is 0.000248 KgCH<sub>4</sub>/Kg; the CH<sub>4</sub> emission parameter of diesel is 0.000106 KgCH<sub>4</sub>/L; the CH<sub>4</sub> emission parameter of heavy oil is 0.000121 KgCH<sub>4</sub>/L; the N<sub>2</sub>O emission parameter of waste is 0.000033KgN<sub>2</sub>O/Kg; the N<sub>2</sub>O emission parameter of diesel is 0.000021KgN<sub>2</sub>O/L; and the N<sub>2</sub>O emission parameter of heavy oil is 0.000024KgN<sub>2</sub>O /L. In 2018 and 2019, Yunlin Plant and Zhangbin Plant have little difference in the GHG emission volume of incinerator waste (per ton). In 2019, Zhangbin Plant has succeeded in reducing GHG emission.



## GHG Management

Sunny Friend dispose industrial wastes using incineration. Due to the characteristics of disposal method, the use of energy resources can be divided into two groups: for incineration facilities; and for pollution prevention and control facilities. Fuel oil (heavy oil and diesel) is required for incineration, such as starting the incinerator by increasing the temperature thereof; and, when the incinerator is shut down, maintaining the temperature thereof to properly dispose all wastes. To prevent the formation of white smokes, Yunlin Plant heats up the steam that passes through the washing tower to above dew point.

The use of Sunny Friend's primary energy resources is as illustrated in Table 3-5. As Yunlin Plant 1 was renovated in 2019, the fuel, electricity and water consumption thereof all increased in the year. As for Zhangbin Plant, in response to the disposal demand of SMES subordinated to the central competent authorities, it has been generating small amount but complicated and diversified wastes in recent years. This has resulted in not only more difficulties in waste disposal, but also a higher consumption of energy.

Table 3-5. Statistics of Sunny Friend's use of resources between 2017 and 2019

Energy/unit Plant(s)/ Year		Yunlin Plant			Zhangbin Plant		
		2017	2018	2019	2017	2018	2019
Heavy consumption	(L)	360,000	-	-	-	-	-
Diesel consumption	(L)	564,000	772,080	1,009,980	51,000	87,243	160,724
Electricity consumption	(1000 l)	5,672,200	5,796,900	6,141,352	5,737,600	7,076,800	11,898,000
Water consumption	(kWh)	97,241	99,200	111,476	81,040	96,817	131,059
Volume of incinerator waste	(t)	13,582	15,105	14,749	22,623	25,852	32,642
Volume of solidified waste	(t)	-	-	-	13,341	8,564	18,864
Volume of materialized waste	(t)	-	-	-	5,122	5,039	5,159
Volume of buried waste	(t)	-	-	-	23,926	14,671	28,543

Statistical Methods: The consumption of heavy oil, diesel, externally purchased electricity and tap water are based on the usage of entire plant.

Note:

1. Zhangbin Plant 2 (Phase II incinerator) started to operate in 2019, resulting in an increase of electricity, water and fuel consumption.
2. As Yunlin Plant has adopted the wet washing tower as its air pollution prevention and control facility, the water consumption thereof is bigger than that of Zhangbin Plant.
3. As both Yunlin Plant and Zhangbin Plant use tap water for their prevention and control facilities, there is no problems like land subsidence or environmental impacts.
4. Yunlin Plant I was renovated in 2019, resulting in a higher consumption of electricity and water.

## Energy Saving and Carbon Reduction Project

### (1) Reducing CO<sub>2</sub> Emissions Using Recovered Heat Energy: Yunlin Plant's Approach

As white smoke can result in bad perception of people living round Yunlin Plant, Sunny Friend therefore increases the emission temperature using fuel oil before the release thereof. Nevertheless, not only have the fuel expenses increased the operating costs, but also fuel combustion can severely impact the environment as it is not eco-friendly and does not help to save energy. Therefore, to reduce GHG emission, Yunlin Plant therefore plans to launch heat recovery process in Plant 3, hoping that the recovered heat will be used as an alternative energy. This will help to reduce the consumption of fuel energy and CO<sub>2</sub> emission.

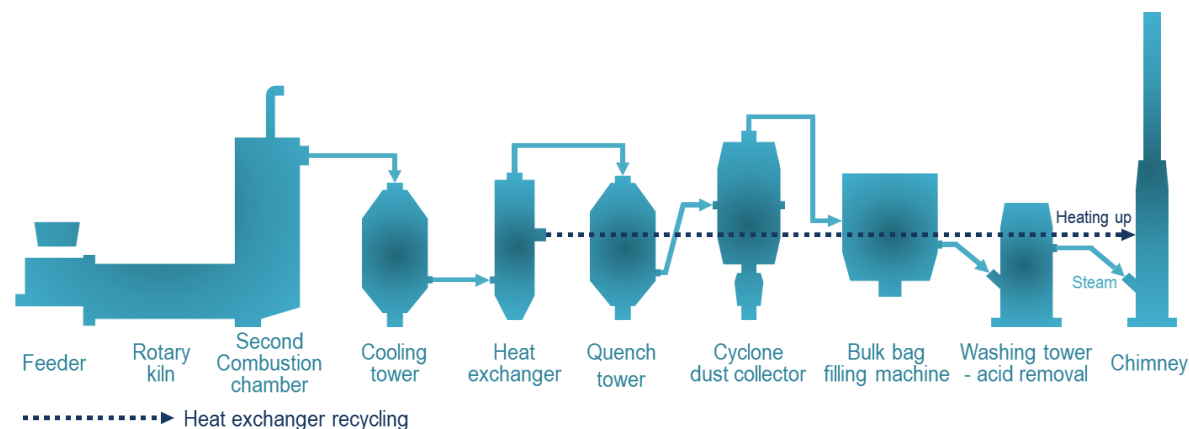


Table 3-6. Assessment of improvements to incineration facilities (Yunlin Plant)

	Waste disposal amount (ton/day)		Fuel consumption (kg/day)		Fuel consumption per waste disposal of unit (kg/ton)	
	Before the improve- ment	After the improve- ment	Before the improve- ment	After the improve- ment	Before the improve- ment	After the improve- ment
Plant 1	48	27.6	2,880	720	60.0	26.1
Plant 3	0	42	0	720	--	17.1

Note : The fuel consumption of Plant 1 before the improvement was 2,880 kg/day, which dropped to 720 kg/day after the improvement



## (2) Clearance and transportation route; and transportation capacity plan

Sunny Friend and professional waste clearance organizations with whom we are cooperating with have adopted not only the GPS monitoring system, but also the most ideal transportation route and optimized transportation capacity plan. The purposes thereof are to reduce the waste transportation distance; to decrease clearance and transportation costs; and to protect our environment.



▲ Professional waste clearance and disposal fleet

## (3) Increase the local procurement rate

Local procurement is Sunny Friend's principle of purchasing raw materials. For raw materials with the same specification and quality, they are mostly purchased in nearby regions not only to support local economy, but also to shorten the transportation schedule of raw materials. For Management Department, the first priority upon receipt of a purchase order is raw material suppliers' economic delivery volume. In 2019, Sunny Friend's local procurement rate 58.60%. This not only effectively decreases the energy consumed in the delivery of raw materials, but also prevents waste of resources. Please refer to Section 4.1 Supply Chain Management for detailed information about the local procurement rate.

### 3.3 Environmental Investment and Expenditure

The Company's annual environmental expenditure is calculated based on air pollution control fee; soil and groundwater pollution remediation fee; water pollution control fee; commission fee derived from the disposal of bottom ash, fly ash and wastewater; and expenses derived from the monitoring and testing of air pollutant, water quality and waste.

Table 3-7. Summary of environmental expenditure

Unit: 1,000,000

Expenses	Plant(s)/Year	Yunlin Plant			Zhangbin Plant		
		2017	2018	2019	2017	2018	2019
Environmental monitoring and testing fee		2.9	3.7	3.9	2.1	2.0	2.4
Pollution remediation fee		14.9	19.5	14.8	19.9	17.1	29.8
Waste disposal fee		11.5	17.5	16.8	1.5	1.2	10.3

Note: The waste disposal fee was increased as Zhangbin Plant started to commission Changshin to dispose bottom ash in 2019.

### 3.4 Climate Risks

With high attention to climate change issues, Sunny Friend has, with respect to impacts arising from climate changes, adopted five steps – risk identification, risk assessment, formulation and implementation of control methods, supervision and review – to minimize damages caused by natural disasters. The Company also continues to plan an even more energy-saving and eco-friendly waste disposal processes to increase our market competitiveness.

Plant(s)	Risk type	Risk content	Control methods	Potential opportunities	Responsible unit(s)
Yunlin Plant	Climate change risks	Direct impacts of climate anomalies, such as typhoon, earthquake, flood, drought and wind disaster.	Apart from cooperating with drills held by government agencies at all levels, the Company also holds various disaster response drills internally on a regular basis. The purpose thereof is to enhance employees' emergency response capabilities and further control the accident and eliminate all risks.	1. Minimize damages and losses when a disaster occurs. 2. Shorten post-disaster restoration period and speed up insurance claim and application processes.	Environmental Protection Office Management Department

		Global warming, the temperature continuous to rise.	To prevent workers suffering from heat stroke or stress due to high temperature, the Company offers water dispensers in the instrument control room; gives energy drinks to on-site employees; and renovate the plant's ventilation design to prevent heat strokes.	<ol style="list-style-type: none"> <li>1. Protect labor safety</li> <li>2. Increase labor's willingness to work.</li> <li>3. Reduce the workplace temperature.</li> </ol>	Environmental Protection Office General Affairs Department
		Indirect impacts of climate anomalies, such as the increase of raw material or energy costs.	<ol style="list-style-type: none"> <li>1. Reinforce the control of raw materials and energy use in compliance the Company's relevant procedures and work rules</li> <li>2. An energy-saving design for the waste incineration process (ex. renovate Plant I; install the heat exchanger; guide recovered heat energy to the front end of the chimney discharge opening; and heat up the exhaust to above the dew point, helping to remove the white smoke and to reduce the use of diesel required by heating up the exhaust).</li> </ol>	<ol style="list-style-type: none"> <li>1. Reduce the Company's operating costs.</li> <li>2. Reduce the consumption of energy resources.</li> </ol>	Planning Department Environmental Protection Office General Affairs Department Management Department
Zhangbin Plant		Air quality deterioration warning. The competent authority request to lower the loading, suspend the production or implement environmental protection measures.	On the premise of complying with regulations; increase the self-demanding level; and implement the Company's fulfillment for environmental protection.	Proactively reduce energy consumption, select low energy consumption equipment and use raw materials that result in low impacts to the environment.	Environmental Protection Office
		The government and citizens have increased awareness for environmental protection and environmental appeals. This has facilitated the development of stricter regulations.	Enforcement on the identification, collection and regular update of relevant regulations. The production and pollution prevention/control facilities are also replaced to maintain their efficiency and to reduce energy consumption.	Replace the old facilities and reduce energy consumption to target energy-saving production and increase the processing efficiency of pollution prevention and control facilities.	Planning Department Environmental Protection Office General Affairs Department

# 4 Partnerships

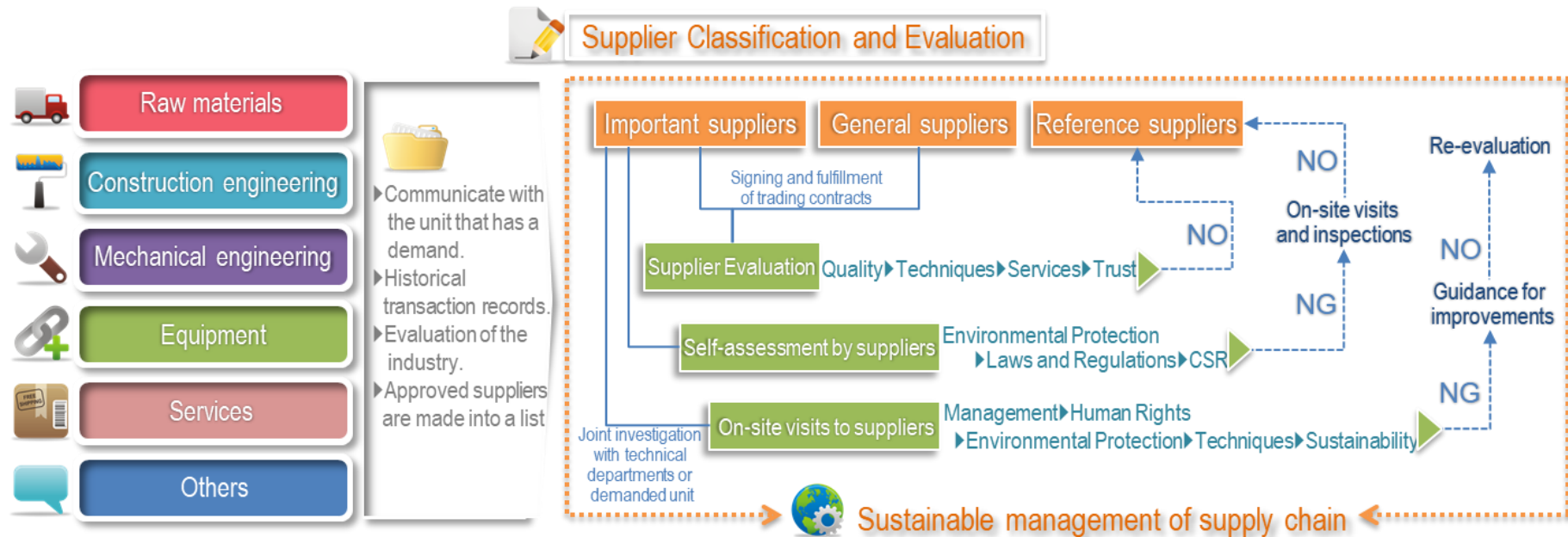
At Sunny Friend, all of the procurement of raw materials, construction works, engineering works, equipment, services and other items are provided by the suppliers. As a professional waste disposal company in the country, Sunny Friend is missioned to assist enterprises and government agencies in handling wastes properly. We have been proactively looking for excellent suppliers not only to provide us with excellent products and services, but also to have a sustainable growth with us.

<b>Evaluation and Control</b> Ensure the quality of technical services	<ul style="list-style-type: none"> <li>▶ Supplier evaluation and management.</li> <li>▶ Self-assessment by suppliers.</li> </ul>	9 important suppliers were evaluated in 2019. 9 important suppliers conducted self-assessment.	
<b>Local Procurement</b> Better fulfillment of environmental corporate social responsibility	<ul style="list-style-type: none"> <li>▶ Increase local procurement rate.</li> <li>▶ Encourage energy saving and green procurement.</li> </ul>	Signed another 7 new local procurement contracts in 2019. The environmental procurement amount increased to NTD8,031,693.	
<b>Occupational Safety and Quality Assurance</b> Request suppliers to implement occupational safety requirements	<ul style="list-style-type: none"> <li>▶ Occupational safety facilitation meeting for suppliers.</li> <li>▶ Encourage suppliers to implement occupational safety.</li> </ul>	Held 8 occupational safety facilitation meetings for suppliers in 2019. Publicly encourage suppliers that have implemented occupational safety.	
<b>Business Integrity</b> Pursue for sustainable growth together	<ul style="list-style-type: none"> <li>▶ Increase supplier integrity terms and conditions.</li> <li>▶ Take on-site visits to offer assistance to important suppliers.</li> </ul>	The supplier integrity terms and conditions were include in the contract with 69 suppliers; and 44 suppliers have signed the CSR terms and conditions in 2019. Took on-site visits to 9 suppliers in 2019.	



## 4.1 Supply Chain Management

Sunny Friend's supply chain contracts include trading contract, engineering contract, lease contract and other contracts. The trading contracts are related to raw materials, petroleum products, chemicals and cement products required for processing operations (81 in total); engineering contracts refer to those related to construction and mechanical engineering (25 in total); lease contracts are about the leasing of land and building (21 in total); and other contracts, which refer to contracts other than the sales, engineering and lease contracts, are related to labor services, environmental monitoring, waste disposal services, appointment of technical consultants, industrial-academic cooperation and so on (49 in total). Starting from 2015, Supply Friend has included supplier integrity terms and conditions in the supplier contract. In 2019, our suppliers have demonstrated their commitment to uphold business integrity during the contract fulfillment period. As we believe that supply chain management plays an important role in corporate sustainability, we have only proactively fulfilled our corporate social responsibility, but also encourage our suppliers to participate in our CSR approach. This is the reason that, with respect to important suppliers, we have included CSR terms and conditions in the contract starting from 2019. We believe that, only by working together with the suppliers, we will be able to properly implement the CSR of supply chain.



▲Supplier risk assessment flowchart

## Evaluation and Control – Ensure the quality of technical services

Responsible for supply chain management, our Management Department manages over 1,000 suppliers listed in Sunny Friend’s tabulation. All units with a purchase requisition can feed suppliers related matters back thereto during the entire process (ex. project communication, price inquiry/comparison/negotiation, signing a contract and implementation works). The purchase requisition and procurement units shall also frequently communicate with the suppliers to avoid mistakes and enhance the quality of supplied goods. We request not only our suppliers to abide by our supplier management policy, but also labor service or engineering contractors to comply with labor related regulations, such as “Labor Standards Act, “Occupational Safety and Health Act”, to protect the rights and benefits of subcontractors’ labors. Apart from selecting our suppliers based on their credit records, we also conduct an evaluation on important suppliers each quarter. According to the engineering progress and our demand, we conduct on-site investigations, communicate with suppliers, arrange trainings, hold suppliers meeting and so on. We hope that, based on communication and cooperation, we will implement sustainability requirements through supplier management and lead them to pay close attention to CSR in various aspects, including the environment, labor, human rights, society and product liability impacts. It is our aspiration that we will be able to enhance our CSR together with our suppliers and promote sustainable development of the industry. For our important suppliers, we request them to abide by and comply with the following rules:

Value sustainable operations and internal management	Respect human rights and value safety and health	Comply with environmental regulations and fulfill corporate social responsibilities	Continuously enhance technology and product quality
The supplier shall be legally established; value business integrity; clarify if it has been positively/negatively reported or has any public information that can result in an indirect impact; and make continuous improvements to its operating procedures for business sustainability.	Suppliers’ labor conditions shall comply with Labor Standard Act. The supplier shall establish a safe and healthy workplace; value training and growth of employee; protect employees’ basic human and labor rights; and avoid child and illegal labor.	The supplier shall abide by environmental regulations and norms; shall legally dispose waste generated from the operations; reduce waste and increase the resource recycling and reuse rate; respond to green procurement; adopt products with eco-label or energy-saving label at priority; care about local communities; and fulfill CSR.	The quality of products, techniques and services provided by the supplier during the contract fulfillment period shall comply with Sunny Friend’s demand. That is, the quality and price thereof shall be stable and reasonable; packing materials shall be simplified; and hazardous production processes shall be reduced.

It is our plan to gradually implement suppliers’ CSR in stages. With respect to our external supply chain, we do not emphasize on suppliers’ economic performance (i.e. the product quality, price and delivery), but also expect that our suppliers will able to develop even more eco-friendly production processes and

products (environmental aspect); and will pay close attention to human rights, labor's benefits and workplace safety (social aspects). To optimize our performance in CSR, we have been promoting the idea of "increasing CSR terms and conditions in important contracts" among important suppliers and communicating with them. In 2019, we have eventually included relevant terms and conditions in important contracts in 2019. The CSR terms and conditions are as follows:

The CSR terms and conditions (Party A is Sunny Friend; and Party B is the supplier):

1. Party A and Party B shall comply with both parties' CSR policy.
2. Where Party B violates any of both parties' CSR policy and results in obvious impacts to the environment and community of the source of supply, Party A may suspend its fulfillment of this Contract and requests Party B to take a corrective action within a prescribed period. Where Party B fails to do so, Party A may cancel/terminate this Contract without informing Party B. If the said violation results in any damage or loss to Party A, Party B shall be liable for compensation.

The schedule of supplier management measures are as follows:

Table 4-1. Schedule of supplier management measures

2014	2015	2016	2017	2018	2019	2020
Promote supplier management	Yunlin Plant 3 Planning and outsourcing	Yunlin Plant 3 Constructions	Zhangbin Plant 2 (Phase II incinerator) Planning and outsourcing	Zhangbin Plant 2 (Phase II incinerator) Constructions	Domestic supplier evaluation	Overseas supplier evaluation
Supplier management rules; tabulation management; and terms and conditions of engineering contracts that enhances occupational safety.	Evaluation management; local procurement; and supplier integrity terms and conditions in the contracts.	Supplier management policy; green procurement; and stipulation of CSR self-assessment for suppliers.	Promote CSR self-assessment for suppliers; and on-site visits to suppliers.	Evaluation of quality suppliers; on-site evaluation of important suppliers; and communicate with suppliers to include CSR terms and conditions in the contract.	Guidance to suppliers for sustainable growth; incorporate CSR terms and conditions in important contracts.	Look for overseas quality suppliers to cooperate in a long-term perspective.

## Supplier Evaluation

To effectively manage suppliers, Sunny Friend recognizes suppliers that have a contractual amount of over NTD10 million as important suppliers since 2015. Important suppliers shall cooperate to implement evaluation and inspections. The Management Department will record purchases amounted over NTD10,000 in “Supplier Credit Record” and, together with the purchase requisition unit, evaluate suppliers on a quarterly basis. Suppliers that score lower than 70 in each quarter will be requested to make improvements accordingly; and the suppliers’ level of cooperation will be taken into consideration when signing a contract in the future. In 2019, all of our suppliers’ scores are above 70.

The handling of violations during the contract fulfillment period:

Matters of violation Level of impact	Quality related matters	Occupational safety related matters	Environmental protection related matters	Business integrity related matters	CSR related matters (starting from 2019)
Minor violation, where improvements can be made	Request the supplier to take a corrective action	Request the supplier to take a corrective action	Make an improvement and propose preventive measures	Make an improvement and propose preventive measures	Make an improvement and propose preventive measures
Violation of a part of the contract, where our rights and interests are not affected	Improvement and preventive measures	Improvement and preventive measures	Make an improvement and propose preventive measures	Make an improvement and propose preventive measures	Make an improvement and propose preventive measures
Violation that seriously affect our rights and benefits; or no improvement can be made to the violation	Terminate the contract and request for compensation	Terminate the contract	Terminate the contract	Terminate the contract and refuse to cooperate in the future	Terminate the contract and refuse to cooperate in the future

Sunny Friend is an indicative environmental protection company in the country. Where any violation of environmental matters during the fulfillment of important contracts, it is a must to evaluate whether our rights and interests have been affected at priority. Where the said violation is significant, it is a must to terminate the contract. In 2019, Sunny Friend has 9 important suppliers and two minor occupational safety incidents, to which improvements can be made, occurred during their fulfillment of contract. Upon occurrence of the accident, we already requested the suppliers to take a corrective action and enhance patrol works to prevent the accident from happening again. As for other suppliers, there was no violation of aforesaid matter

**日友環保科技股份有限公司**  
採購及付款循環  
供應商評鑑表

廠商名稱： \_\_\_\_\_ 年度： \_\_\_\_\_

項目	品質	技術	服務	其他	屬性：
評鑑考 核內容	◆信用記錄/ 業界評價 ◆產品材料 品質 ◆成品品質 及機具設備	◆服務與技 術支援方 面 ◆專業技術 能力 ◆中後單位 評價	◆提供之售 後服務 ◆整體服務 態度 ◆是否遵循 其他相關 協定（如 保密）	◆專案經管/ 履約能力 ◆交貨或工 程期限 ◆產品正確 度 ◆誠信經營	<input type="checkbox"/> 長期供應商 <input type="checkbox"/> 短期（一次性）廠商 <input type="checkbox"/> 合約期限： <input type="checkbox"/> 誠信經營 <input type="checkbox"/> 企業社會責任 主要採購項目： 主要使用單位：
分數	25 分	25 分	25 分	25 分	得分 評鑑人員 說明
第一 季 （1-3 月）	使用 單位 採購 單位				
第二 季 （4-6 月）	使用 單位 採購 單位				
第三 季 （7-9 月）	使用 單位 採購 單位				
第四 季 （10-12 月）	使用 單位 採購 單位				
第一季平均分數		第二季平均分數		第三季平均分數	第四季平均分數 年度平均
一、本表可由使用單位及採購單位指定適當人員進行評鑑。 二、合約均應載明供應商有不合誠信經營情事，本公司得列為不合格廠商，並拒絕交易往來。 三、每季總分 100 分，單季低於 70 分時，採購單位可視缺失項目要求廠商改善，並將續觀察改善情形。 四、本評鑑表可列為標的之參考文件。					
管理部				使用單位主管	



## Local Procurement – Better fulfillment of environmental corporate social responsibility

The Company has been proactively promoting the procurement policy of “regional suppliers” to avoid long-distance energy-consuming transport, except for special suppliers, low-cost suppliers or purchases of special objects. As our Yunlin Plant is located in Yunlin County and Zhangbin Plant is located in Changhua, we have, by taking the distribution of 2019 suppliers as an example, 58.6% of local suppliers that are located in counties and cities (including Yunlin County, Changhua County and Taichung City) nearby Yunlin Plant and Zhang Plant. This type of partnership enables us not only to give backs to local communities and well-use local resources, but also to increase our interactions with local suppliers. The distribution of our suppliers in 2019 is as follows:

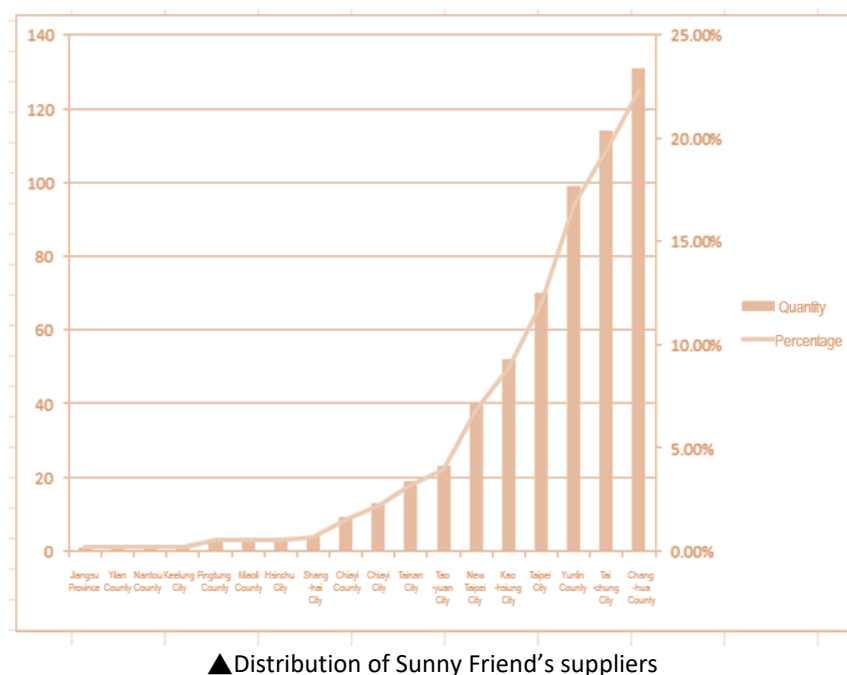


Table 4-2. A procurement overview of 2017-2019

Environmental protection items	Amount	Descriptions
Change to Recyclable materials	NTD 9,600,000(2017) NTD 9,302,000(2018) NTD 7,460,000(2019) Total NTD 26,362,000	Assist to gradually change FRP large-size waste containers to recyclable stainless-steel containers. Sunny Friend totally installed 600 new waste containers in 2017; 600 in 2018; and 600 in 2019.
ECO and energy-saving related labels	NTD 1,361,254(2017) NTD 3,443,290(2018) NTD 455,693(2019) Total NTD 5,260,507	Procurement of vehicles, air-conditioners and general suppliers with the energy-saving label.
Eco-friendly ink-printing	NTD 105,000(2017) NTD 105,000(2018) NTD 116,000(2019) Total NTD 326,000	Adopt the eco-friendly soy ink to print “Northern Lapwing Literary Magazine” and relevant labels/ printing materials.
Total	NTD 31,948,507	-

Apart from promoting local procurement, the Company also upholds the philosophy of “being a new environment creator” to minimize environmental impacts and proactively follow the government’s eco-friendly policy. For example, during the outsourcing and procurement process, we always take recyclable and reusable materials, green building materials and products with the eco/energy-saving label into the first priority. In 2019, our procurement of environmental protection items reached NTD8,031,693, where the procured items are as illustrated in above table.

## Occupational Safety and Quality Assurance – Request suppliers to implement occupational safety requirements

All of Sunny Friend's domestic and overseas suppliers are legal companies and are therefore bounded by environmental protection, fire-fighting and labor safety laws and regulations. Besides, our suppliers shall, during their operations at Sunny Friend, carry out safety related trainings and conduct irregular construction inspection works to ensure operational safety. Besides, to ensure subcontractors' on-site operational safety, both of our Yunlin Plant and Zhangbin Plant have purchased the third-person public liability insurance to eliminate risks resulted from ignorance at workplace. A public accident occurred in 2019 and the insurance claim has been submitted.

Table 4-3. List of fines for the violation of occupational safety and health regulations

Violation items	Penalty unit	Penalty amount
Subcontractors' personnel violate the rules that must be complied with when entering the plant.	Each person	NTD 500
Where there is a hazard or fall risk at the construction site, the subcontractor fails to make preventive measures and remains so upon receipt of notification for improvement.	Each time	NTD 1,000
Any compensations, penalty or damage of image derived from the subcontractor during the construction period.	Each time	Depends on the loss amount
Subcontractors who violate Sunny Friend's occupational safety and health rules for more than 3 times will be prohibited to undertake the Company's construction works.	More than three times of violation	Will be banned to undertake any of the Company's projects

Note: The violation penalty shall be paid by the subcontractor.



▲Regular patrol, where suppliers are requested to pay attention to on-site operational safety.



▲ Fully communicate with the suppliers during the outsourcing process; and draw up relevant contracts.



## Business Integrity – Pursue for sustainable growth together

Management Department requests suppliers with a contractual amount of over NTD10 million (non-trading amount) to fill in “CSR Self-Assessment for Suppliers” at the end of each year. The contents of the self-assessment includes: suppliers’ level of environmental friendliness; compliance with environmental protection policy, making sure that there is no major negative impact to the environment and no violation of environmental regulations; the priority of adopting green products, including those with an eco label, energy-saving label and water-saving labels; no discrimination against workers’ gender, race, age, marital status and family conditions, where employees’ compensation, employment conditions, trainings and promotion opportunity are determined on the same basis; compliance with occupational safety and health regulations to offer employees a safe and health workplace; protection of employees legal rights and interests; and so on.

The self-assessment shall be completed and returned to Sunny Friend at the end of each year for a statistical analysis. In 2019, 9 self-assessment forms were returned to the Company and no abnormality was found. In view of the accuracy of self-assessment, the Company also carries out on-site visits and inspections to important suppliers.



▲To ensure the suppliers’ performance, the Company accompanies relevant units to the site for a joint inspection.

### 供應商企業社會責任自評表

本公司\_\_\_\_\_為日友環保科技股份有限公司之供應商，對環境保護、安全、衛生、人權與勞動實務自評如下：

項次	自評項目	是 (打✓)	否 (打✓)
一	本公司響應環境保護，進行環保節能管理措施，有效落實環境永續發展。		
二	本公司在公司營運作業與提供的產品及服務，均有特別注意不對環境產生重大負面影響或違反環保法規等情事，各項營運均應符合環保政策。		
三	本公司響應綠色採購，優先採用具有環保標章、能源標章、省水標章認證等環保產品。		
四	本公司雇用政策無性別、種族、年齡、婚姻與家庭狀況等差別待遇、落實報酬、雇用條件、訓練與升遷機會之平等。		
五	本公司提供員工相關安全與衛生的教育訓練，防止意外或事故的發生。		
六	本公司保障員工基本勞動人權，禁止聘雇 16 歲以下童工，屏除各種形式之強迫勞動，並無危害勞工基本權利之情事。		
七	本公司皆遵守職業安全衛生相關法規，致力於提供員工安全與健康之工作環境並保障員工合法之權益。		
八	其他之企業社會責任說明		

### 供應商基本資料

填表人：	主要營業項目：
部門/職稱：	供應日友公司之產品或服務：
聯絡電話：	2017 年供應總金額：
聯絡地址：	
填表日期：	



The purchase requisition unit shall, depending on actual needs, accompany the procurement unit to conduct on-site inspections irregularly and fill in “Supplier Site Visit Report”. The said inspections aim to check suppliers’ regulatory compliance from the aspects of managements, such as Company Act, Labor Standard Act and Waste Disposal Act; to evaluate suppliers’ employee trainings, safety operating procedures and business integrity, ensuring that all business activities are conducted in a fair and transparent manner; and to evaluate the quality of suppliers products, techniques and services, such as the quality policy for documentation, quality audit process and evaluation on the reduction of hazardous production process. During on-site visits, it is also important to evaluate suppliers’ business sustainability and partnership therewith. For example, suppliers’ business sustainability; if the supplier undertakes any product, technique or service from a well-known enterprise; and if the supplier has been positively or negatively reported or has any public information. In 2019, Sunny Friend inspected 9 suppliers according to the project progress and none of them fails to comply with relevant regulations.



▲ On-site visits to and communication with suppliers according to the project progress.

日友環保科技股份有限公司 供應商訪廠紀錄表

廠商名稱：\_\_\_\_\_ ☐初次訪視評核 ☐年度訪視評核

區域：☐元長廠 ☐彰濱廠 主要採購項目：\_\_\_\_\_

日期	合約資料	供應商受訪人	日友訪視人員	
年 月 日	合約編號： 合約區間： 合約金額：			
項目	內容	說明	評分	
經營與內部管理 (20 分)	1.是否為政府合法立案？(公司登記文件：)			
	2.是否建立作業流程的標準化？			
	3.重視誠信經營，有無償信問題？			
	4.資訊公開，有無不正當收益？			
	5.持續改善作業流程，增購新式設備？			
人權與安全衛生 (20 分)	6.勞動條件各方面是否符合勞動基準法規範？是否有勞安罰單？			
	7.建置安全衛生的作業環境？			
	8.是否重視員工培訓與成長。(專業證照、教育訓練)			
	9.保障員工基本勞動人權，是否雇用童工或非法勞工？			
	10.是否有歧視、差別待遇或各種形式之強迫勞動？			
環保與社會責任 (20 分)	11.應遵守環保法規及規範，是否有環保罰單？			
	12.作業中產生之廢棄物處理程序是否符合規定？			
	13.廢棄物減量並提昇資源回收再利用的比例？			
	14.響應綠色採購，是否優先採用環保標章、節能標章…等環保產品？			
	15.是否關懷地方，善盡企業社會責任？			
技術與產品品質 (20 分)	16.是否有建立相關的品質政策？(適當標示管理或認證)			
	17.是否有建立內部品質稽核流程？(先進先出、品質控管)			
	18.履行契約期間之品質、技術、服務是否符合公司需求？			
	19.產品、技術、服務之品質、價格穩定合理？			
	20.訪廠期間是否簡化包裝材料，減少有害製程？			
永續經營及夥伴關係 (20 分)	21.業務穩定性，是否提供穩定的供貨量？			
	22.近五年是否承接知名企業之產品、技術或服務？例如：			
	23.與日友是否建立良好的溝通平台並維持夥伴關係？			
	24.供應商評鑑表及供應商企業社會責任自評表是否正常？			
	25.其他(正負面報導或公開資訊)：			
等級	<input type="checkbox"/> 優良 90 分(含)以上	<input type="checkbox"/> 良好 80 分(含)以上	<input type="checkbox"/> 不合格 未滿 70 分	總分
建議事項：				

## Supplier Management Effectiveness and Penalties

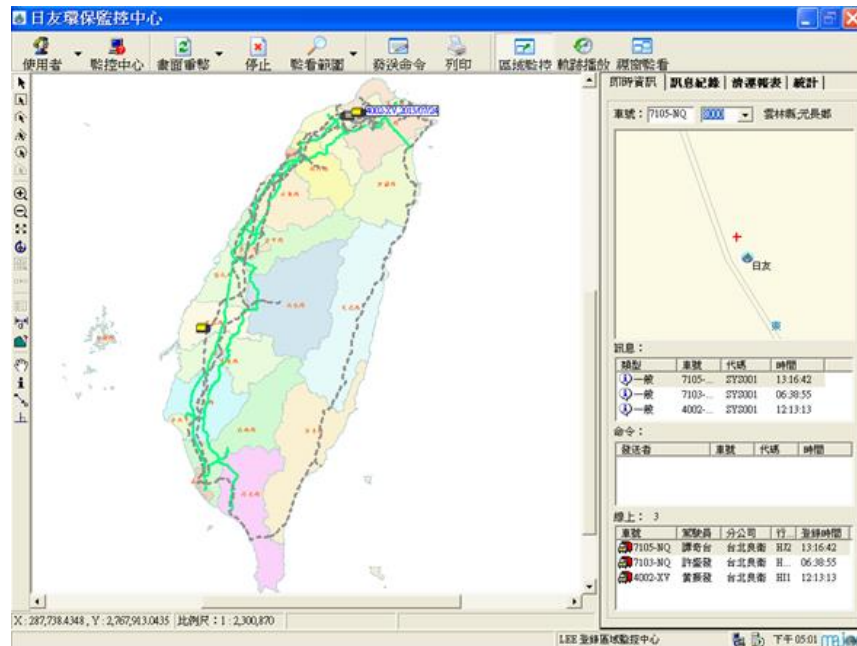
To establish a long-term partnership with suppliers, Sunny Friend is devoted to guide suppliers for a long-term partnership in order to establish a stable and sustainable supply chain and to reduce operating risks. Not only shall all of our suppliers comply with Sunny Friend's "Supplier Management Policy" and "Business Integrity Rules", but also we have stipulated "Subcontractor Evaluation and Control Procedures", hoping that our subcontractors will facilitate the growth of supply chain.

	Supplier evaluation	CSR self-assessment	On-site visits to suppliers	Communication with and trainings of the suppliers	Suppliers Meeting
Content	Management Department accompanies the purchase requisition unit to evaluate suppliers on a quarterly basis; suppliers with a score lower than 70 in the quarter will be requested to make improvements accordingly.	Management Department requests suppliers with a contractual amount of over NTD10 million (non-trading amount) to fill in "CSR Self-Assessment for Suppliers" at the end of each year; the forms are then collected for statistics	The procurement unit will, according to the contractual amount (non-trading amount), request the use unit or Management Department (or the General Affairs Office in the case of Zhangbin Plant) to visit suppliers and fill in "Supplier Site Visit Report" at the end of each year; the forms are then collected for statistics and listed in CSR report	The Supplier Site Visit Report is used to communicate with the suppliers and conduct trainings with respects to business and internal management; human rights, safety and health; environmental protection and social responsibilities; technology and product quality; and sustainable business and partnership.	Convene a meeting of suppliers or establish a consultative organization for important suppliers based on actual needs to negotiate improvement relevant matters during the subcontracting period; and publicly praise quality suppliers.
Penalties and punishments	Penalties and punishments. Suppliers that violate quality or occupational safety relevant rules during the course of performance will be imposed with penalties in accordance with "Standard Penalty Chart for Occupational Safety and Health Violation of Subcontractors". Where the said suppliers fail to make a correction will be marked in supplier evaluation form.	CSR self-assessment form	Environmental protection is the first priority for inspections at supplier site. Where the supplier violates environmental protection during the course of performance, it is a must to firstly evaluate whether our rights and benefits will be affected. If the situation is deemed serious, the contract may be terminated.	Occupational safety trainings for suppliers who enter the site for constructions works for the first time, and announcement of relevant operations.	Work coordination and improvement meetings for construction suppliers during the construction period.

In 2019, the new "supplier integrity terms and conditions" were added to all contracts (69 in total); and the 9 important suppliers have filled in and returned the "CSR Self-Assessment Form for Suppliers". We have included the questionnaire statistical results in the criteria of evaluating procurement suppliers. Apart from suppliers' self-assessment, "on-site visits to suppliers" were also carried between 2017 and 2019. The statistical results of the said surveys will be analyzed and used to select outstanding suppliers, namely those who share the same or similar CSR philosophy with us. In response to the incinerator expansion plan of Zhangbin Plant 2, the use unit and procurement unit cooperated to inspect 9 suppliers according to the outsourcing schedule; and none of the suppliers violate regulations.

## 4.2 Waste Disposal Management

Sunny Friend is a Class A waste disposal company and we cooperate with tens of disposal companies. We have hundreds of disposal vehicles that travel back and forth between disposal plants. Our transportation network covers northern, central and southern Taiwan and all of our waste disposal partners possess Class A waste disposal certificate. Our scopes of services include both general industrial wastes and hazardous industrial wastes. Not only cooperate our disposal partners to adjust the clearance and transportation frequency institution-to-institution, but also all of the disposal vehicles are equipped with professional clearance machineries and tools; and equipped with global GPS device. As this device enables us to rapidly transfer all clearance, transportation and disposal records to the Monitoring Center and customers simultaneously, we are able to monitor the entire waste disposal process and maximize the transparency and safety thereof.



▲The monitoring system of the disposal vehicle.



▲All types of professional disposal vehicles.

## Annex I: GRI Standards Index

### Disclosure of Materiality Issues

GRI Standards	Disclosure	Description	Corresponding chapter	Page	Note
<b>Economic perspective</b>					
<b>Management of the Company's key impacts, risks, and opportunities</b>	GRI 103-1	Explanation of the material topic and its Boundary	Annex II: Management Approach for Materiality Issues	88	
	GRI 103-2	The management approach and its components	Annex II: Management Approach for Materiality Issues	88	
	GRI 103-3	Evaluation of the management approach	Annex II: Management Approach for Materiality Issues	88	
	GRI 102-15	Key impacts, risks, and opportunities	3.4 Climate Risks	71	
<b>Ethics and integrity</b>	GRI 103-1	Explanation of the material topic and its Boundary	Annex II: Management Approach for Materiality Issues	88	
	GRI 103-2	The management approach and its components	Annex II: Management Approach for Materiality Issues	88	
	GRI 103-3	Evaluation of the management approach	Annex II: Management Approach for Materiality Issues	88	
	GRI 102-16	Values, principles, standards, and norms of behavior	1 Corporate Governance	12 18 32	
	GRI 102-17	Mechanisms for advice and concerns about ethics	1.3 Business Integrity and Regulatory Compliance	18	
<b>Economic performance</b>	GRI 103-1	Explanation of the material topic and its Boundary	2.2 Occupational Safety and Health	88	
	GRI 103-2	The management approach and its components	1.3 Business Integrity and Regulatory Compliance	88	
	GRI 103-3	Evaluation of the management approach	Annex II: Management Approach for Materiality Issues	88	
	GRI 201-1	Direct economic value generated and distributed	Annex II: Management Approach for Materiality Issues	16	
	GRI 201-3	Benefit plans and pension plan	Annex II: Management Approach for Materiality Issues	16	
<b>Environmental perspective</b>					
<b>Energy</b>	GRI 103-1	Explanation of the material topic and its Boundary	Annex II: Management Approach for Materiality Issues	88	
	GRI 103-2	The management approach and its components	Annex II: Management Approach for Materiality Issues	88	
	GRI 103-3	Evaluation of the management approach	Annex II: Management Approach for Materiality Issues	88	
	GRI 302-1	Energy consumption within the organization	3.1 Environmental Management	59	
	GRI 302-5	Reductions in energy requirements of products and services	3.2 Energy Saving and Carbon Reduction	66	
<b>Water</b>	GRI 103-1	Explanation of the material topic and its Boundary	Annex II: Management Approach for Materiality Issues	88	
	GRI 103-2	The management approach and its components	Annex II: Management Approach for Materiality Issues	88	
	GRI 103-3	Evaluation of the management approach	Annex II: Management Approach for Materiality Issues	88	
	GRI 303-1	Interactions with water as a shared resource	3.1 Environmental Management	59	
	GRI 303-2	Management of water discharge related impacts	3.1 Environmental Management	59	
	GRI 303-3	Water withdrawal by source	3.1 Environmental Management	59	
<b>Emissions</b>	GRI 103-1	Explanation of the material topic and its Boundary	Annex II: Management Approach for Materiality Issues	88	
	GRI 103-2	The management approach and its components	Annex II: Management Approach for Materiality Issues	88	
	GRI 103-3	Evaluation of the management approach	Annex II: Management Approach for Materiality Issues	88	
	GRI 305-1	Direct (Scope 1) GHG emissions.	3.2 Energy Saving and Carbon Reduction	66	
	GRI 305-5	Reduction of GHG emissions	3.2 Energy Saving and Carbon Reduction	66	
	GRI 305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	3.2 Energy Saving and Carbon Reduction	66	
<b>Effluents and Waste</b>	GRI 103-1	Explanation of the material topic and its Boundary	Annex II: Management Approach for Materiality Issues	88	
	GRI 103-2	The management approach and its components	Annex II: Management Approach for Materiality Issues	88	
	GRI 103-3	Evaluation of the management approach	Annex II: Management Approach for Materiality Issues	88	
	GRI 306-1	Water discharge by quality and destination	3.1 Environmental Management	59	



GRI Standards	Disclosure	Description	Corresponding chapter	Page	Note
	GRI 306-2	Waste by type and disposal method	3.1 Environmental Management	59	
	GRI 306-3	Significant Spills	3.1 Environmental Management	59	
	GRI 306-4	Transport of hazardous waste	3.2 Energy Saving and Carbon Reduction	66	
Environmental compliance	GRI 103-1	Explanation of the material topic and its Boundary	Annex II: Management Approach for Materiality Issues	88	
	GRI 103-2	The management approach and its components	Annex II: Management Approach for Materiality Issues	88	
	GRI 103-3	Evaluation of the management approach	Annex II: Management Approach for Materiality Issues	88	
	GRI 307-1	Non-compliance with environmental laws and regulations	1.3 Business Integrity and Regulatory Compliance	18	
Social perspective					
Occupational health and safety	GRI 103-1	Explanation of the material topic and its Boundary	Annex II: Management Approach for Materiality Issues	88	
	GRI 103-2	The management approach and its components	Annex II: Management Approach for Materiality Issues	88	
	GRI 103-3	Evaluation of the management approach	Annex II: Management Approach for Materiality Issues	88	
	GRI 403-1	Occupational health and safety management system	2.2 Occupational Safety and Health	32	
	GRI 403-2	Hazard identification, risk assessment, and incident investigation	2.2 Occupational Safety and Health	32	
	GRI 403-3	Occupational health services	2.2 Occupational Safety and Health	32	
	GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	2.2 Occupational Safety and Health	32	
	GRI 403-5	Worker training on occupational health and safety	2.2 Occupational Safety and Health	32	
	GRI 403-6	Promotion of worker health	2.2 Occupational Safety and Health	32	
	GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	2.2 Occupational Safety and Health	32	
Local communities	GRI 403-9	Work-related injuries	2.2 Occupational Safety and Health	32	
	GRI 103-1	Explanation of the material topic and its Boundary	Annex II: Management Approach for Materiality Issues	88	
	GRI 103-2	The management approach and its components	Annex II: Management Approach for Materiality Issues	88	
	GRI 103-3	Evaluation of the management approach	Annex II: Management Approach for Materiality Issues	88	
	GRI 413-1	Operations with local community engagement, impact assessments, and development program	2.3 Social Inclusion	38	
Socioeconomic compliance	GRI 413 2	Operations with significant actual and potential negative impacts on local communities	2.3 Social Inclusion	38	
	GRI 103-1	Explanation of the material topic and its Boundary	Annex II: Management Approach for Materiality Issues	88	
	GRI 103-2	The management approach and its components	Annex II: Management Approach for Materiality Issues	88	
	GRI 103-3	Evaluation of the management approach	Annex II: Management Approach for Materiality Issues	88	
Others	GRI 419-1	Non-compliance with laws and regulations in the social and economic area	1.3 Business Integrity and Regulatory Compliance	18	
			2.2 Occupational Safety and Health	32	
Sustainable supplier management					
	GRI 103-1	Explanation of the material topic and its Boundary	Annex II: Management Approach for Materiality Issues	88	
	GRI 103-2	The management approach and its components	Annex II: Management Approach for Materiality Issues	88	
	GRI 103-3	Evaluation of the management approach	Annex II: Management Approach for Materiality Issues	88	
	GRI 102-9	Supply chain	4 Partnership	72	
	GRI 308-1	New suppliers that were screened using environmental criteria	4.1 Supply Chain Management	73	
	GRI 308-2	Negative environmental impacts in the supply chain and actions taken	4.1 Supply Chain Management	73	
	GRI 414-1	New suppliers that were screened using social criteria	4.1 Supply Chain Management	73	
	GRI 414-2	Negative social impacts in the supply chain and actions taken	4.1 Supply Chain Management	73	
	GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	4.1 Supply Chain Management	73	

## Disclosure of General Issues

GRI Standards	Disclosure	Description	Corresponding chapter	Page	Note
Organizational profile	GRI 102-1	Name of the organization	Scope of This Report	i	
	GRI 102-2	Activities, brands, products, and services	About Sunny Friend	2	
	GRI 102-3	Location of headquarters	Scope of This Report	i	
	GRI 102-4	Location of operations	About Sunny Friend	2	
	GRI 102-5	Ownership and legal form	About Sunny Friend	2	
	GRI 102-6	Markets served	About Sunny Friend	2	
	GRI 102-7	Scale of the organization	1.2 Business Performance 2.1 Caring for Employees	16 25	
	GRI 102-8	Information on employees and other workers	2.1 Caring for Employees	25	
	GRI 102-9	Supply chain	4 Partnership	72	
	GRI 102-10	Significant changes to the organization and its supply chain	1.2 Business Performance	16	
	GRI 102-11	Precautionary Principle or approach	1.1 Administrative Organization	14	
	GRI 102-12	External initiatives	1.1 Administrative Organization	14	
	GRI 102-13	Membership of associations	1.1 Administrative Organization	14	
Strategy	GRI 102-14	Statement from senior decision-maker	Words from Chairman	1	
	GRI 102-15	Key impacts, risks, and opportunities	3.4 Climate Risks	71	
Ethics and integrity	GRI 102-16	Values, principles, standards, and norms of behavior	1 Corporate Governance 1.3 Business Integrity and Regulatory Compliance 2.2 Occupational Safety and Health	12 18 32	
	GRI 102-17	Mechanisms for advice and concerns about ethics	1.3 Business Integrity and Regulatory Compliance	18	
Governance	GRI 102-18	Governance structure	1.1 Administrative Organization	14	
Stakeholder engagement	GRI 102-40	List of stakeholder groups	Identification of Materiality Issues and Stakeholder Engagement	7	
	GRI 102-41	Collective bargaining agreements	2.1 Caring for Employees	25	
	GRI 102-42	Identifying and selecting stakeholders	Identification of Materiality Issues and Stakeholder Engagement	7	
	GRI 102-43	Approach to stakeholder engagement	Identification of Materiality Issues and Stakeholder Engagement	7	
	GRI 102-44	Key topics and concerns raised	Identification of Materiality Issues and Stakeholder Engagement	7	

GRI Standards	Disclosure	Description	Corresponding chapter	Page	Note
Reporting practice	GRI 102-45	Entities included in the consolidated financial statements	1.2 Business Performance	16	
	GRI 102-46	Defining report content and topic Boundaries	Scope of This Report	i	
	GRI 102-47	List of material topics	Identification of Materiality Issues and Stakeholder Engagement	7	
	GRI 102-48	Restatements of information	Scope of This Report	i	
	GRI 102-49	Changes in reporting	Scope of This Report	i	
	GRI 102-50	Reporting period	Scope of This Report	i	
	GRI 102-51	Date of most recent report	Scope of This Report	i	
	GRI 102-52	Reporting cycle	Scope of This Report	i	
	GRI 102-53	Contact point for questions regarding the report	Scope of This Report	i	
	GRI 102-54	Claims of reporting in accordance with the GRI Standards	Scope of This Report	i	
	GRI 102-55	GRI content index	Annex I: GRI Standards Index	84	
	GRI 102-56	External assurance	Scope of This Report	i	



## Annex II: Management Approach for Materiality Issues

Management Approach for Materiality Issues

Materiality issues	Importance of the issues	Policy / commitments	Goals and objectives	Responsible unit (in charge thereof)	Resources	Reporting mechanisms	Action plan	Effectiveness evaluation	Corresponding chapter in the Report
Regulatory compliance	As a listed environmental protection company, Sunny Friend not only complies with Company Act and Stock Exchanges' regulations governing listed companies, but also abides by "Waste Disposal Act", "Permit Management Regulations for Public or Private Waste Clearance and Disposal Organizations" and "Regulations Governing Ministry of Economic Affairs' Guidance to Enterprises for Installing Industrial Waste Disposal Facilities".	Sunny Friend abides by government regulations and internal rules; and holds us with strict standards	Sunny Friend shall have <0 case of major violation (with a penalty of NTD60,000 above).	All departments of the Company	The Company's operating rules are published on our website and Market Observation Post System (MOPS) websites for internal and external stakeholders to read and comply with.	Sunny Friend has stipulated "Regulations Governing Reported Cases"	Sunny Friend abides by government laws and regulations, with which all amendments to our internal rules always comply. Besides, when any regulation has been amended or abolished, our departments also make timely adjustments to our internal rules to facilitate our compliance therewith.	In 2019, Sunny Friend has 1 case of major violation (with a penalty of NTD60,000 above).	1 Corporate Governance to 1.3 Business Integrity and Regulatory Compliance
Effluents and waste	Employees' emergency response capability; and ability of controlling the use of raw materials and energy resources.	Apart from cooperating with drills held by government agencies at all levels, the Company also holds various disaster response drills internally on a regular basis. The purposes thereof are to enhance employees' emergency response capabilities in order to control accidents and eliminate all risks; and to enhance their ability of controlling the use of raw materials and energy resources in accordance with the Company's relevant operating procedures and operations.	By controlling the use of raw materials, we are able to reduce operating costs; and, when an accident occurs, minimize all damages and shorten the post-disaster restoration period. By taking 2015 as the base year, we plan to successfully reduce 1% of waste by 2020. By taking 2015 as the base year, we plan to successfully reduce 1% of waste water by 2020.	General Affairs Department Environmental Protection Office	Hold emergency response education and training sessions	---	1. Enhance employees' expertise and response capabilities. 2. Hold emergency response education and training sessions on a regular basis. 3. Employees participate in Environmental Professionals Training Institute's trainings for expertise related certificate.	1. In 2019, 4 of our employees have acquired the waste specialist certificate 2. By taking 2015 as the base year, it is expected to reduce 1% of waste by 2020. 3. By taking 2015 as the base year, it is expected to reduce 1% of waste water by 2020.	Chapter 3
Key impacts to business and management of risks and opportunities	Direct impacts of climate anomalies, global warming and air quality deterioration can result in the increase of raw material or energy costs; and the competent authority's request of lowering the loading or suspending the production.	Participate in various drills held by government agencies at all levels.	Reduce the impacts of climate anomalies.	Planning Department Environmental Protection Office General Affairs Department Management Department	Hold environmental education and training sessions	---	1. Enhance employees' expertise and response capabilities. 2. Hold environmental education and training sessions on a regular basis.	No direct impact from climate change in 2019.	Chapter 3



Materiality issues	Importance of the issues	Policy / commitments	Goals and objectives	Responsible unit (in charge thereof)	Resources	Reporting mechanisms	Action plan	Effectiveness evaluation	Corresponding chapter in the Report
Emissions	An energy-saving design for the waste incineration process	Such as the renovation of Plant 1, where the heat exchangers are installed; recovered heat energy is guided to the front end of the chimney discharge opening; and the exhaust is heated up to above the dew point. This design helps to remove the white smoke and reduce the use of diesel required by heating up the exhaust	Reduce the Company's operating costs and energy consumption. By taking 2015 as the base year, we plan to successfully reduce 3% of GHG emissions by 2020.	General Affairs Department Environmental Protection Office Planning Department	Investments in and improvements to facilities	Citizens' reporting form, where complaints and reports can be made by telephone or mail.	1. Renovate Plant 1, where old facilities are replaced to reduce energy consumption. 2. Newly install heat exchangers to recover heat energy and save energy. 3. Replace diesel with heavy oil to save energy.	1. Renovate Plant 1, where old facilities are replaced to reduce energy consumption. 2. Newly install heat exchangers to recover heat energy and save energy. 3. Replace diesel with heavy oil to save energy. 4. By taking 2015 as the base year, it is expected to reduce 3% of GHG emissions by 2020.	Chapter 3
Ethics and integrity	With a great value on the importance of enhancing CSR culture, Sunny Friend is doing our best efforts to ensure the sound development of our business and organization; implement corporate governance; build an integrity-based corporate culture.	Sunny Friend already established "Code of Ethics", "Code of Integrity" and "Procedures for Ethical Management and Guidelines for Conduct" internally.	<0 violation of Sunny Friend's "Code of Ethics", "Code of Integrity" and "Procedures for Ethical Management and Guidelines for Conduct".	Management Department Public Relations and Legal Department	Conduct one annual education and training session related to "Code of Ethics", "Code of Integrity" and "Procedures for Ethical Management and Guidelines for Conduct"	Sunny Friend already stipulated "Regulations Governing Reported Cases".	1. Enhance the propaganda of Sunny Friend's ethics and business integrated related policy; and implement internal audit and control mechanisms. 2. Engagement/ communication before the board of directors meeting. 3. Abide by and comply with corporate governance regulations.	In 2019, Sunny Friend does not have any violation of our internal "Code of Ethics", "Code of Integrity" and "Procedures for Ethical Management and Guidelines for Conduct".	1 Corporate Governance to 1.3 Business Integrity and Regulatory Compliance
Economic performance	Upholding professional management, Sunny Friend values shareholders and investors opinions, and share with all shareholders our management results.	Sunny Friend has been dedicated to our operations of and development in environmental protection, hoping to meet customers' needs for environmental protection and waste disposal. It is also our aspiration that Sunny Friend will become a model among waste disposal organizations and will, together with our customers, reach the goal of "being a new environment creator".	Dividends distributed to our shareholders shall not be lower than 50% of the net profit of the current year.	General Manager's Office Finance Department	Sunny Friend is the only environmental protection company that has vertically integrated the upstream to downstream supply chain in the country. Sunny Friend has a strong management team, which is capable to control the market trend and timely plan the company's future development.	Sunny Friend has the spokesperson and deputy spokesperson system, helping to handle shareholders' suggestions and doubts; or any related dispute or litigation.	1. In Taiwan, Sunny Friend has proactively applied for the establishment of new plant and renovation of old facilities. 2. In mainland China, Sunny Friend has made continuous investments in expanding our business scale in the region.	The EPS of 2019 is NTD 8.91, where cash dividend was NTD8 per share (with a dividend payout rate of 89.79%).	1.2 Business performance

Materiality issues	Importance of the issues	Policy / commitments	Goals and objectives	Responsible unit (in charge thereof)	Resources	Reporting mechanisms	Action plan	Effectiveness evaluation	Corresponding chapter in the Report
Occupational health and safety	Facilitate the organization to eliminate potential hazards or minimize occupational safety and health risks; build up an effective management system; provide a safe and healthy workplace to prevent occupational injuries and health problems; and continuously improve our occupational safety and health performance.	Occupational safety and health policy: 1. Tackle the root causes of people to build a safe environment: Make continuous improvements with a preventive thinking and proactive attitude in order to provide safe and healthy work conditions. 2. Comply with laws and abide by rules: Fulfill regulatory requirements and committed agreement. 3. Eliminate hazard to reduce risks: Identify hazards on a regularly basis to reduce occupational safety and health risks and eliminate hazards. 4. Establish a bridge through Labor-management collaboration: Encourage workers to participate in and establish counseling and communication channels.	In response to new regulatory or agreement requirements, Sunny Friend continuously enhances employees' hazard awareness and protection concepts. Each year, the Company holds occupational health and safety education and training sessions.	Occupational Safety and Health Office	Hold external and internal audits for the Company's occupational safety and health management system.	Established counseling services and reporting channels for workplace bullying at Zhangbin Plant.	1. The Plant's associate manager is in charge of the occupational safety and health management system; and is responsible to manage all related actions and demonstrate the leadership and commitments thereof. 2. Established "Occupational Safety and Health Committee" to implement and maintain interdepartmental operations; and give advice to employees at all levels with respect to their participation of the management system.	1. Implemented 6 occupational safety and health education and training sessions. 2. Implemented 2 emergency response drills each year to enhance employees' capabilities of responding to on-site accidents. 3. All types of occupational injuries and diseases; implement health checks for on-site personnel every six months. 4. Pass the certification of ISO45001:2018 Occupational health and safety management systems.	Chapter 2
Local communities	Sunny Friend knows that the implementation of corporate social responsibility starts from understanding the actual needs of society. Upholding a community-based management approach and the spirit of giving back to the community, we aim to minimize social impacts to the community of where our operational sites are located through local development and education by paying attention to local development and fostering local education. By continuously ameliorating ourselves, it is also our expectation that Sunny Friend will bring positive values and contributions to the society.	It is Sunny Friend's strategy to establish good communication channels with local residents by enhancing social welfare and giving back to local communities.	As a local enterprise, Sunny Friend has, starting from our Yunlin Plant and Zhangbin Plant, given back to local communities and fulfilled our corporate social responsibility based on "social care", "education facilitation" and "environmental protection".	Public Relations and Legal Department	Continuously promoting social care and giving back to local communities.	Sunny Friend already stipulated "Regulations Governing Reported Cases".	1. Emergency aid and funeral allowance. 2. Winter emergency fund for the poor. 3. Support activities held by local clubs. 4. Zhangbin Plant Supervisory Committee. 5. Donate books to elementary and junior high schools of Yuanchang Township. 6. Sponsor writing contest held in Yuanchang. 7. Published "Northern Lapwing Literary Magazine". 8. Hold "Sunny Friend Literature and Writing Camp" and "Sunny Friend Environmental Protection Science Camp". 9. Sponsor after-school activities in the region. 10. Distribute scholarships. 11. Adopt air purification zone and coastal cleanup works. 12. Assist government in properly handling social and environmental protection incidents.	1. 175 people received the winter emergency fund for the poor in 2019 2. 95 scholarship winners 3. 532 writing contest award winners 4. 582 people participated in the Sunny Friend Literature and Writing Camp 5. 413 people participated in the Sunny Friend Environmental Protection Science Camp	Chapter 2

Materiality issues	Importance of the issues	Policy / commitments	Goals and objectives	Responsible unit (in charge thereof)	Resources	Reporting mechanisms	Action plan	Effectiveness evaluation	Corresponding chapter in the Report
Water	Reduce the waste of water resource; and monitor the use of water and maintain stable operations.	<ol style="list-style-type: none"> <li>1. Change water-cooled air conditioners to air-cooled air conditioners to reduce the use of cooling water.</li> <li>2. Reduce the equipment temperature and adjust the water supply thereof to reduce the use of cooling water.</li> </ol>	Continue to optimize the equipment's water supply mechanism to ensure the effective use of water resources; and continue to monitor the use of water and, whenever it is necessary, set up an emergency response team. By taking 2015 as the base year, we plan to successfully reduce 1% of waste water by 2020.	General Affairs Department Environmental Protection Office	Investments in and improvements to environmental protection facilities; hold environmental education and training sessions.	---	<ol style="list-style-type: none"> <li>1. All old facilities are replaced to reduce energy consumption.</li> <li>2. Continue to optimize water supply facilities to ensure the effective use of water resources.</li> <li>3. Promote the importance of saving water among employees through environmental education.</li> </ol>	<ol style="list-style-type: none"> <li>1. Saved energy consumption.</li> <li>2. By taking 2015 as the base year, it is expected to reduce 2% of electricity consumption by 2020.</li> </ol>	Chapter 3
Sustainable supplier management	Ensure suppliers' management, human rights, environmental protection and technique related approaches and practice can reach the goal of business sustainability.	<ol style="list-style-type: none"> <li>1. Evaluation and Control -Ensure the quality of technical services.</li> <li>2. Local Procurement -Better fulfillment of environmental corporate social responsibility.</li> <li>3. Occupational Safety and Quality Assurance - Request suppliers to implement occupational safety requirements.</li> <li>4. Business Integrity -Pursue for sustainable growth together.</li> </ol>	Build up a sustainable supply chain management by assisting quality suppliers to have a sustainable business growth with our Company.	Management Department	Yunlin Plant and Zhangbin Plant have a supplier evaluation mechanism.	Sunny Friend's "Procedures for Ethical Management and Guidelines for Conduct" has specified that personnel handling complaints/reporting Related matters shall make a non-disclosure agreement in writing with respect to the reporter's identity and reporting contents. Sunny Friend also guarantees that the reporter will not be improperly handled due to the reported case; and is willing to deliberate and conduct protection measures accordingly.	<ol style="list-style-type: none"> <li>1. Supplier evaluation management; and self-assessment by suppliers.</li> <li>2. Local procurement rate; encourage energy-saving and green procurement.</li> <li>3. Occupational safety and health meetings among suppliers; and encourage suppliers that have implemented relevant practice.</li> <li>4. Business integrity terms and conditions; and on-visits to important suppliers.</li> </ol>	<ol style="list-style-type: none"> <li>1. 9 important suppliers were evaluated in 2019; 9 important suppliers conducted self-assessment.</li> <li>2. Signed another 5 new local procurement contracts in 2019; The environmental procurement amount increased to NTD12,820,690.</li> <li>3. Held 8 occupational safety facilitation meetings for suppliers in 2019; Publicly encourage suppliers that have implemented occupational safety.</li> <li>4. The supplier integrity terms and conditions were included in the contract with 69 suppliers; and 44 suppliers have signed the CSR terms and conditions in 2019; took on-site visits to 9 suppliers in 2019.</li> </ol>	Chapter 4
Energy	Energy use and control	<ol style="list-style-type: none"> <li>1. Change water-cooled air conditioners to air-cooled air conditioners to reduce the use of cooling water.</li> <li>2. Reduce the equipment temperature and adjust the water supply thereof to reduce the use of cooling water.</li> <li>3. Newly install heat exchangers.</li> </ol>	Control and reduce the use of raw materials to lower operating costs. By taking 2015 as the base year, we plan to successfully reduce 2% of electricity consumption by 2020.	General Affairs Department Environmental Protection Office Planning Department	Investments in and improvements to facilities	---	<ol style="list-style-type: none"> <li>1. All old facilities are replaced to reduce energy consumption.</li> <li>2. Continue to optimize water supply facilities to ensure the effective use of water resources.</li> </ol>	<ol style="list-style-type: none"> <li>1. Saved energy consumption.</li> <li>2. By taking 2015 as the base year, it is expected to reduce 2% of electricity consumption by 2020.</li> </ol>	Chapter 3

# CSR

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