

Sunny Friend Environmental Technology Co., Ltd.



**2022** Sustainability Report

2022  
**ESG**  
Report

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## Scope of This Report

Sunny Friend Environment Technology Co., Ltd. (hereinafter referred to as “Sunny Friend” or “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 (2022 Corporate Social Responsibility Report of Sunny Friend Environment Technology Co., Ltd.) is prepared in response to the 2021 revision of Global Reporting Initiative (GRI) and in accordance with the “core” options of GRI Standards. This year’s report is written based on the GRI standards to meet public expectation and disclose the consistency with the standards. The operational boundaries disclosed in this report cover the business operations of waste disposal in Taiwan. Sunny Friend operates at 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, 2022 to December 31, 2022, with the Company’s practice and performance data covered in the scopes of corporate governance, economy, society and environment. To ensure the integrity of



### Opinions and Feedback on this Report

Sunny Friend Environment Technology Co., Ltd.

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project and performance integrity, some of the disclosed information is related to the Group's affiliates and data before January 1, 2022 and after December 31, 2022. This year's report covers the contents of previous reports and none of the reported information has changed or been revised. Some of the information is updated. Also, the Company issues the CSR report in every September for the reference of stakeholders. The current issued version is dated August 2023; the last version is dated August 2022; and the next version is expected to be published in August 2024.





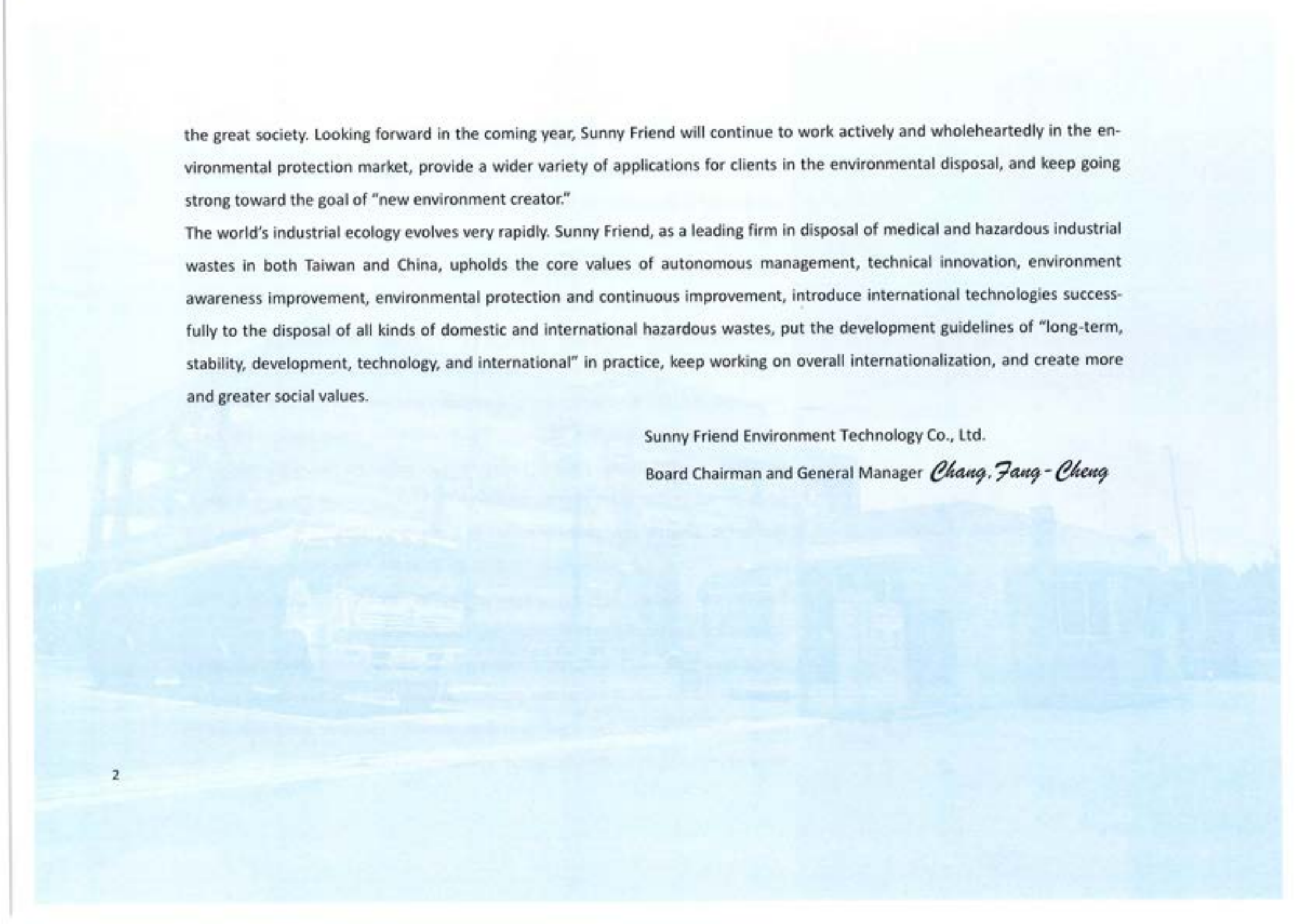


## Words from Chairman

The consolidated revenue was TWD 3.8 billion with post-tax profit of TWD 890 million in 2022 thanks to all the hard-working employees and business teams of Sunny Friends and its subsidiaries. The growth is 14.58% and -8.40%, respectively, compared the year or 2021. The earnings per share after tax is TWD 7.72 this year.

In Taiwan, Sunny Friend operates Yunlin Plants 1 and 3 for medical waste disposal and Zhangbin Plants 1 and 2 for industrial waste disposal. In addition to the Beijing Plants 1 and 2 for medical waste disposal and Rizhao Panyue Plant for industrial waste disposal, the Yuncheng plant in Shanxi was awarded the one-year hazardous waste disposal permit in Mar 2022 and 5-year hazardous waste disposal permit in Feb 2023, and the Suqian plant in Jiangsu was awarded the hazardous waste disposal permit in Oct 2022. The business efforts slowed down in these new plants due to the dynamic zero policy practiced in China. Now with the policy lifted, the general economy is expected to come back to life in the following year, and hopefully this will drive the business momentum for the new plants in China and, thus, improve our market share in the waste disposal business.

Sunny Friend will work with the government for the epidemic prevention policy based on the mission of protecting the environment, help the Environmental Protection Administration, Executive Yuan with domestic epidemic prevention waste disposal with a rigorous attitude, and do our parts as a member of



the great society. Looking forward in the coming year, Sunny Friend will continue to work actively and wholeheartedly in the environmental protection market, provide a wider variety of applications for clients in the environmental disposal, and keep going strong toward the goal of "new environment creator."

The world's industrial ecology evolves very rapidly. Sunny Friend, as a leading firm in disposal of medical and hazardous industrial wastes in both Taiwan and China, upholds the core values of autonomous management, technical innovation, environment awareness improvement, environmental protection and continuous improvement, introduce international technologies successfully to the disposal of all kinds of domestic and international hazardous wastes, put the development guidelines of "long-term, stability, development, technology, and international" in practice, keep working on overall internationalization, and create more and greater social values.

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, midstream 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;

### 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: 349 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 2,088 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, 2022.

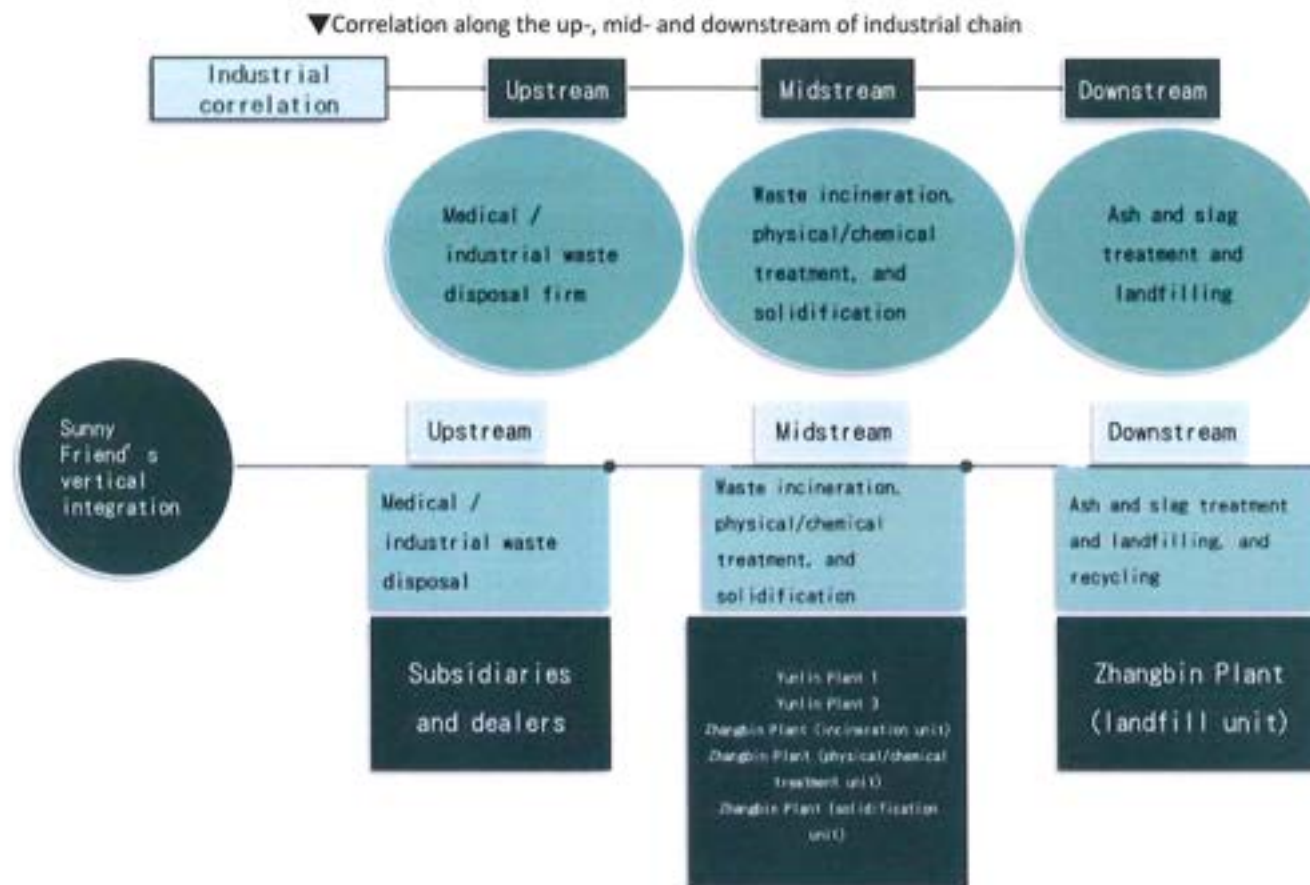
and then acquired a license, the validity period is from March 29, 2021 to March 28, 2024. On the other hand, Zhangbin Plant passed the certification of ISO 14001 in December 2009 and the revision thereof (ISO 14001: 2015) in 2017; and then acquired a license, the validity period is from Oct. 18, 2022 to Oct. 17, 2025.

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 reuses system, and acquired relevant permits in Jun. 2020; 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. The construction of Zhangbin Landfill 4 started in Jan 2021 and the use permit was secured in Mar 2022. The construction contract has been signed for the Zhangbin Landfill 3 and the project is currently on the design desk. It is expected to secure the business permit in Q2 2023. Sunny Friend reached an agreement for the environmental protection property at the Xianxi Xi 3 zone in the Zhangbin Industrial Park. The environmental impact assessment presentation was organized in Apr 2021, and concluded in the shareholders' meeting on 15 Jun 2022. Sunny Friend spared no effort in preventing COVID-19 pandemic in 2022 and kept working closely with the government in this regard. We helped the Environmental Protection Administration, Executive Yuan with domestic epidemic prevention waste disposal with a rigorous attitude. As the



supplies and demands of infectious medical waste are stabilizing, we are planning to develop the business of general mixed medical waste disposal for better production usage rate.





▲ Beijing Ruentex Environment Technology Corporation



▲ Rizhao Panyue Environmental Technology Co., Ltd.

#### ▼ Sunny Friend's milestones (1)

1994	November	Sunny Friend Waste Disposal Co., Ltd. was founded, with a paid-in capital of NT\$50 million.
1997	January	Received a Class A incineration plant operating permit issued by Yunlin County Government.
2000	July	The Company was renamed to Sunny Friend Environment Technology Co., Ltd.
	December	The Company passed the ISO 14001 certification upon successful completion of the NSF review.
2001	December	Mr. Fang-Cheng Chang took office as General Manager.
2002	May	Received an operating permit from Yunlin County Government for launching the operations of Yunlin Plant 2.
2002	June	Invested in the establishment of Beijing Ruentex Environment Technology Corporation in Mainland China.
2005	June	Mr. Fang-Cheng Chang took office as Chairman.
2008	February	The construction of Beijing Ruentex Environment Technology Corporation's medical waste incineration disposal plant was completed.
	November	Acquired the management rights to Industrial Waste Comprehensive Processing Center of Central Taiwan (originally managed by RSEA Engineering Corporation).
2012	December	The paid-in capital was increased to TWD1 billion.
	December	Established the Salary and Compensation Committee.
2013	March	Registered on the Emerging Stock Board.
	March	Became listed on the stock exchange.
2014	March	The paid-in capital was increased to TWD1.115 billion.
	September	Invested in the establishment of Jiangsu Suzhen Ruentex Environmental Technology Co., Ltd. in Mainland China.
2015	May	Invested in the establishment of Langfang Ruentex Environmental Technology Co., Ltd. in Mainland China.
	May	Invested in the establishment of Yuncheng Ruentex Environmental Technology Co., Ltd. in Mainland China.
2016	August	Received an operating permit from Yunlin County Government for launching the operations of Yunlin Plant 3.
2017	September	Invested in the establishment of Jiangyin Ruentex Environmental Technology Co., Ltd. in Mainland China.



▼Sunny Friend's milestones (2)

2018	December	The Company received an approval from Investment Commission, Ministry of Economic Affairs, allowing the Company to invest in Datong Ruentex Environmental Technology Co., Ltd. through a third party.
2019	May	Received an approval from Industrial Development Bureau, Ministry of Economic Affairs for launching the operations of Industrial Waste Comprehensive Processing Center of Central Taiwan; Zhangbin Plant 2 started to operate.
2020	January	Invested in the establishment of Datong Ruentex Environmental Technology Co., Ltd. in Mainland China.
	March	Completed the renovation of Yunlin Plant 1 and received a permit therefor.
	May	Establish an audit committee.
2021	August	Beijing Ruentex Environmental Protection Science and Technology Company in Mainland China renewed the hazardous waste operating license; and an approval of handling 40,000 tons of waste per year had been granted.
	December	Acquired 90% of the shares of Rizhao Panyue Environmental Technology Co., Ltd. in mainland China.
2022	July	An adjustment to the organizational structure, where the subsidiary Chin Hsin Environ Engineering Co., Ltd. has issued new shares. Obtained all of Chin Hsin and Liang Wei's issued shares through share conversion.
	October	Invested in the establishment of Huan Hsin Precision Co., Ltd.
	March	Yuncheng Ruentex Environmental Technology Co., Ltd. secured the hazardous waste disposal permit for one year.
	October	Suqian Ruentex Environmental Technology Co., Ltd. secured the hazardous waste disposal permit for one year.
	October	The investment business in Mainland China was adjusted for the organizational structure by means of stock exchange.



▲ Jiangsu Suqian Ruentex Environmental Control Co., Ltd.



▲ Yuncheng Ruentex 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	2020	2021	2022
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																				●	●	●	●	●	●	●	●
Circular Economy and Technological Innovation																										●	●

#### Milestones :

- 1997 ▶ Launched operating environment monitoring.
- 1998 ▶ Started to offer emergency fund for the poor.
- 1999 ▶ Started to offer scholarships and established Employee Welfare Committee.
- 2000 ▶ Adopted the environmental management system (ISO 14001) and waste management system.
- 2002 ▶ Launched road-cleaning adoption.
- 2003 ▶ Assisted the government in handling SARS waste.
- 2004 ▶ Launched environmental protection volunteer services and activities.
- 2009 ▶ Environmental Protection Administration's epidemic prevention drills.
- 2011 ▶ Donated books between 2011 and 2013.
- 2012 ▶ Held writing contest and after-school classes for the poor; and established Zhangbin Supervisory Committee.
- 2013 ▶ Published "Northern Lapwing Literary Magazine"; and held the "Sunny Friend Literature and Writing Camp".
- 2014 ▶ Gifted Global Kids Monthly and Global Kids Junior Monthly; and established Salary and Compensation Committee.
- 2015 ▶ Gifted bike lamps to students and prepared the CSR report.
- 2016 ▶ Held the "Sunny Friend Environmental Protection Science Camp".
- 2017 ▶ Adopted the new version of corporate social responsibility standards: GRI Standards.
- 2018 ▶ Promulgated the Company's human rights policy.
- 2019 ▶ Listed management policy for materiality issues; and implemented an evaluation on the impact of climate risks to the Company's operations.
- 2020 ▶ Newly added risk management.
- 2021 ▶ Added to the new chapter "Circular Economy and Technological Innovation" to the ESG report.
- 2021 ▶ GRI 2021 Standards incorporated.



## 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 ESG 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. For any negative impact on stakeholders, the Company shall report to the board of directors and propose an appropriate solution.



▲ ESG report meeting.

# Materiality issue identification process

## I. Collect sustainability issues from international and domestic environmental protection and clean energy industry

1. Domestic and international materiality issues and news in the same business
2. International industrial ESG trend analysis reports
3. Domestic regulations and policies, such as "Rules for Preparing and reporting sustainability reports for listed companies"

## II. Questionnaire survey for impact assessment of materiality issues

The sustainability development promotion team and its members are asked to evaluate all actual, potential, positive and negative impacts of sustainability issues on economy, environment and people, including human rights, for Sunny Friend.

## III. Sorting by impact significance

The top 9 are selected as the materiality issues of 2022 after summarizing the positive and negative impact evaluation results.

## IV. Take issues of external stakeholders' interests into consideration

Materiality issues are added or cancelled based on previous questionnaire survey on sustainability issues of stakeholders' interests and feedback from external stakeholders during daily business activities in 2022.

## V. Determine the materiality issues of 2022

The materiality issues for this year's report are identified by the sustainable development promotion team in response to stakeholders' needs and expectations.

Impact evaluation results of Sunny Friend's major issues in 2022





## Impact evaluation results of Sunny Friend's major issues in 2022



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	●	●	●	●	●	●	●	1.4 Business Integrity, Anti-corruption and Regulatory Compliance	GRI 2-7	SDG 8 Decent work and Economic Growth
Effluents and waste		●	●	●		●	●	3.1 Environmental Management	GRI 303 GRI 306	SDG 6 Clean Water and Sanitation
Occupational health and safety	●	●	●				●	2.2 Occupational Health and Safety	GRI 403	SDG 8 Decent work and Economic Growth
Economic performance	●	●		●	●	●		1.2 Business Performance	GRI 201	SDG 8 Decent work and Economic Growth
Business integrity and anti-corruption	●	●	●	●	●	●	●	1.4 Business Integrity, Anti-corruption and Regulatory Compliance	GRI 205	SDG 8 Decent work and Economic Growth
Greenhouse gas emission		●	●	●		●	●	3.2 Energy Saving and Carbon Reduction	GRI 305	SDG 13 Climate Action
Local communities		●	●			●		2.3 Social Inclusion	GRI 413	SDG 4 Quality Education
Employee welfare and rights	●		●		●			2.1 Caring for Employees	GRI 401 GRI 404	SDG 10 Reduce inequality within and among countries
Circular economy and technological innovation		●	●	●			●	3.5 Circular Economy and Technological Innovation	-	SDG 8 Decent work and Economic Growth

Note: After internal discussions and resolutions, 9 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; no change for materiality issues of 2022.



▼ Sunny Friend's materiality issues of 2022 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
	Business integrity and anti-corruption				
	Economic performance				
	Occupational safety and health				
	Employee welfare and rights				
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				
	Greenhouse gas emission				
	Business integrity and anti-corruption				
	Economic performance				
	Occupational health and safety				
	Local communities				
Public sectors	Circular economy and technological innovation	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
	Regulatory Compliance				
	Effluents and waste				
	Greenhouse gas emission				
	Business integrity and anti-corruption				
	Occupational health and safety				
	Local communities				
	Circular economy and technological innovation				

▼ Sunny Friend's materiality issues of 2022 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				
	Greenhouse gas emission				
	Business integrity and anti-corruption				
	Economic performance				
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
	Business integrity and anti-corruption				
	Economic performance				
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				
	Greenhouse gas emission				
	Business integrity and anti-corruption				
	Economic performance				
	Local communities				
Academia / academia-industry collaboration units	Employee welfare and rights	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
	Regulatory Compliance				
	Effluents and waste				
	Greenhouse gas emission				
	Business integrity and anti-corruption				
	Occupational safety and health				
	Circular economy and technological innovation				



# 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. Sunny Friend is a regular member of the organizations mentioned above. 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.



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

### 1.Board of directors

The highest governance unit of SUNNY FRIEND is the board of directors. The board of directors has seven directors (including three independent directors) and is also responsible for decision-making on economic, environmental, and social topics. In order to strengthen the company's operating system, we established a remuneration committee in accordance with the expectations of the competent authority and the audit committee to help the board of directors with business supervision. A total of six board meetings were held in 2022, and the attendance rate was 100%. The salary and compensation committee under the Board of Directors, consisting of three members, has a term of three years; formulating and regularly reviewing the company's directors and managers' annual and long-term performance targets and remuneration policies, systems, standards, and structures; regularly evaluating the achievement of the company's directors and managers' performance targets, and determining their individual compensation content and amount. In 2022, the salary and compensation committee has no objection to the remuneration of directors. In 2022, a total of two salary and compensation committee is held, with an attendance rate of 100%. SUNNY FRIEND established an audit committee with three members for a three-year term. It is composed of all independent directors of the company. The company law, securities exchange law, and other laws on supervisors are used in the audit committee. The audit committee meets 4 times in 2021, with an average attendance rate of 100%.

### 2.Promotion of sustainable governance supervised by board of directors

Sunny Friend's corporate sustainability business is charged to Management Dept. to assemble all departments and units involved. The sustainable development team identifies materiality issues based on AA1000 Stakeholder Engagement Standard and GRI Standards for the main axis for Sunny Friend's preparation and replies of CSR report. The team identifies the materiality issues in this year's report, calls on meetings every year to review the promotion and improvement suggestions, and presents the sustainable governance results to the board of directors.

### 3.Nomination and election of board directors (including independent directors)

Sunny Friend's board directors for this term were elected on May 29 2202. 7 were elected, including 3 independent directors. The directors are elected based on a nomination system where the candidates are nominated in the shareholders' meeting. The candidates of board directors (including independent directors) were nominated according to Article 192-1 of the Company Act and Article 5 of the "Regulations Governing Appointment of Independent Direc-

tors and Compliance Matters for Public Companies.” The list of candidates was approved by the board of directors on 27 Feb 2022 and submitted to shareholders’ meeting for election.

The director election procedure of Sunny Friend shall protect the interests of shareholders and treats all shareholders equally. A fair, just and open procedure shall be established to encourage the participation of shareholders, and reflect shareholders’ comments by adopting cumulative voting according to the Company Act. The members of board of directors shall be considered based on Sunny Friend’s Code of Conduct for Corporate Governance. Diversity shall be a key factor for the members of board of directors. The number of directors who are also company managers should not exceed 1/3 of the board members, and appropriate guidelines for diversity are established for the needs of company operations, business model and development. The board chairman of Sunny Friend is also the company’s general manager. This helps improve company’s business efficiency and keep the decision-making channel smooth. Clearly, only one member of the board is an employee of Sunny Friend, and the others are external and independent directors, ensuring that Sunny Friend is not a family business.

There are 7 members in Sunny Friend’s board of directors and all of them are male between the age of 61 and 69. The backgrounds of the members include master in law from National Chengchi University, MBA from National Taiwan University, master in management science from National Chiaotung University, and Dept. of Business Operations, Tatung University, indicating that the members are have the expertise in leadership, decision making, business management, crisis management, the knowledge of environmental protection business, and visions of international market. The independent directors, on the other hand, are members specialized in legal affairs, finance and accounting and industrial experience thanks to their backgrounds of accounting from National Chengchi University, master in law, PhD in law from National Chengchi University and PhD in chemical engineering from National Taiwan University. The directors’ expertise covers every aspect of Sunny Friend’s business spectrum, and there is at least a director specialized in one of the aspects.

#### 4. Performance evaluation of board of directors

The “Rules for Board of Directors Performance Evaluation” were established on 10 Aug 2018 to specify at least one evaluation per year on the performance of the board of directors, board members and functional committees. The performance evaluation is performed for the current year according to the Rules by the end of 1st quarter of the next year.

7 copies of “board members’ self-evaluation questionnaire” were distributed in Dec 2022 and all of them were retrieved. The evaluation, together with the “board of directors self-evaluation questionnaire” and “functional committee self-evaluation questionnaire,” was prepared into the 2022 board of directors performance evaluation report and submitted to the board on 24 Feb 2023. The self-evaluation results of the 2002 board of directors performance evalua-



tion, individual board member performance evaluation and functional committee performance evaluation indicate that the overall performance was good and steady. The self-evaluation will serve as a reference for board of directors operations, adjustment, nomination and renewal in the future.

#### 5.Management-level remuneration policy

The managers of Sunny Friend are paid in accordance with the “policy, system, standard and structure of manager remuneration.” The managers are paid in a reasonable amount by considering the salary level of the same position in the same trade of business, the scope of responsibility of the position in Sunny Friend, their contributions to Sunny Friend’s business goals, and attracting and keeping professional talents for the company. The remuneration of board directors is provided according to the “Rules for remuneration for members of the board of directors, audit committee and remuneration committee.” In addition to traveling expenses, independent directors are paid monthly at a fixed amount, and regular directors are paid in proportion to the company profits annually according to the Company Charters. The policy or rules above are included in the consideration of sustainable development, reviewed and approved in the remuneration committee and finalized in the board of directors for payments in reasonable amounts. The members of remuneration committee comply with the competent authority’s requirements for professionalism and independence.

#### 6.Sustainable management structure and organization

The “Code of Conduct for Corporate Social Responsibility” was established. The economic, environmental and social issues arising from business activities are handled by company executives authorized by board of directors. The Management Department is authorized to handle the sustainable development promotion with the assistance from Public Relations and Legal Department and others. These issues are disclosed in the Sunny Friend’s sustainability report and online in Sunny Friend’s website. The Chairman (General Manager) is authorized by board of directors to instruct the head of Management Department to handle, and report to the board of directors. At least once a year, the business integrity implementation report and stakeholder communications report are prepared and presented. Sunny Friend’s board of directors is briefed by Management Department for the sustainability development report, and provides its comments, suggestions, instructions of how to make adjustments on how the sustainable development issues were handled by Management Department, or puts it in practice if there is no objection. The sustainability report is prepared every year, submitted to board of directors for review and approval, before uploaded to Market Observation Post System and published on Sunny Friend’s website.

#### 7.Continuous education of board members

New board members are required for at least 12 hours of continuous education, and renewed members for at least 6 hours every year to improve their competency as a board member, according to Sunny Friend's Code of Conduct for Corporate Governance and Rules for continuous education for publicly listed companies, OTC companies and board supervisors. The scope of Sunny Friend's continuous education covers finance, risk management, commercial business, legal, company governance, integrity and ethics, and corporate social responsibility. External education programs are provided to improve their professionalism, help them practice duty of care as a prudent person, and bring out the best of them in terms of business management and leadership. The board of directors had 7 members in 2022 and they attended a total of 48 hours of continuous education.

▼ Company governance structure (as shown) and job positions

Board of Directors	No. of Person/ Unit	Descriptions
Chairman	1	Held 6 meetings and an average attendance rate of 95%.
Directors	3	
Independent directors	3	
Salary and Compensation Committee	3	Held 2 meetings and an average attendance rate of 100%.
Audit committee	3	Held 4 meetings and an average attendance rate of 100%.



Note: The 95% attendance rate in the 2021 ESG report was incorrect. It should be 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. As a result of the internal audit in 2022, there is no deficiency or abnormality in the internal control system..

### 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. For medical waste, we owned Yuanchang No. 1 and No. 3 plants, and for industrial waste, we had Zhangbin No. 1 and No. 2 plants. SUNNY FRIEND continues to increase its waste treatment efficiency through equipment modification and expansion of new plants. For the overseas part, Beijing Ruentex is the biggest medical waste disposal facility in Beijing City with two plants (Plant 1 and Plant 2) that can satisfy the market demand of Beijing City's medical waste market and continue to enhance the City's waste disposal rate. Also, the Shanxi Yuncheng Plant was awarded the one-year hazardous waste business permit in March 2022 and 5-year hazardous waste business permit in May 2023, and Jiangsu Suqian Plant was awarded the hazardous waste business permit in Oct 2022. Hopefully, the new plants in China will boost the overall business momentum and improve the waste disposal market share for Sunny Friend.

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.	Chin Hsin Environmental Engineering Co., Ltd. (Chin Hsin)
	Full Giant Resources Ltd. (Full Giant)
Chin Hsin Environmental Engineering Co., Ltd.	Liang Wei Environmental Engineering Co., Ltd. (Liang Wei)
	Cheng Shin Environmental Engineering Co., Ltd. (Cheng Shin)
	Huan Hsin Precision Co., Ltd.
Full Giant Resources Ltd.	Arise Profits Ltd.(Arise)
	Langfang Ruentex Environmental Technology Co., Ltd. (Langfang Ruentex)
Arise Profits Ltd.	Beijing Ruentex Environmental Technology Co., Ltd. (Beijing Ruentex)
Beijing Ruentex Environmental Technology Co., Ltd. (Beijing Ruentex)	Jiangsu Suqian Ruentex Environmental Control Co., Ltd. (Jiangsu Suqian)
	Yuncheng Ruentex Environmental Technology Co., Ltd. (Yuncheng Ruentex)
	Rizhao Panyue Environmental Technology Co., Ltd. (Rizhao Panyue)



▲ The Chinese Institute of Environmental Engineering Award

The Company's business performance is presented with the data between 2020 and 2022. 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 of last page.

Table 1-2. An overview of Sunny Friend's business performance from 2020 to 2022 (Unit: TWD1,000)

Composition	Amount of 2020	Amount of 2021	Amount of 2022
Operating revenue	2,906,727	3,354,388	3,843,429
Operating costs	1,196,499	1,602,133	2,054,749
Gross Profit	1,710,228	1,752,255	1,788,680
Gross margin	58.54	52.24	46.54
Operating expenses	466,205	546,637	633,346
Operating profit	1,244,023	1,205,618	1,155,334
Non-operating income and expenses	24,064	(27,334)	(37,618)
Profit (loss) before income tax	1,268,087	1,178,284	1,117,716
Earnings per share (TWD)	8.91	8.47	7.72

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

Composition	Amount of 2020	Amount of 2021	Amount of 2022
Generation of direct economic value	2,930,791	3,327,054	3,805,811
Operating revenue	2,906,727	3,354,388	3,843,429
Non-operating income and expenses	24,064	(27,334)	(37,618)
Distribution of direct economic value	1,662,704	2,148,770	2,688,095
Operating costs	941,563	1,280,400	1,644,259
Employees salary and benefits (EC3)	664,816	783,718	924,441
Payment to the funder(s)	31,391	50,749	75,327
Transactions with the government (EC4)	12,068	16,063	23,025
Community investment (EC7)	12,866	17,840	21,043
Retained economic value (generation of direct economic value – distribution of direct economic value)	1,268,087	1,178,284	1,117,716



### 1.3 Risk management

The risk management of SUNNY FRIEND is driven by the corporate social responsibility unit to promote the company management department and related units to jointly address the company's various risk issues; identifying risk categories in accordance with the materiality principle of corporate social responsibility and working with relevant units to formulate relevant risk management policies or strategies to effectively control risks.

Risk category	Risk description	Authority and responsibility unit	Risk management policy	Performance description and response chapter
Financial risk	<ol style="list-style-type: none"> <li>1. Risks arising from high-leverage investments, capital loans to others, endorsement guarantees, and derivative commodity exchanges.</li> <li>2. The risks of interest rate, exchange rate changes, and inflation to the company's profit and loss.</li> </ol>	Finance Department	<ol style="list-style-type: none"> <li>1. The company formulates "procedures for acquiring or disposing of assets", "procedures for endorsement and guarantee" and "procedures for lending funds to others", and implements them in accordance with regulations.</li> <li>2. The Finance Department closely observes interest rate trends to avoid the risk of interest rate fluctuations.</li> </ol>	<ol style="list-style-type: none"> <li>1. Based on the principle of soundness and pragmatic business philosophy, the company focuses on operating the company's business areas, and does not engage in high-risk, high-leverage investments. The main objects of fund loans to others are mainly subsidiaries.</li> <li>2. The company's financial structure is sound, so changes in interest rate levels have no obvious impact on the company.</li> </ol> <p>◆ For more information on financial risks, please refer to the sixth section of Chapter 7 of the 2022 SUNNY FRIEND annual report-risk management.</p>
Environmental risk	The direct impact of abnormal climate, such as typhoon, earthquake, flood, drought, wind disaster, etc.	Operation environment management:	1. Greenhouse gas reduction: In recent years, the company has implemented in-plant treatment equipment replacement projects to reduce greenhouse gas emissions. Yunlin No. 1 Plant has carried out equipment replacement and renewal projects since 2018, and added a heat exchange system to fully utilize the heat energy of the incineration system to reduce the amount of fuel used. Simultaneously, we improve the use of diesel with less sulfur content to replace heavy oil, in order to effectively track the benefits of carbon management. In 2020, the company redefined the carbon emissions per metric ton of waste incineration as a management indicator, and set a reduction target; in 2022, the carbon emis-	Chapter 3, environmental protection

Risk category	Risk description	Authority and responsibility unit	Risk management policy	Performance description and response chapter
			<p>sions per metric ton of waste incineration need to be reduced by 1% compared to 2020.</p> <p>2. Energy-saving goals: SUNNY FRIEND implemented central air-conditioning management and replacement of energy-saving lighting in the operating building and promoted to turn off lights when leaving, and subscribed for green power from the Ministry of Economic Affairs. The latest period is based on 2020 and is scheduled for 2023. The goal of reducing electricity consumption by about 1% can be achieved.</p> <p>3. Waste management objective: In order to reduce the amount of waste generated, reduce the amount of domestic waste for office operations, and promote the reuse of reusable resources. Such as waste separation management, promoting the repeated use of paper back when copying documents to reduce the amount of paper used. In addition, the plant internally promotes the reduction of fly ash from waste incineration, based on the average amount of fly ash and bottom slag generated per metric ton of waste incineration in 2019 and 2020. It is scheduled to reach the target of 1% reduction in fly ash and bottom slag per metric ton of waste incineration in 2023.</p> <p>4. Water consumption management goal: the supply of water resources tends to be unbalanced. As a citizen of the earth, facing the increasingly scarce situation of water resources, SUNNY FRIEND operates in the office and promotes the importance of water conservation to the company's colleagues through environmental education; let the concept of water-saving into every detail of daily life. In addition, the internal water consumption per metric ton of waste incineration is based on the average water consumption in 2019 and 2020 as the base year; it is scheduled to reach a 1% reduction in water consumption per metric ton of waste incineration in 2023.</p>	



Risk category	Risk description	Authority and responsibility unit	Risk management policy	Performance description and response chapter
Occupational safety risks	<ol style="list-style-type: none"> <li>1. Harm caused by electricity, heat, or other energy.</li> <li>2. Failure to implement occupational safety and health protection measures results in the happening of occupational disasters.</li> </ol>	Changbin factory occupational safety room	<ol style="list-style-type: none"> <li>1. Introduce occupational safety and health management ISO45001, and actively implement employee safety and health management care.</li> <li>2. Continue to promote various occupational safety and health education and training, case promotion, and work environment monitoring to enhance employees' emergency response capabilities to work environment hazards, and jointly achieve the prevention of occupational disasters and ensure the health of employees.</li> <li>3. Carry out daily inspections of the factory area to improve on-site unsafe environments or behaviors to prevent occupational disasters.</li> </ol>	Chapter 2, Social Care
Information risk	<ol style="list-style-type: none"> <li>1. The damage to the information system will cause the operation to stop and affect the normal operation.</li> <li>2. Malicious attacks by destructive software may interfere with the company's operations or require huge costs for remediation.</li> </ol>	Information room	<ol style="list-style-type: none"> <li>1. In order to ensure uninterrupted operations, a backup host and daily automatic data backup in remote locations are established, and a dedicated person is responsible for reviewing.</li> <li>2. Data is automatically backed up every day.</li> <li>3. Strengthen the company's network security system, establish a mail server filtering mechanism, and install anti-virus software.</li> <li>4. Establish backup information equipment.</li> </ol>	<p>SUNNY FRIEND Environmental Technology Co., Ltd. annual report 2022-review and analysis of the financial status and operating results and risk management.</p> <p>6. Risk management</p>
Emerging risks (new coronary pneumonia)	Biological hazard	environmental health and safety office	<ol style="list-style-type: none"> <li>1. Establish personnel entry control procedures.</li> <li>2. Set up control areas and provide disinfection trample mats.</li> <li>3. Provide alcohol disinfection.</li> <li>4. Temperature measurement of personnel entering and leaving the factory.</li> <li>5. Non-related personnel are prohibited from entering the control area.</li> <li>6. Establish a process for the treatment of related wastes in the factory.</li> </ol>	Already established on-site control procedures on COVID-19 preventive measures in 2019 and related works have been carried out in accordance with the procedures

## 1.4 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.

The abovementioned two corporate rules have specified that the Corporation's directors, managers, employees, appointees or individuals with substantive control shall not, in the engagement of business, directly or indirectly provide, commit, request or receive any improper benefits; or commit any dishonest or illegal behavior or violate the fiduciary duties to obtain or maintain interests. The said benefits refer to any valuable things and objects, including money, gift, commission, job position, service, preferential disposal or rebate in any form or name. Anti-corruption is a part of prohibiting dishonest behavior. The Corporation shall abide by the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, rules related to exchange- and OCT-listed companies or other regulations related to other business behavior as the fundamental presupposition of implementing business integrity. The Corporation shall, oriented to the integral, transparent and responsible business philosophy, set integrity-based policy and submit it to the board of directors for approval; and shall establish good corporate governance and control risk mechanism in order to create a sustainable operating development. All contracts signed by the Corporation and our partners have specified business integrity terms and conditions. That is, in regard to partners who directly or indirectly provide, commit, agreed to give or receive any improper money, assets or other interests, the Corporation may suspend our fulfillment of contract. If such conduct or violation has been verified, the Corporation may cancel or terminate the contract without informing the other party and is not obliged to make any compensation. The internal and external business integrity training provided every year by Sunny Friend help board directors, managers, employees, assignees, those who have substantial control and workers realize and familiarize themselves with how important business integrity is and stay away from violations. In 2022, no fine or penalty has been imposed on Sunny Friend due to the violation of anti-corruption regulations.



**Complaint Channel**

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

To implement sound management of business integrity, Sunny Friend's Management Department is responsible for formulating business integrity policy and dishonesty prevention guidelines; supervising the implementation thereof; and reporting the practice thereof to the board of directors on an annual basis. To implement business integrity policy and proactively prevent dishonest behavior, the Corporation has, in "Procedures for Ethical Management and Guidelines for Conduct", specified matters to which our employees 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 purposes thereof are to provide our employees and our Corporation with an effective accounting system and internal control system; and to strictly monitor operating risks from dishonest behavior in order to ensure the implementation of business integrity. Our Audit Office, on the other hand, is appointed to timely check the compliance of the system, as to prevent conflict of interests or profiteering.

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 courses of, including but not limited to, anti-corruption, regulatory compliance, preventive solutions, business integrity related commercial activities, education, training and assessment) at least once each year. Sunny Friend presented the business integrity implementation report to the board of directors on 27 Dec 2022. A 2-hour training program was provided on 15 Dec 2022 covering "how to prevent insider trading" and "code of integrity." The program was made available for board directors, managers and employees and there were 20 attendants. The program covered legal requirements applicable to Sunny Friend (e.g., Procedures for Ethical Management and Guidelines for Conduct, rules for preventing unethical conducts, and management rules for prevention of insider trading) and case studies based on news events. The rules, procedures and requirements are posted throughout the company premises for all company members to follow. Sunny Friends operates at Yunlin sites and Zhangbin sites. In total, 638 people from either Yunlin or Zhangbin site attended the 2022 business integrity training and regulatory dissemination (including programs of business integrity regulatory compliance, environmental protection management, health and safety management, accounting system and internal control). The training was provided for a total of 1,681 man-hours for 100% attendance.

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 "Sustainable Development Best Practice Principles for TWSE/TPEx 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

There was no violation of Sunny Friend's "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" found in Sunny Friend in 2022.

## 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. Sunny Friend's criterion to disclose a major regulatory violation is a monetary penalty of TWD 60,000 or more. There was one violation in 2021, as shown below. The Corporation does not violate any regulation in 2022.

Location	Violation	Cause	Penalty (TWD)	Corrective and preventive actions taken
Zhangbin plant	Occupational Safety and Health Act	A forklift had an occupational accident on 18 Mar 2021.	Zhangbin plant	Occupational Safety and Health Act

This was disclosed in the 2021 report. However, all violations of legal compliance are collected and summarized here in the 2022 report.



▲Regulatory compliance education and training.

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

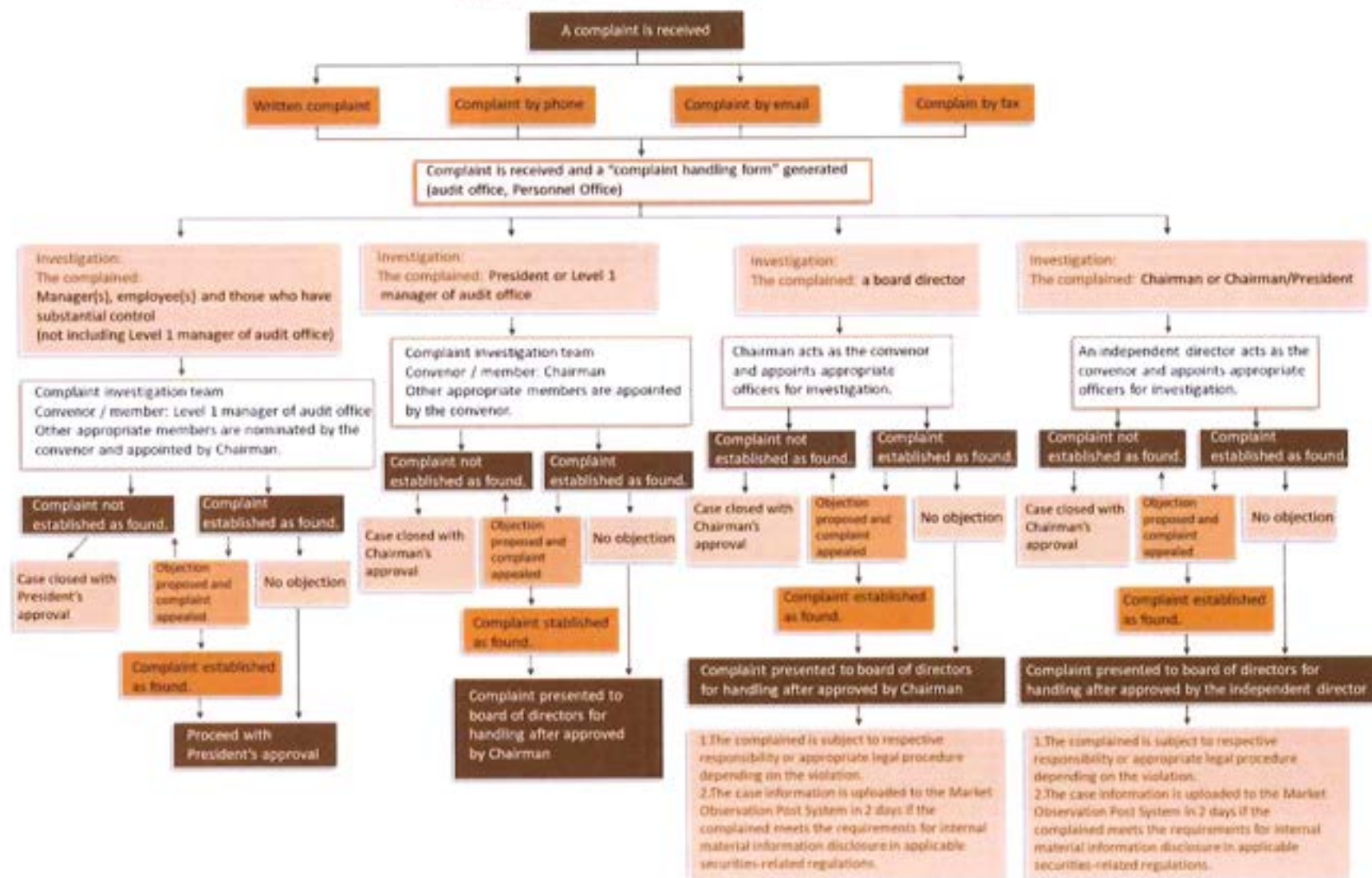
To prevent our Company's personnel from engaging in any illegal act or violating Code of Ethics and/or Code of Integrity, Sunny Friend has specially stipulated "Regulations Governing Reported Cases"; and established a reporting channel, with which reported cases can be handled in compliance.

Table 1-4. List of reporting channels

Reported to		Directors, chairman of the board, chairman and general manager, managers, employees, and persons with substantial control capabilities	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.



Sunry Friend's flow chart for complaints





## 1.5 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. There was no record of violating any regulation in 2022. 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 2022.
6. The Company complies with the "Employment Service Act" to implement equal employment opportunity. There is no record of violation in 2021.
7. To ensure employees' functional skills development, the Company continues to organize education and training programs and provide subsidies to improve employees' professional competence.

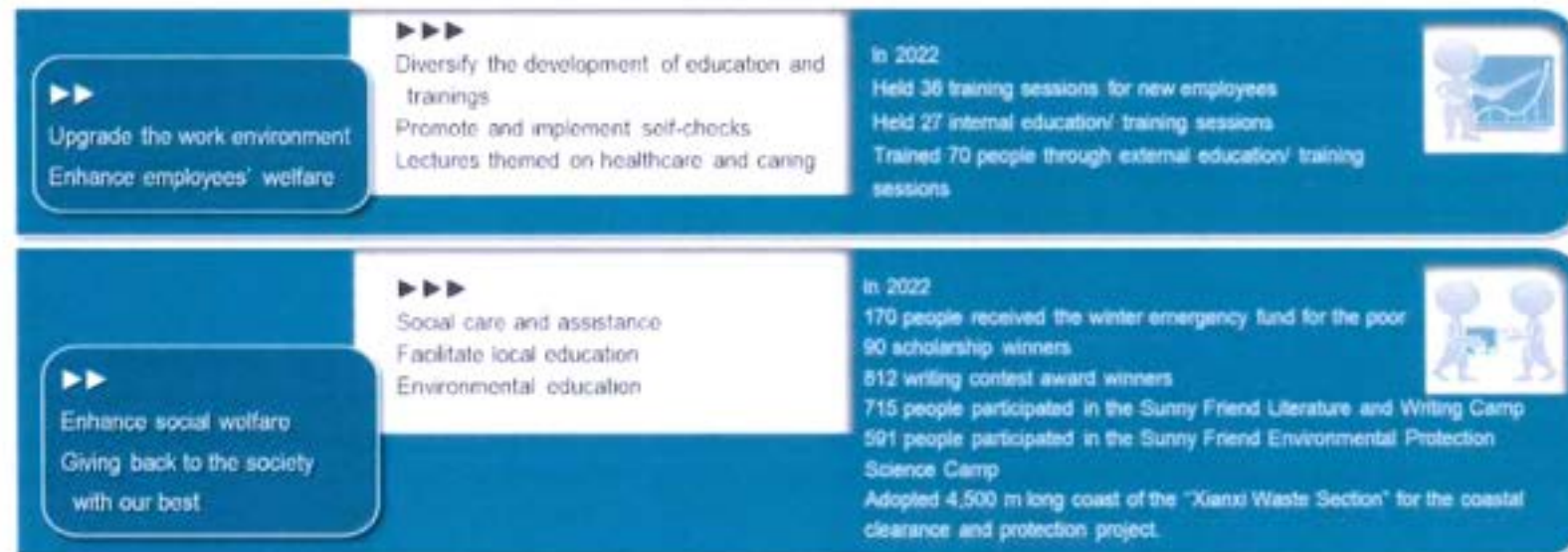


▲ Continue to organize various education and training programs for employees.



## 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.





## 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. Sunny Friend's employees do not reach any collective agreement, since they do not establish or join any labor union. 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 (2020 to 2022), there is no violation of labor acts or labor-management dispute, except an occupational accident defined in Subparagraph 1, Paragraph 2, Article 37 of the Occupational Safety and Health Act that occurred in 2021, indicating that the Corporation has built a good labor-management relation with mutual trust and good 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 And the company handles departmental dinners to gather the centripetal force of the employees.

In response to the pandemic of COVID-19, the Corporate encourages employees to take COVID-19 vaccines and all employees are granted with a leave of four hours for statutory reasons. Employees who feel uncomfortable after the said four hour may apply for "vaccination leave".

## Composition of Employees

The Company has 349 employees, including 135 from Yunlin Plant and 214 from Zhangbin Plant, in 2022. Among them, 3 are indigenous people and 3 are physically and/or mentally challenged. The average age of Sunny Friend's employees is 39.5 years old, where the proportions of employees aged between 30-39 and 40-49 are 37% and 29% respectively. There are 80% of male employees and 20% of female employees due to the industrial characteristics, in-house work-related processes or natural of tasks. However, no gender-related employment discrimination is found in Sunny Friend, as gender equality at workplace is one of the Sunny Friend's goals.

In 2022, Sunny Friend recruited 49 employees and 44 people resigned from the work, and there are 21 non-employee workers. 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 2022, the turnover rate of Sunny Friend's employee is around 11.1%, 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 116 local employees at Yunlin Plant; and 181 local employees. The proportions thereof are 85.9% and 84.6% 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)		33	10%	91%	9%
Other management personnel (Ranks 1 to 3)		316	90%	79%	21%
No. of local personnel		297	85%	79%	21%
Age distribution	<30	62	18%	84%	16%
	30-39	130	37%	81%	19%
	40-49	101	29%	75%	25%
	>50	56	16%	84%	16%
Yunlin Plant		135	39%	76%	24%
Zhangbin Plant		214	61%	83%	18%
No. of employees in 2022		349	100%	80%	20%

Notes:1.The number of employees is as of the day the reporting period ends (31 Dec).

2.The total number of employees is the number of people employed by Sunny Friends, and they are all in Taiwan.

3.All employees are full-time.



Table 2-2. Number of non-employee workers in Sunny Friend

	No. of people	Proportion	Male (%)	Female (%)
Non-employee workers (note)	21	0.06	100%	0%

Notes: The number of non-employee workers is as of the day the reporting period ends (31 Dec 2022); these non-employee workers are contractors' workers.

There are 5 ranks of employees in Sunny Friends. The basic employees are rank 1, junior managers rank 4 and senior managers rank 5. Employees are retained or promoted according to their professional competency, experience and seniority. It is seen in the rank vs. average age analysis that employees are given fairly specific channels for promotion within Sunny Friend based on their ability and work experience.

Table 2-3. An analysis on the gender and age of Sunny Friend's employees recruited in 2022

Age \ Gender	Female		Male	
	No. of people	Proportion	No. of people	Proportion
< 30	5	8.6%	15	25.8%
30-45	7	12.1%	25	43.1%
> 45	3	5.2%	3	5.2%
Total	15	25.9%	43	74.1%
Total of newly recruited personnel	58			

Table 2-4. An analysis on the gender and age of people who resigned from Sunny Friend in 2022.

Age \ Gender	Female		Male	
	No. of people	Proportion	No. of people	Proportion
< 30	3	5.7%	15	28.3%
30-45	9	17.0%	23	43.4%
> 45	0	0%	3	5.6%
Total	12	22.7%	41	77.3%
Total of resigned personnel	53			

## Salary and benefits

In 2022, the average salary of Sunny Friend's Ranks 1 and 2 employees were 1.39 and 1.68 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 2-5. 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		141	26	79	29
Average basic salary / minimum basic salary		1.41	1.32	1.70	1.62
Comprehensive basic salary in average/ legal minimum salary		1.39		1.68	

Note: The legal minimum basic salary was NTD25,250 in 2022

Sunny Friend has reported the number, salary average and salary median of non-managerial full-time employees according to relevant rules. In 2022, the number of non-managerial full-time employees was 328 people; and the salary average and median thereof were NTD1,019,000 and 828,000, respectively.

Items	2020	2021	2022
No. of non-managerial full-time employees – weighted average	331	345	328
Salary average of non-managerial full-time employees	943,000	942,000	1,019,000
Salary median of non-managerial full-time employees	681,000	705,000	828,000

Note: There are 11 managers excluded in the table are Sunny Friend's top management (including General Manager, Vice General Manager, Operation Manager, and Special Assistant). The highest annual total remuneration information of individuals and employees is not disclosed due to its sensitivity.



## 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.

Item \ Year	2020				2021				2022			
	Male	Female	Others	Total	Male	Female	Others	Total	Male	Female	Others	Total
No. of eligible employees for parental leave without pay in the current year (A)	17	5	0	21	18	4	0	22	20	6	0	26
Actual no. of employees applying for parental leave without pay (B)	0	0	0	0	0	0	0	0	0	2	0	2
No. of employees to be reinstated from parental leave in the current year (C)	0	0	0	0	0	0	0	0	0	1	0	1
No. of employees actually reinstated from parental leave in the current year (D)	0	0	0	0	0	0	0	0	0	1	0	1
No. of employees actually reinstated from parental leave in the previous year (E)	0	0	0	0	0	0	0	0	0	0	0	0
No. of people that are still employed 12 months after being reinstated from parental leave in the previous year (F)	0	0	0	0	0	0	0	0	0	0	0	0
Application % for parental leave without pay (=B/A*100%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	33.3%	0.0%	7.7%
Reinstatement % (=D/C*100%)	-	-	-	-	-	-	-	-	-	100.0%	-	100.0%
Retention % (=F/E*100%)	-	-	-	-	-	-	-	-	-	-	-	-

\*The 2020 and 2021 data were recollected for the consistency and comparison with those disclosed for 2022.



## 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.

## 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 2022, each of our employees accepted at least 10.8 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 36 sessions	Held 27 sessions	Trained 70 people through external education/ training sessions

Year		2020		2021		2022	
Category/gender		Total hours of training	Average hours of training	Total hours of training	Average hours of training	Total hours of training	Average hours of training
Direct employees	Male	4297	18.7	3716	16.4	2422	10.6
	Female	503	18.6	473	19.7	305	13.3
Indirect employees	Male	528	8.9	531	8.7	435	8.4
	Female	501	10.7	452	9.4	580	12.6

Notes: 1.The 2020 and 2021 data were recollected for the consistency and comparison with those disclosed for 2022.

2. Formula: average hours of training = total hours of training of a type / total no. of employees as of the end of reporting period

3. Sunny Friend's employees are grouped into direct and indirect employees based on the department or the actual job descriptions.



▲ Employee training



## 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

### Articles 30 and 31

Maternity and health protection of female labors

### Subparagraph 2, Paragraph 2 of Article 6

To prevent wrongful physical or mental harm caused by the actions of others during the execution of job duties (occupational violence)



### Subparagraph 1, Paragraph 2 of Article 6

To prevent musculoskeletal disorders induced by repetitive operations and related works (human factor)

### Subparagraph 2, Paragraph 2 of Article 6

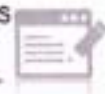
To prevent ailments induced by exceptional workload, such as working shifts, working at night, and long working hours (overtatigue)

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

1. Illegal infringement during the implementation of job duties
2. Maternity and health protection plan
3. Prevention of ailments induced by exceptional workload
4. Repetitive musculoskeletal disorders prevention plan

Set and review relevant prevention plan according to the Company's No. of employees; or assist in making records or preparing documents.

Make records accordingly.



### 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 "Occupational Safety and Health Act".</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 5 people whose responsibility is to promote the implementation of occupational safety and health system.</li> <li>2. 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	2020	2021	2022
Total person-work hours	166,520	167,704	177,552
Number of general occupational injuries <sup>Note 1</sup>	1	0	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)	1	0	0
Lost workdays	40	0	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>	6.01	-	-
Disabling severity rate <sup>Note 6</sup>	240	-	-
Frequency-severity indicator <sup>Note 7</sup>	1.44	-	-

## Zhangbin Plant

Year	2020	2021	2022
Total person-work hours	448,600	456,250	426,560
Number of general occupational injuries <sup>Note 1</sup>	3	6	9
Number of severe occupational injuries <sup>Note 2</sup>	0	0	0
Number of death	0	1	0
Total of recordable occupational injuries (person-times)	3	7	9
Lost workdays	21	6070 <sup>Note 8</sup>	108
Death rate of occupational injuries <sup>Note 3</sup>	-	2.192	-
Rate of severe occupational injury <sup>Note 4</sup>	-	-	-
Rate of recordable occupational injuries (disabling injury frequency rate) <sup>Note 5</sup>	6.69	15.34	21.10
Disabling severity rate <sup>Note 6</sup>	47	13305.57	253.19
Frequency-severity indicator <sup>Note 7</sup>	0.56 <sup>Note 9</sup>	14.29	2.31

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: Descriptions on Zhangbin Plant's disabling severity rate and lost workdays

The vehicle accident of Zhangbin Plant: Solidification Section staffs suffered from a vehicle accident in front of the solidification area during road operations. Related investigations and operating procedures have been completed recently. The plant will enhance the implementation of occupational safety and health management and promote "occupational safety for everyone" to avoid the occurrence of accident again.

Improvement measures: Vehicle traffic flow control is strictly implemented in the plant. Concerning areas with intensive forklift operations, the Corporation not only delineated driving routes, but also implements regional controls and assigns a traffic controller when operations take place. Moreover, the Corporation also arranges occupational safety and health education and training session on a monthly basis to enhance all employees' awareness of occupational safety.

Note 9: an error occurred the frequency-severity indicator and is now corrected.



Yunlin Plant

Year	2020	2021	2022
Major type(s) of occupational injuries	Number of injuries (person-times)		
Commuting road-traffic accident	0	0	0
Falling down	0	0	0
Falling objects	1	0	0
Broken objects	0	0	0
Being nipped or rolled up	0	0	0
Collapsing, cave in	0	0	0
Improper acts	0	0	0
Get knocked down	0	0	0
Other	0	0	0

Zhangbin Plant

Year	2020	2021	2022
Major type(s) of occupational injuries	Number of injuries (person-times)		
Commuting road-traffic accident	2	3	5
Falling down	1	0	1
Falling objects	0	1	0
Broken objects	0	0	0
Being nipped or rolled up	0	1	0
Collapsing, cave in	0	0	0
Improper acts	0	1	1
Electrification	0	0	0
Get knocked down	0	0	0
Other	0	0	2

## 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 soon.

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 educa-



tional 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 2022, Zhangbin Plant held the hazardous operation office safety and health training for 18 people, emergency rescue technician safety and health training for 30 people, AED (Automated External Defibrillator) operation training for 54 people; and Yunlin Plant held forklift training for 55 people to improve workers' workplace safety awareness while working.

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.



▲Self-defense fire drills and emergency response training are held regularly.

## Physical examination and care

Sunny Friend provides regular physical examinations for employees, investigates and keeps a track on employees' health management and occupational accidents like diseases, injuries, disability and death in order to keep employees healthy. Abnormal data are investigated to provide employees a safe work environment and improve health management. In addition, local health authority is invited from time to time for health lectures for the goal of employee protection and health improvement.

Employees are provided with physical examinations at the Company's cost to provide a safe and healthy work environment, comply with applicable safety, health and environmental protection regulations, and prevent occupational accidents. Factory workers are arranged for health examination once every 6 months, drivers and sales representatives once every year, and administrative workers once every 2 years. The examination results are explained and anomalies tracked.



▲ Typical and special health examinations are provided regularly..

"Safety first" is the promise of Sunny Friend to its employees. In addition to keeping improving work environment based on ISO 45001, occupational safety and health and emergency response training programs are provided every year to help employees familiarize themselves with emergency procedures and prevention of occupational incidents. Employees are encouraged to stay safe while working hard. Employees are the most important assets of Sunny Friend. There is no healthy employee without a safe work environment. A healthy workplace is promoted to make employees feel the benefits of health improvement. Attention to workplace health and safety not only boosts employees' morale and reduce resignation rate, but also improves employees' productivity effectively and minimize work-related issues, such as accumulated occupational injuries, chronic conditions or reduced physical strength. By working health authority to promote healthy workplace, a win-win is created for both the employer and the employed.



## 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 2-6. 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>● Gift excellent monthly magazines: "Global Kids Monthly" and "Global Kids Junior Monthly"</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>



- ▲ Make donations to disadvantaged groups to give back to local community    ▲ Sponsors school activity funds to promote educational development    ▲ Received special thanks from local competent authority

Table 2-7. 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)
2020	6	20	162	92	100
2021	2	23	168	97	0
2022	4	22	170	90	0

Note: 1. 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.

2. As Yunlin County Government already donated bicycle lamps to students of Yunlin County in 2021 and 2022, the donation of bicycle lamps has been suspended to avoid waste of resource.



## 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 ecofriendly 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.

Table 2-8. Statistics on give back funds contributed by Zhangbin Plant to local communities (Unit: NTD)

Year	2020	2021	2022
Shengkang Township Office (57.5%)	7,000,662	7,028,752	7,141,237
Xianxi Township Office (42.5%)	5,174,403	5,195,165	5,278,304
Total	12,175,065	12,223,917	12,419,541



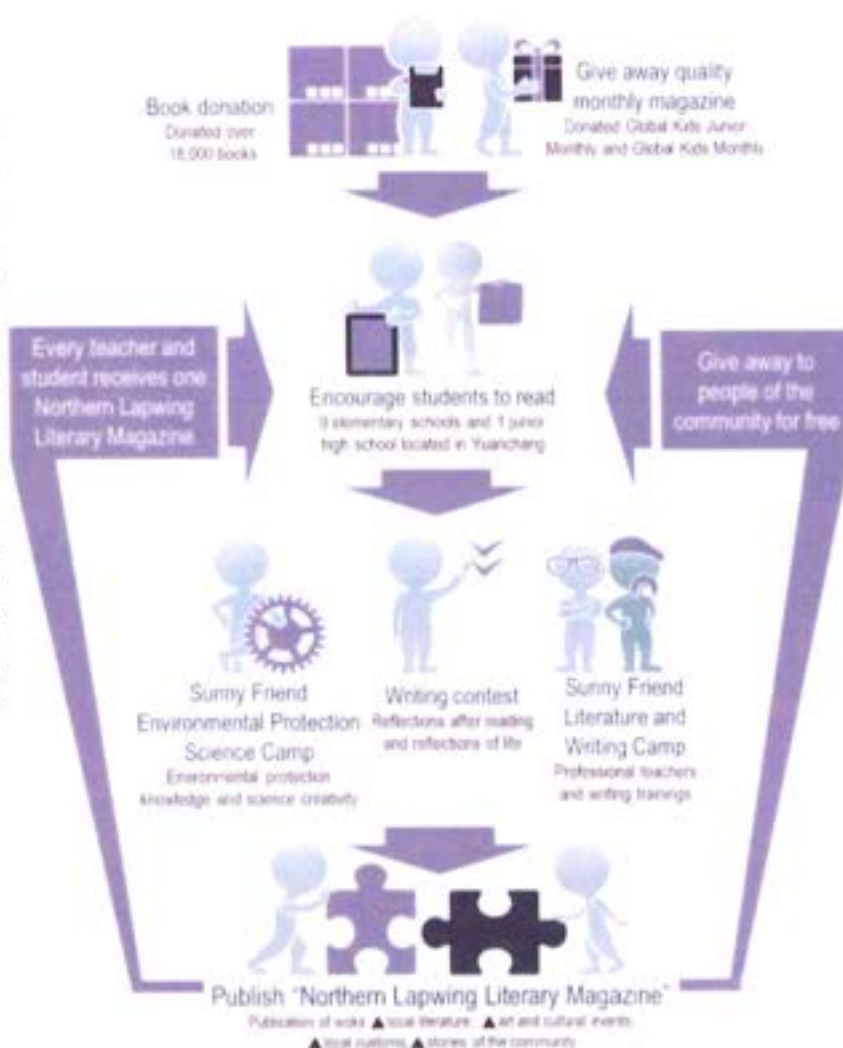
▲ The 2022 Environmental Protection Supervisory Committee Meeting

## 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"

Sunny Friend has invested resources in supporting the cultural development in Taiwan. 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 and accomplish the goal of "corporation-facilitated cultural development." 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 Wukui 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.
2020	No.8	3,500	144	Yuanchang Township Office sets up a single window to serve new immigrants, so that they can quickly integrate into the local life, and make the foreign land become their hometown after a long time. This time, Yuanchang Characteristic community introduced Lubel village and Lunzi village. The people with lofty ideals not only inherit the community culture, but also unite the hearts of the community residents, making Yuanchang more and more beautiful and happy from top to bottom.
2021	No.9	3,500	160	Sinsheng Elementary School has established a community reading station designed with a bright and warm atmosphere, hoping to facilitate parent-child communion through the sharing of reading resources. Introduction to the outcomes of Yuanchang's local communities: Yuanchang Digital Learning Center – succeeded in bridging digital divide, enhancing the information competency of people living in remote country; Young Farmers Returning to Hehe Village – succeeded in integrating multiple marketing and contemporary farming technology and encouraging more young people into farming.
2022	No.10	3,500	160	"We are one big family – Yuanchang Community Theater," a theatric play increases the opportunity of interactions. It facilitates the fusion between new immigrants and community people. Lunzi, Xizhuang and Wayao Communities join hands to promote the little flagship families. The idea and objective of the little flagship families are to create a community spirit of "common good, fusion and sharing," and to achieve family members joining hands for service together. The "Taiwan Dream – children and teenagers community companion program" ensures that socially disadvantaged children in local communities are taken care of after school.



## Introduction to Peanut Bird Literary Magazine. Vol. 10

"Dream Longevity Nut's Poem" was written with peanuts as one of the creative elements. The poem is named after peanut, aka "longevity nut." The form of plant growth was used as the creative expression for the work, emphasizing the unfolding of life. The image on the work links to the tree of life above the command platform in the Yuanchang Elementary School as a connection context, combining the characteristic elements of the connection between the school and the local areas, linking the dialogue between the school space and the surrounding communities.



A play increases the chances to interact with each other, and the cohesion also deepens the emotions between us, and even arouses everyone's spirit of community empowerment. At the same time, it is even more proud that we accomplished something together. It essentially promotes the integration of new residents and community residents, and realize the true meaning of the so-called "We are one big family."





Lunzai, Xizhuang and Wayao Communities adopted a joint community execution model, established a community small flagship family project. The efforts and resources of Yunlin County Government, Yunlin County Yuanchang Township Office, Rende Elementary School, Xinsheng Elementary School and Yuanchang Township kindergartens are integrated for the implementation. The idea and objective of the little flagship families are to create a community spirit of “common good, fusion and sharing.”



## 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 2022 Student Writing Contest of Yuanchang Village, Yunlin County

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

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
No. of participants	145	118	145	158	193	215	206	216	234	248	215	2,093
No. of winners	42	59	60	70	70	76	77	78	84	99	97	812



## Holding "Sunny Friend Literature and Writing Camp"

The "Sunny Friend Literary Writing Camp" not only teaches the children how to write, but also, through various multi-faceted learning, increases students' knowledge of and passion for literature and teaches them how to incorporate current affairs in drama writing, advertising design and self-media management. The camp makes learning diverse and dynamic; opens children's senses to "feel" about life; arouse their interests; and help them to understand how literature is applied in our surrounding environment. From a detailed observation on and imaginations of small things and objects, the children can be trained to write "articles with a soul".



▲ 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	2020	2021	2022	Total
No. of participants	38	109	95	95	90	75	80	83	0(Note)	50	715

Note: Due to the impact of COVID-19, the "Sunny Friend Literary Writing Camp" was cancelled in 2021.

## 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 2021 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	2020	2021	2022	Total
Junior-high-school students	60	74	63	61	59	49	0(Note)	365
University students	33	37	44	41	39	31	0	225
Total	93	111	107	102	98	80	0	591

Note: Due to the impact of COVID-19, the “Sunny Friend Environmental Protection Science Camp” was cancelled in 2022.



## 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	2020	2021	2022	Total
Global Kids Junior Monthly (No. of issues)	26	26	25	25	25	24	24	24	24	223
Global Kids Monthly (No. of issues)	37	37	37	37	37	32	32	32	32	313



## 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

The Changbin factory of SUNNY FRIEND has been (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 since 2017.



▲ Assessing the air purification zone in 2022.



▲ Regular watering operations in the air quality purification area.



▲ Changhua County Government issued the Excellence Award for "Assessment of Changhua County Air Purification Zone" in 2022.





## 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.



▲ 2022 coast adoption and cleanup (regular beach cleanup)



▲ Recognition by Changhua County Government for "outstanding performance of beach cleanup and adoption" in 2022

## 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) Sunny Friend was contracted by Taichung Office, Water Resources Agency, MOEA for the "removal and disposal of wastes in buckets left illegally on the properties of No. 457-14 and 457-16, Yungan Section, Xitun Dist., Taichung City." The project was located at site 505 listed in the EPA's waste dumping management system (WDMS). The wastes were sludge, scrapped circuit boards and wastes in FIBC bags, waste solvent in IBC tanks and waste fluids in 53-gallon barrels dumped by an illegal firm. Sunny Friend took the contract and disposed of 67.1 tons between 19 Apr and 23 May 2022.



- (2) Sunny Friend was contracted by Yunlin County Government for destruction of expired vaccines. 102.03 kg of expired vaccines were disposed of on 9 Jun 2022.



- (3) Sunny Friend was contracted by Kaohsiung City Government Environmental Protection Bureau for the disposal of wastes left at a factory building at No. 395-35, Dashe Rd., Dashe Dist., Kaohsiung City. A total of 31.95 tons of illegal wastes were disposed of between 15 Aug and 19 Sep 2022.





(4) Sunny Friend was awarded the 2022 2nd contract of special goods destruction by Taipei Customs, Customs Administration, Ministry of Finance, and disposed of 5.078 tons of medical supplies and equipment impounded by Taipei Customs on 23 Aug 2022.



(5) Sunny Friend was awarded the contract of "2022 disposal of smuggled and expired goods (including chemicals)" and disposed of 1.44 tons of chemical substances and other smuggled and expired goods on 20 Nov 2022.



### 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, through the annual environmental management review meeting held by the management team, not only is the management system implementation performance discussed, but also the annual audit plan of the following year and the implementation results of the annual education and training programs have been verified to ensure the effective implementation of on-site environmental management. In 2022, there was no environmental pollution at 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. There are 70 colleagues in the company's public subsidy in 2022 professional personnel licenses (including air, water, waste, poison, and indoor air quality) EPA.





▲ Inspection condition for environmental management system

Table 3-1. An overview of environmental management performance

Plant	Environmental goals	Improvement solutions	Project performance
Yunlin Plant	1.Enhance epidemic preventive measures 2.Improve workplace safety	In response to the 2019 Novel Coronavirus, relevant anti-epidemic measures have been set up	Improvements are in progress
		Set up a warehouse for CEMS monitoring facilities, through which source and discharge of fixed air pollutants are monitored and controlled.	Improvements have been completed
Zhangbin Plant	Enhance employees' emergency response capability and prevent pollutions from happening.	Implement emergency response drills every six months	Improvements are in progress
	Well manage the workplace and equipment; and continue to improve environmental maintenance	Regularly monitor the structure of landfill sites and maintain the normal operations thereof.	Improvements are in progress
	Put energy-saving and carbon-reduction goals into practice	Implement garbage classification to recycle and reuse resources Plan the disposal routes and transportation capacity. Enhance the proportion of local procurement.	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. When there is a concern of air quality deterioration, local environment protection authority will issue an air quality warning or severe deterioration alarm based on the weather data provided by Central Weather Bureau and the level of deterioration. Businesses within the jurisdiction are informed of the event and initiate prevention actions depending on the air quality deterioration response and control plan of the corresponding level. Sunny Friend took actions based on the "air quality deterioration response and control plan" proposed in 2022, and initiated response efforts based on the plan, including checking that the control equipment is running as expected, ensuring that the opacity data are normal and checking and documenting control equipment parameters.

Table 3-2. An overview of flue gas emissions between 2020 and 2022

Plant	Year	Particulate pollutants (t)		Sulfur oxides (t)		Nitrogen oxides (t)	
		Emission	Legal limit	Emission	Legal limit	Emission	Legal limit
Yunlin Plant	2020	0.534	2.59	1.927	16.23	25.43	39.56
	2021	0.537	1.37	2.005	16.23	28.77	39.56
	2022 <sup>Note 2</sup>	0.537	1.37	2.005	16.23	28.77	39.56
Zhangbin Plant	2020	3.018	9.343	22.300	48.284	41.374	73.559
	2021	1.222 <sup>Note 1</sup>	9.343	21.836	48.284	41.929	73.559
	2022	2.143	9.343	25.897	48.284	44.283	73.559

Note 1: The particulate emission was lower in 2021 than in 2022 because the filter bags of the bag-type dust collector were changed, which contributed to the efficiency of particle capturing.

Note 2: The Yunlin plant helped with the disposal of COVID-19 wastes in 2022. The energy consumption and pollutant emission were both higher than the previous year, since the quantity of wastes to be processed increased significantly and they required immediate attention because of the rapid increase of COVID-19 positive patients. However, the pollutant emission was still within the legally allowable range.

## 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. Since the Changbin factory is located in the Changbin Industrial zone, the process wastewater in the factory is collected through pipelines and then piped to the Changbin Industrial zone sewage treatment factory for subsequent treatment.

## 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. Considering water resource management as a materiality issue of environment and business operations, we have analyzed all of Sunny Friend's operating sites using "WRI Aqueduct", a water resource risk analysis tool developed by World Resources Institute, in 2022 and discovered that none of our operating site is located in a high water intake risk area. However, in response to water resource issues, we should make early arrangements to optimize our water resource applications and efficiency. 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

As the water supply is becoming unbalanced, Sunny Friend has been challenged by the water resource deficiency issue. As a citizen of the earth, we have launched environmental education programs to advocate the importance of saving water and to incorporate the water saving concept into real life. In addition, the internal water consumption per metric ton of the waste incineration is based on the average water consumption in 2019 and 2020 as the base year. Yunlin Plant already reached the target of reducing 1% of water consumption per metric ton of waste incineration; and it is planned to further reduce another 1% by 2023.



Table 3-3. Water resource risk assessment

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>

Table 3-4. Water resource management objectives and controls

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 2021	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 2021 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 2021	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 2021	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 2021	Continue carry on the monitoring to ensure the effective recycling and reuse of water resources

## Use of Water Resources

In 2022, Yunlin Plant totally used 1,280,000 l of water collected from water plant. Although the Company consumed 870,000 l more water comparing with 2021, it is important to note that Sunny Friend's Yunlin Plant was commissioned to dispose COVID-19 waste and that the composition of epidemic waste is more complicated, resulting in the increase of water usage. Taking the average water consumption of 2019 and 2020 (the base year), Yunlin Plant already reached the goal of reducing the water consumption by 1% in 2022, whereas volume of water consumed by Zhangbin Plant for waste incineration has no obvious increase in the year. It is expected that the water consumption per metric ton of waste incineration will reduce by 1% in 2023.

Table 3-5. An overview of Sunny Friend's water consumption between 2020 and 2022

Plant(s) <sup>Note 2</sup>	2020		2021		2022		Source of water consumption <sup>Note 1</sup>
	Total water consumption (degree)	Unit water consumption <sup>Note 3</sup>	Total water consumption (degree)	Unit water consumption	Total water consumption (degree)	Unit water consumption	
Yunlin Plant	105,803	7.176	119,307	6.694	128,030	6.748	Water from a third party (tap water)
Zhangbin Plant	165,785	4.085	168,723	4.141	170,058	4.108	

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.

Note3: Unit water consumption = total water consumption (degree) / waste disposal volume (t).

Table 3-6. An overview of effluent produced by Sunny Friend between 2019 and 2021

Plant	Year	Effluents	
		Annual waste volume (t)	Unit output volume <sup>Note 1</sup>
Yunlin Plant	2020	31,274	2.1210
	2021	31,073	1.7434
	2022	30,419	1.6034
Zhangbin Plant	2020	15,492	0.3817
	2021	26,966	0.6618
	2022	24,092	0.5820

Note 1: The volume of effluent produced by the unit = annual effluent volume (t) / annual incineration volume (t)



## Rainwater reclamation facility

Landfill often covers a large area, which means lots of rainfall. Wastes are buried in landfill. Once natural rainwater penetrates into the landfill, it is often considered wastewater (effluence), which is not recyclable and cannot be discharged without appropriate processing facility. This gave Sunny Friend an idea. If the rainwater is kept from seeping into the landfill, the generation of effluence will be greatly reduced and the reclaimed water can be used for certain purposes. With this in mind, the newly developed landfill was modified by replacing commonly used reinforced embankment with cantilever retaining walls, and the landfill itself was covered by a steel structure roof, hopefully to stop and collect rainwater. The landfill 4 at Sunny Friend's Zhangbin Plant (covering roughly a hectare) started operating in 2022 and no effluence has been generated since then. The landfill operates normally even in bad weathers, and dust generation is reduced while it is operating. For the rainwater reclamation, there has been shortage of rainfall in the past few years due to the violent climate change, resulting in short water supply for daily life and industrial purposes. Since the first record in June 2022, approximately 700 tons of clean rainwater has been collected thanks to the rainwater reclamation system on the steel roof, and the collected water is stored in house for process cooling and street cleaning. The design of this system will certainly be incorporated in the future landfills of Sunny Friend to hopefully improve the use of precious water resource in the gradually aggravating climate environment.

## The Generation of Waste and Significant Waste-Related Impacts

Sunny Friend's wastes are generated mainly from hazardous fly ash and incineration bottom ash. To well manage these wastes, the Company has divided the storage space into different areas in order to store these wastes in different areas according to their characteristics. Then, the fly ash released from quench tower and bag dust collector are collected and transported to bulk bag through the dust collection and transportation system for temporary storage. The bottom ash from the incineration should be firstly cooled by water, transported (using a transportation machine) to the bottom ash storage tank and then filled into the bulk bag. The fly ash and bottom ash produced by Yunlin Plant are processed by a commissioned and qualified disposal organization for solidification, whereas the fly ash produced by Zhangbin Plant is solidified by the plant itself and then be buried on landfill sites after passing the pressure test. The bottom ash is charged to a qualified firm for solidification before physical reprocessing or otherwise processed in a case-by-case basis. The ultimate waste disposal method and sites are currently the biggest challenges for Sunny Friend. Details on the fly ash and bottom ash produced by Sunny Friend are summarized in Table 3-7. An overview of Sunny Friend's total waste output between 2020 and 2022.

## Management of Significant Waste-Related Impacts

The final disposal of waste is the biggest challenge for the handling of wastes. For example, fly ash can be solidified and then be buried on landfill sites after

passing the pressure test. Nevertheless, it is extremely difficult to build a landfill site in Taiwan as Taiwan is small in area but densely populated. Sunny Friend's solution for this significant impact is to accelerate the establishment of Phase III and IV landfill sites. Landfill 4 started operating in 2022 and Phase IV landfill is on the design desk. On the other hand, Sunny Friend has proactively participated in a bidding and obtained a land sized 3.8 ha from the Industrial Development Bureau for landfill 5 in the future.

With respect to the bottom ash produced by Yunlin Plant, Sunny Friend has commissioned a qualified waste disposal organization to handle the wastes through, for example, solidification and physical treatment. As for the said commissioned waste disposal organization, Yunlin Plant has appointed personnel to survey the site (at least once a year) and to track the waste handling status.

## Waste Management Flowchart



## 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. With respect to fly ash and bottom ash generated by Yunlin Plant, a qualified commissioned disposal organization will solidify the wastes, bury them and track the handling status accordingly. The fly ash and bottom ash generated by Zhangbin Plant, on the other hand, are currently solidified by Zhangbin Plant and then be buried after passing the pressure test. Some of the processed materials are reused on a case-by-case basis.

In order to reduce the amount of waste generated, the reduction of domestic waste is implemented for office operations to promote the reuse of reusable resources, such as waste classification management, and the repeated use of backing paper during document photocopying to reduce paper consumption. In addition, the factory internally promoted the reduction of fly ash from waste incineration; based on the average amount of fly ash and bottom slag produced per metric ton of waste incineration in 2019 and 2020. It is scheduled to reach the target of 1% reduction in fly ash and bottom slag per metric ton of waste incineration in 2022. The Changbin factory added the second phase of Changbin in May 2019 and treats solid waste as a bulk. It will operate normally from January to December 2020. Therefore, the output of fly ash, bottom slag, and wastewater has increased. In 2022, Yunlin Plant has reached the goal of reducing 1% of fly ash from waste incineration; and the volume of bottom ash from waste incineration (per metric ton) in 2022 is not far from that of 2021. The quality of wastes generated from waste incineration per ton increased slightly in 2022 and 2021, since the nature of wastes incinerated at Zhangbin Plant varied very widely.

Table 3-7. An overview of Sunny Friend's total waste output between 2020 and 2022

Plant(s)	Year	Fly Ash				Bottom Ash			
		Annual output volume (t)	Unit output volume <sup>Note 1</sup>	Handling method	Onsite/offsite handling method	Annual output volume (t)	Unit output volume <sup>Note 2</sup>	Handling method	Onsite/offsite handling method
Yunlin Plant	2020	301	0.0204	Buried	100% outsourced for treatment	1,733	0.1175	Physical treatment	100% outsourced for treatment
	2021	365	0.0205	Buried	100% outsourced for treatment	2,042	0.1146	Physical treatment	100% outsourced for treatment
	2022	384	0.0202	Buried	100% outsourced for treatment	2,193	0.1156	Physical treatment	100% outsourced for treatment
Zhangbin Plant	2020	1,698	0.0418	Solidification	100% in-house treatment	627	0.0609	In-house treatment	75% outsourced for treatment
	2021	1,778	0.0436	Solidification	100% in-house treatment	1,843	0.0553	Physical treatment	92% outsourced for treatment
					100% in-house treatment	177		In-house treatment	95% outsourced for treatment
					100% in-house treatment	2,076		Physical treatment	Physical/reuse
	2022	2,625	0.0634	Solidification	100% in-house treatment	130	0.0652	In-house treatment	
						2,251		Physical treatment	
						318		Physical/reuse	

Note 1: Unit output volume of fly ash = annual output volume of fly ash (t) / annual incineration volume (t)

Note2: Unit output volume of bottom ash = annual output volume of bottom ash (t) / annual incineration volume (t)

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 2022, 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.



▲ 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

In recent years, global warming issues have gradually attracted attention. The company's greenhouse gas emission sources are mainly divided into three types of emission sources: diesel, electricity, and combustion processing waste. SUNNY FRIEND further hopes to slow down the warming caused by the greenhouse gas generated by the process and the use of energy resources, achieve a balance between economic development and environmental protection, and clearly grasp the company's greenhouse gas emission status; so it conducts a greenhouse gas inventory. The company mainly inventories three types of greenhouse gas emissions: CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O. In 2020, the company redefines the carbon emissions per metric ton of waste incineration as a management indicator, and sets a reduction target. In 2023, the carbon emissions per metric ton of waste incineration need to be reduced by 1% compared with 2022. More types of wastes were incinerated than before in 2022 due to the COVID-19 pandemic. For more accurate evaluation and monitoring of greenhouse gas (GHG) emission during waste management process in 2022, the heat value of these wastes was used to determine the GHG emission for Scope I and Scope II. That is why the CO<sub>2</sub> emission per ton of waste incineration exhibits significant growth compared to 2021. For further information, see "Major GHG emissions in 2022."

Table 3-8. GHG emissions  
(1)GHG emissions in 2021

Plant(s) \ Types of GHGs	CO <sub>2</sub> (kg)	CH <sub>4</sub> (kg)	N <sub>2</sub> O (kg)
Yunlin Plant	19,473,242	4,616	624
Zhangbin Plant	40,971,037	10,442	1,399
Total Emissions	60,444,279	15,058	2,023
Total CO <sub>2</sub> equivalent emissions (kgCO <sub>2</sub> e)	61,401,998		

Note: Before 2021, all GHG emissions were determined as a grand total, and there was no direct emission (Scope I) or energy indirect emission (Scope II). Starting from the fiscal year of 2022, GHG emissions include direct emission (Scope I) and energy indirect emission (Scope II) according to the requirements of Financial Supervisory Commission for GHG emission disclosure.

## (2)GHG emissions in 2022

Site	Emission (kgCO <sub>2</sub> e)	
	Scope	2022 GHG emission
Yunlin Plant	Scope I	47029638.600
	Scope II	4237425.000
	Total	51267063.600
Zhangbin Plant	Scope I	78201504.200
	Scope II	8069889.600
	Total	86271393.800
All sites	Scope I	125231142.800
	Scope II	12307314.600
	Total	137538457.400
GHG emission intensity (kgCO <sub>2</sub> e/ton of wastes processed)	Yunlin Plant	2478.919
	Zhangbin Plant	1920.327

## Note 1:

1.GHG inventory boundaries cover 2 sites: Yunlin and Zhangbin.

2.Scope I – direct emission: the source of emission is the quantity of wastes processed for Yunlin Plant and that of wastes collected for processing for Zhangbin Plant. Scope II – energy indirect emission: the source of emission is externally purchased power.

3.Inventory methodology: per the instructions of EPA's Mandatory Greenhouse Gas Reporting System.

4.Source of GHG coefficients: the emission coefficients come from the GHG emission coefficient management table, v. 6.0.4, published by EPA in 2019, and the GWP values come from the 4th IPCC evaluation report (2007).

5.Scope of GHG inventory: there are carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) for greenhouse gases, and the GHG emission coefficients are taken from the GHG emission coefficient management table, v. 6.0.4, published by EPA. The indirect GHG emission (externally purchased power) for Scope II in the 2022 major GHG emission table is determined based on the power emission coefficient published by Bureau of Energy, which is 0.509 kgCO<sub>2</sub>e/kWh.

6.Sunny Friend had a crew trained for adoption of ISO 14064-1 (Greenhouse Gases Part 1) specifications. The inventory items, details and calculations are corrected accordingly. For hazardous industrial wastes, the emission is determined as for general wastes, since there is no specific coefficient for hazardous industrial wastes. For this part, the heat values of wastes were adopted for calculation in 2022, thus the difference in GHG emissions.

7.The GHG inventory is conducted based on the operation control method.

Note 2: The type of GHG emission included in the intensity ratio is direct (Scope I).

Note 3: From 2022 onwards, the GHG emissions are presented in direct emission (Scope I) and energy indirect emission (Scope II).



## 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 3-9. In 2021, due to the rise of COVID-19 epidemic, Yunlin Plant had to dispose additional epidemic prevention wastes and this has resulted in the increase in the Plant's fuel, electricity and water consumption comparing with 2020. 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 3-9. Statistics of Sunny Friend's use of resources between 2020 and 2022

Energy/unit		Yunlin Plant			Zhangbin Plant		
		2020	2021	2022	2020	2021	2022
Diesel consumption	(L)	257,011	374,545	479,120	172,534	259,261	289,335
Electricity consumption	(kWh)	7,539,320	8,143,000	8,325,000	15,515,600	15,295,200	15,854,400
Electricity consumption per ton	(kWh/ton)			438.80			382.98
Water consumption	(KL)	105,803	119,307	128,030	165,785	168,723	170,058
Volume of incinerator waste	(t)	14,745	17,823	18,972	40,584	40,746	41,398
Volume of solidified waste	(t)	-	-	-	16,857	14,509	16,379
Volume of materialized waste	(t)	-	-	-	6,308	6,396	7,248
Volume of buried waste	(t)	-	-	-	13,320	0	57,979

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

Note:

- 1.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.
- 2.Yunlin Plant's waste disposal volume has increased in 2021 and 2022 as it is responsible for handling COVID-19 wastes. This also resulted in an increase in the Plant's electricity and water consumption.
- 3.With respect to Zhangbin Plant's electricity and water consumption in 2022, there is no significant difference with that of 2021.
- 4.Electricity consumption per ton = (Electricity consumption (kWh))/(Annual volume of incineration (ton))

## 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. This equipment improvement was evaluated in the 2014 environmental impact evaluation, and completed for Plant 1 in May 2020. The fuel consumption per ton in 2022 was 16.86 kg/ton for actual operations, which is better than the original design of 26.1 kg/ton. Plant 3 is not included for this comparison, since there is no data before improvement.

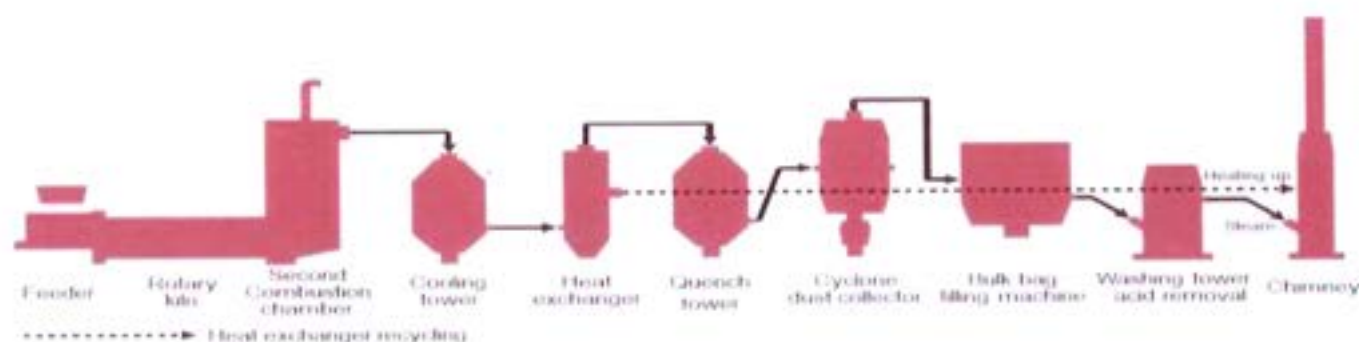


Table 3-10. Assessment of improvements to incineration facilities (Yunlin Plant)

	Waste disposal amount (ton/day)		Fuel consumption (kg/day)		Fuel consumption per waste disposal of unit (kg/ton)	
	Before the improvement	After the improvement	Before the improvement	After the improvement	Before the improvement	After the improvement
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 2022, Sunny Friend's local procurement rate 59.08%. 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 3-11. Summary of environmental expenditure

Unit: 1,000,000

Expenses	Plant(s)/Year	Yunlin Plant			Zhangbin Plant		
		2020	2021	2022	2020	2021	2022
Environmental monitoring and testing fee		4.5	4.2	3.4	4.0	5.5	6.6
Pollution remediation fee		12.4	11.8	17.8	31.4	41.6	77.7
Waste disposal fee (Bottom ash, fly ash, wastewater)		18.7 <sup>Note 1</sup>	19.7	25.3	28.7	31.3	39.5

Descriptions:

1. The quantity of bottom ash outsourced for disposal at the end of 2022 increased with that of wastes processed at Yunlin and Zhangbin plants, thus the increase in outsourced waste disposal fees, alkali liquid used and pollution remediation fees.
2. As the waste disposal fee (bottom ash, fly ash and effluent) of 2020 includes the COVID-19 waste disposal fee in account, an adjustment has been made to the expense.

### 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



Zhangbin Plant	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.	1. Protect labor safety 2. Increase labor's willingness to work. 3. Reduce the workplace temperature.	Environmental Protection Office General Affairs Department
	Indirect impacts of climate anomalies, such as the increase of raw material or energy costs.	1. Reinforce the control of raw materials and energy use in compliance the Company's relevant procedures and work rules 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).	1. Reduce the Company's operating costs. 2. Reduce the consumption of energy resources.	Planning Department Environmental Protection Office General Affairs Department Management Department
	Air quality deterioration warning. The competent authority request to lower the loading, and 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

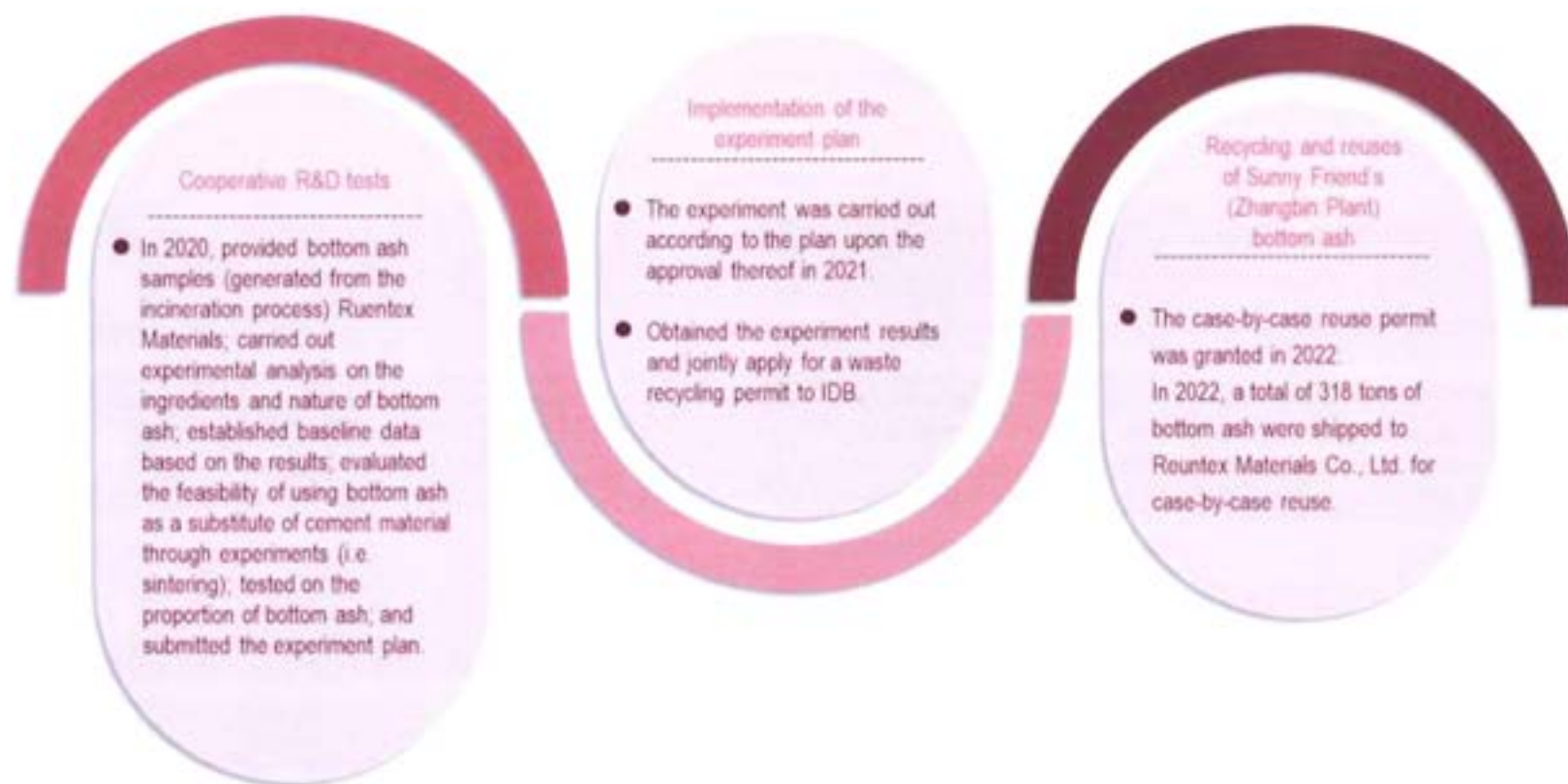
### 3.5 Circular Economy and Technological Innovation

Although the industrial wastes received by Zhangbin Plant has been processed by incineration facilities and be downsized, it is unavoidable to have wastes generated from the incineration process. Such wastes are currently solidified and then buried on landfill sites. Nevertheless, due to limited land resources (i.e., limited space of the landfill site and difficulty of obtaining a land for building landfill site) and our aspiration not to bring wastes from a cradle to the grave, Sunny Friend has proactively searching for a solution to recycle wastes and reuse them in the market. If the wastes are handled by a commissioned waste disposal organization, we can omit the waste solidification process before burying them on site. This will help us not only to reduce solidification related costs (i.e., materials and other costs), but also to effectively extend the service use landfill sites and facilitate sustainable operations and development. Moreover, as it is quite common to turn livelihood and industrial wastes into a substitute of cement material and Sunny Friend is an affiliate of Ruentex Group, we can well integrate the Group's resources, such as signing a MOU or agreement with Ruentex Materials Co., Ltd. (a company specialized in the production of cement under the Ruentex Group) or forming a R&D team therewith to evaluate the feasibility of transforming bottom ash into a substitute of cement material. The short-term goal is to launch a trial run and apply for Industrial Development Bureau's approval, whereas the long-term goal is to transform bottom ash from Zhangbin Plant into the production of cement for resource recycling and reuse.









After the initiation of the cooperative R&D project in 2020, Sunny Friend's Zhangbin Plant provided various bottom ash samples to Ruentex Materials' Songshan Plant in Yilan in order to analyze the ingredients and nature of bottom ash. Then the team has established the baseline data; launched the preliminary experiment; finalized testing methods; and submitted the experiment plan. Upon approval of the experiment plan in 2021, the team launched a three-month experiment. With the experiment results secured, the application for case-by-case reuse permit was submitted to Industrial Development Bureau and the permit was granted in 2022. 318 tons of bottom ash were subject to case-by-case reuse at Zhangbin Plant in 2022.



## 4 Partnerships

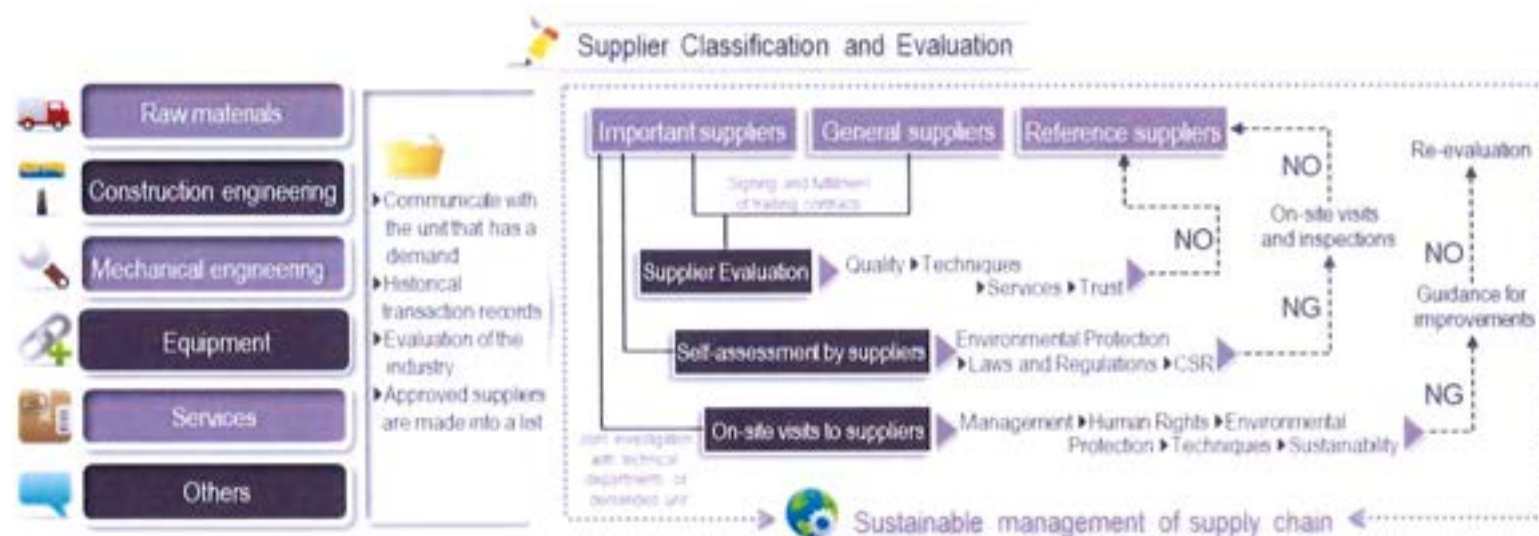
At Sunny Friend, all of the procurement of raw materials, construction works, engineering works, equipment, services and other items are provided by the suppliers. As a professional waste disposal company in the country, Sunny Friend is missioned to assist enterprises and government agencies in handling 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>	122 important suppliers were evaluated in 2022 12 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>	The proportion of signing a local procurement contract increased by 1.33% in 2022 The environmental procurement amount increased to NTD 27,019,784	
<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 42 occupational safety facilitation meetings for suppliers in 2022 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 93 suppliers, and 91 suppliers have signed the CSR terms and conditions in 2022 Took on-site visits to 13 suppliers in 2022	



## 4.1 Supply Chain Management

The contract composition of the supply chain of the company can be divided into sales and purchase contracts, engineering contracts, lease contracts, and other types of contracts. In 2022, during the supplier's performance of the contract, the purchase and sale contracts such as raw materials, oil products, chemicals, and cement products required for the operation will total 94 pieces. The engineering contracts are construction projects, mechanical engineering, etc., totaling 33 pieces. Lease contracts such as land and houses are a total of 11 leases. The other types are contracts other than sales, engineering, and leases; such as labor services, environmental testing, waste disposal services, technical consultant appointments, industry-university cooperation, etc., a total of 44 contracts. As of 2022, Sunny Friend has 567 suppliers that are related to the operations thereof. Moreover, since 2015, SUNNY FRIEND has added integrity management clauses to its supplier contracts. Not only does SUNNY FRIEND actively fulfill its corporate sustainability responsibilities, but also it has requested suppliers to meet ESG metrics. Therefore, in recent years, for important suppliers, it has been promoted to add corporate social responsibility clauses in the contract from 2019. Because SUNNY FRIEND believes that only the joint input of suppliers can truly implement corporate responsibility with supply chain partners.



▲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 be 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	2021 to 2023
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	Localization of the supply chain
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 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.	Promote the local supply chain.





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 2022, Sunny Friend has 13 important suppliers and 93 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.

## 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 2022 suppliers as an example, 59.08% 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 2022 is as follows:

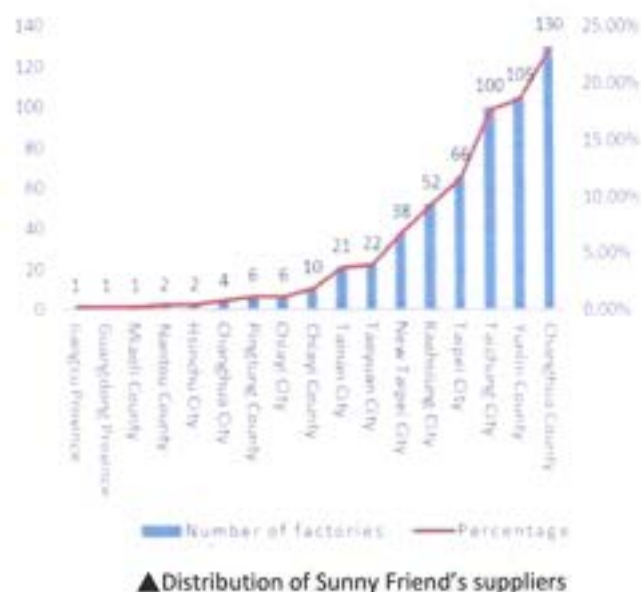


Table 4-2. A procurement overview of 2020-2022

	2020	2021	2022	Total	Notes
Change to recyclable materials	7,380,000	8,580,000	12,250,698	28,210,698	Procurement of dumpsters
ECO and energy-saving related labels	21,348,089	17,052,269	14,653,386	53,053,744	Primarily equipment, raw materials, air-conditioners, computers and so on
Eco-friendly ink-printing	105,000	115,700	115,700	336,400	Northern Lapwing Literary Magazine
Total	28,833,089	25,747,969	27,019,784	81,600,842	-

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 2022, the amount of environmental protection-related purchases is NT\$ 27,019,784 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. In addition, in order to ensure the safety of contractors entering the factory, Yunlin factory and Changbin factory underwrite third-party public accident insurance to avoid risks caused by negligence in operations.

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.



## 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 2022, 13 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：

序次	自評項目	是 (打✓)	否 (打×)
一	本公司響應環境保護，應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，排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：	





## 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.	Such as a poor performance in CSR self-assessment. If it is the case, Sunny Friend will discuss the matter with the supplier for making an improvement accordingly.	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 2022, the new "supplier integrity terms and conditions" were added to all contracts (93 in total); and the 13 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 2022. 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 fourth phase of the burial site and the newly built warehouse of the SUNNY FRIEND Changbin factory, In 2022 the use unit and procurement unit cooperated to inspect 13 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

Instructions for use	Sunny Friend followed the GRI guidelines from 1 Jan to 31 Dec 2022.
GRI 1 used	GRI 1 basis 2021
Applicable GRI guidelines	None

### General disclosure

GRI Standards	Disclosure	Description	Corresponding chapter	Page	Note
Organization overview and reporting practice	GRI 2-1	Organization information in details	About Sunny Friend	3	
	GRI 2-2	Entities included in the organizational CSR report	Scope of report	A	
	GRI 2-3	Period, frequency and contact person of report	Scope of report	A	
	GRI 2-4	Information restatement	Scope of report	A	
	GRI 2-5	External warranty / assurance	Scope of report	A	
Organizational activities and workers	GRI 2-6	Activities, value chain and other commercial relationships	About Sunny Friend 4 Partnership	3 88	
	GRI 2-7	Employees	2.1 Employee caring	37	
	GRI 2-8	Non-employee workers	2.1 Employee caring	38	
Governance	GRI 2-9	Governance structure and composition	1.1 Governance organization	17	
	GRI 2-10	Nomination and election of top management	1.1 Governance organization	17	
	GRI 2-11	Chair of top management	1.1 Governance organization	19	
	GRI 2-12	The role of top management in supervising impact management	Materiality issue identification and stakeholder engagement 1.1 Governance organization	9 17	
	GRI 2-13	Person in charge of impact management	1.1 Governance organization	20	
	GRI 2-14	The role of top management in CSR report	1.1 Governance organization	17, 20	

GRI Standards	Disclosure	Description	Corresponding chapter	Page	Note
	GRI 2-15	Conflict of interests	1.4 Business Integrity, Anti-corruption and Regulatory Compliance	28	No key materiality event in 2022
	GRI 2-16	Communications of key materiality events	1.4 Business Integrity, Anti-corruption and Regulatory Compliance	32	
	GRI 2-17	Collective intelligence of top management	1.1 Governance organization	20	
	GRI 2-18	Performance evaluation of top management	1.1 Governance organization	18	
	GRI 2-19	Remuneration policy	1.1 Governance organization	19	
	GRI 2-20	Remuneration decision process	1.1 Governance organization	19	
	GRI 2-21	Annual total remuneration percentage	2.1 Employee caring	39	
Strategy, policy and practice	GRI 2-22	Statement of sustainable development strategy	Words from Chairman	1	
	GRI 2-23	Policy commitment	1.1 Governance organization	21	
			1.4 Business Integrity, Anti-corruption and Regulatory Compliance 1.5 Human rights policy	30 33	
	GRI 2-24	Inclusion of policy commitment	2.2 Occupational health and safety 4.1 Supply chain management	43 92	
	GRI 2-25	Procedure for negative impact remediation	1.4 Business Integrity, Anti-corruption and Regulatory Compliance	30-31	
	GRI 2-26	Mechanism to seek suggestions and propose concerns	1.4 Business Integrity, Anti-corruption and Regulatory Compliance	31	
	GRI 2-27	Regulatory compliance	1.4 Business Integrity, Anti-corruption and Regulatory Compliance	30	
Stakeholder engagement	GRI 2-28	Association membership	1. Company governance	15	
	GRI 2-29	Stakeholder engagement guidelines	Materiality issue identification and stakeholder engagement	9, 13-14	
	GRI 2-30	Collective agreement	2.1 Employee caring	36	



## Materiality issue disclosure

GRI Standards	Disclosure	Description	Corresponding chapter	Page	Note
GRI 3 Materiality issues	GRI 3-1	Process to determine materiality issues	Materiality issue identification and stakeholder engagement	9	
	GRI 3-2	Materiality issue list	Materiality issue identification and stakeholder engagement	12	
	GRI 3-3	Materiality issue management	Annex II: Materiality issue management guidelines	103-112	

GRI Standards	Disclosure	Description	Corresponding chapter	Page	Note
<b>Economic aspect</b>					
Business Integrity and anti-corruption	GRI 3-3	Materiality issue management	Annex II: Materiality issue management guidelines	106	
	GRI 205-2	Communications and training of anti-corruption policy and procedure	1.4 Business Integrity, Anti-corruption and Regulatory Compliance	29	
	GRI 205-3	Identified corruption events and actions taken	1.4 Business Integrity, Anti-corruption and Regulatory Compliance	28	
Economic performance	GRI 3-3	Materiality issue management	Annex II: Materiality issue management guidelines	107	
	GRI 201-1	Direct economic values generated and distributed by organization	1.2 Business performance	24	
	GRI 201-3	Obligation to define welfare programs and other retirement programs	1.2 Business performance	22	
<b>Environmental aspect</b>					
Wastewater, sewage and wastes	GRI 3-3	Materiality issue management	Annex II: Materiality issue management guidelines	104	
	GRI 303-1	Mutual influence of shared water resource	3.1 Environment management	72	
	GRI 303-2	Management of drainage-related impacts	3.1 Environment management	72	
	GRI 303-3	Quantity of water intake	3.1 Environment management	74	
	GRI 306-1	Waste generation and waste-related significant impacts	3.1 Environment management	75	
	GRI 306-2	Management of waste-related significant impacts	3.1 Environment management	75-76	
	GRI 306-3	Waste generation	3.1 Environment management	77	
	GRI 306-4	Waste disposal and relocation	3.1 Environment management	76-77	
GHG emission	GRI 3-3	Materiality issue management	Annex II: Materiality issue management guidelines	105	
	GRI 305-1	Direct – Scope I – GHG emission	3.2 Energy saving and CO2 reduction	79	
	GRI 305-7	Emission of nitrogen oxides (NOx), sulfur oxides (SOx) and other critical gases	3.2 Energy saving and CO2 reduction	71, 79	
Circular economy and technical innovation	GRI 3-3	Materiality issue management	Annex II: Materiality issue management guidelines	111	Self-defined issues
<b>Social aspect</b>					
Employee welfare and rights	GRI 3-3	Materiality issue management	Annex II: Materiality issue management guidelines	110	
	GRI 401-1	New and resigned employees	2.1 Employee caring	38	
	GRI 401-2	Welfare for all employees	2.1 Employee caring	41	

GRI Standards	Disclosure	Description	Corresponding chapter	Page	Note
	GRI 401-3	Parental leaves	2.1 Employee caring	40	
	GRI 404-1	Average number of hours of training provided for every employee every year	2.1 Employee caring	42	
Occupational safety and health	GRI 3-3	Materiality issue management	Annex II: Materiality issue management guidelines	108	
	GRI 403-1	Occupational safety and health management system	2.2 Occupational health and safety	45	
	GRI 403-2	Hazard identification, risk assessment and incident investigation	2.2 Occupational health and safety	43	
	GRI 403-3	Occupational health service	2.2 Occupational health and safety	45	
	GRI 403-4	Worker participation, counseling and communications related to occupational safety and health	2.2 Occupational health and safety	43	
	GRI 403-5	Worker training related to occupational safety and health	2.2 Occupational health and safety	48	
	GRI 403-6	Worker's health improvement	2.2 Occupational health and safety	49	
	GRI 403-7	Prevention and mitigation of occupational safety and health impacts directly linked to business relationship	2.2 Occupational health and safety	48	
	GRI 403-9	Occupational injuries	2.2 Occupational health and safety	46-47	
	GRI 3-3	Materiality issue management	Annex II: Materiality issue management guidelines	109	
Local Community	GRI 413-1	Business activities that have gone through communications with local communities, impact evaluation and development plan	2.3 Social fusion	51	
	GRI 3-3	Materiality issue management	Annex II: Materiality issue management guidelines	103	
Compliance with Social and Economic Regulations	GRI 3-3	Materiality issue management	Annex II: Materiality issue management guidelines	103	
	GRI 2-27	Regulatory compliance	1.4 Business Integrity, Anti-corruption and Regulatory Compliance	30	

#### Disclosure of Other Issues

GRI Standards	Disclosure	Description	Corresponding chapter	Page	Note
Supplier sustainability management	GRI 308-1	Selection of new suppliers based on environmental standards	4.1 Supply chain management	90	
	GRI 308-2	Negative impacts of supply chain on environment and actions taken	4.1 Supply chain management	93	
	GRI 414-1	Selection of new suppliers based on social norms	4.1 Supply chain management	90	
	GRI 414-2	Negative impacts of supply chain on environment and actions taken	4.1 Supply chain management	93	
Energy	GRI 302-1	Energy consumption within organization	3.2 Energy saving and CO2 reduction	81	
	GRI 302-3	Energy intensity	3.2 Energy saving and CO2 reduction	81	
	GRI 302-4	Reduction of energy consumption	3.2 Energy saving and CO2 reduction	82	



## 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". With thorough compliance, the wastes entrusted by the business organization to be disposed of by Sunny Friend will be properly disposed of to avoid pollution, which will cause a potential positive impact on the environment and stakeholders; if not, it will cause potential negative impacts on the environment and related stakeholders.	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 already stipulated "Regulations Governing Reported Cases". If the opponent of the report is the Company's director, chairman of the board, chairman and general manager, manager, employee, and a person with substantial control capabilities, the Audit office shall be in charge of the report. If the opponent of the report is general manager and level 1 managerial officer of the Audit Office, the Personnel Office shall be in charge of the case.	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. The importance and necessity of regulatory compliance shall be incorporated in training programs to prevent incompliance.	<ol style="list-style-type: none"> <li>1. In response to amendments to regulations (for the promotion, consulting, coordination, communication and guidance related thereto).</li> <li>2. Draw up approaches/solutions in coordination to amendments to regulations; supervise the implementation of the said amendments in practice; and review the implementation thereof. With respect to the failure in related implementation, propose a solution for improvement accordingly.</li> <li>3. At least once every year, a training of "Management Rules for Prevention of Insider Trading" and "Internal Material Information Handling Procedure", and the body in charge of stock affairs will provide guidance and precautions in this regard for the compliance of new directors and managers as they arrive at their posts.</li> <li>4. In 2022, the company provided a legal compliance promotion session (including</li> </ol>	From 1. Corporate Governance to 1.4 Business Integrity, Anti-corruption and Regulatory Compliance

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
	ers. Corrective, remedial and improvement actions will be undertaken in the event of an actual negative impact.							<p>programs of legal compliance, environmental protection management, safety and health management, accounting system and internal control) to the company's employees. A total of 638 persons attended the session with 1,681 man-hours.</p> <p>5. It is required that the annual report and corporate sustainability report of Sunny Friend must be updated for the implementation of regulatory compliance. The company, therefore, keeps a record for tracking the implementation of regulatory compliance.</p>	
Effluents and waste	Employees' emergency response capability; and ability of controlling the use of raw materials and energy resources. Therefore, the company provides employee training and practices process control to avoid negative impact on the environment due to waste of energy and resources and increased generation of wastewater, sewage and wastes.	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 accord-	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. The average amount of fly ash and bottom slag per metric ton of waste incineration in 2019 and 2020 is the base year, and it is scheduled to reach the target of 1% reduction in fly ash and bottom slag per metric ton of waste incineration in 2023. Based on the average water consumption in 2019 and 2020 (the base years), it is scheduled to reach the goal of reducing water consumption per metric	General Affairs Department Environmental Protection Office	Hold emergency response education and training sessions	---	<p>Reduce the improper use of energy and resources, reduce the generation of wastewater, sewage and wastes, reduce the negative impact on the environment, and increase employees' professional and response ability.</p> <ol style="list-style-type: none"> <li>1. Enhance employees' expertise and response capabilities.</li> <li>2. Hold emergency response education and training sessions on a regular basis.</li> <li>3. Employees participate in Envi-</li> </ol>	<ol style="list-style-type: none"> <li>1. According to statistics, up to 2022, a total of 70 colleagues from the company's public subsidies have obtained the professional personnel licenses held by the Environmental Protection Agency (including air, water, waste, poison, and indoor air quality).</li> <li>2. Taking the average amount of fly ash and bottom slag per metric ton of waste incineration in 2019 and 2020 as the base year, the target is scheduled to reach 1% reduction in fly ash and bottom slag per metric ton of</li> </ol>	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
		ance with the Company's relevant operating procedures and operations.	ton of waste incineration by 1% in 2023.				ronmental Professionals Training Institute's trainings for expertise related certificate.	waste incineration in 2023. 3. Taking the average water consumption in 2019 and 2020 as the base year, it is scheduled to reach the goal of reducing the water consumption per metric ton by 1% in 2023. 4. Determine the intensity of energy and resource usage per unit and the amount of wastewater, sewage and wastes generated, and review emission reduction measures	
Greenhouse Gas Emission	Financial Supervisory Committee requested to prepare "Sustainable Development Roadmap". Therefore, the company carries out the greenhouse gas inventory, and reviews the reduction measures to avoid excessive pressure in subsequent stages, resulting in failure to complete the inventory and verification result registration as scheduled and, therefore, penalties; in addition, this helps business partners avoid defects in their inventory and verification due to failure to obtain greenhouse gas emission results of	Completed GHG inventory and verification according to FSC's requirements.	Completed the schedule of promoting project items for full-time/ part-time units; and finalized complete inventory procedures.	Plant General Affairs Department, Environmental Protection Office, and Planning Department	Guidance works are carried out through external consulting organization	Citizens can file a complaint or report a case to the Company via telephone or mailbox.	Develop inventory schedule and carry out the inventory based on GHG inventory guidelines. 1. Set the schedule for carrying out GHG inventory. 2. Launch the external consulting system 3. Complete the verification through internal and external units. 4. Complete GHG inventory and verification.	1. Continue to control GHG inventory and verify the disclosure schedule and related performance. 2. Reduce the carbon emissions per metric ton of waste incineration by 1% in 2023 than in 2021. 3. Determine Sunny Friend's GHG emissions and examine the GHG reduction actions to minimize the negative impacts on Sunny Friend and environment	Chapter 3

Materiality issue	Importance of the issue	Policy / commitments	Goals and objectives	Responsible unit (in charge thereof)	Resources	Reporting mechanisms	Action plan	Effectiveness evaluation	Corresponding chapter in the Report
	self-produced wastes.								
Business Integrity and Anti-corruption	Sunny Friend values and strengthens its sustainable corporate culture and improves its development, implements corporate governance and establishes a corporate culture of integrity management and sound development. Anti-corruption is part of the prohibition of dishonest behavior. If all directors, managers, and employees have strict compliance, there will be no dishonest behavior or even corruption in Sunny Friend's directors, managers, and employees which will compromise the positive impacts on Sunny Friend's interests and reputation. If any director, manager, or employee of Sunny Friend fails to abide by it, the company's directors, managers, and employees will earnestly abide by it, the dishonest behavior or even corruption in the director, manager or employee will compromise Sunny Friend's interests and reputation and bring negative	Sunny Friend already established "Code of Ethics", "Code of Integrity" and "Procedures for Ethical Management and Guidelines for Conduct" internally.	No report for the 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	The Management Department and Public Relations and Legal Department shall carry out "Code of Ethics", "Code of Integrity" and "Procedures for Ethical Management and Guidelines for Conduct" related education and training sessions.	Sunny Friend already stipulated "Regulations Governing Reported Cases". If the opponent of the report is the Company's director, chairman of the board, chairman and general manager, manager, employee, and a person with substantial control capabilities, the Audit office shall be in charge of the report. If the opponent of the report is general manager and level 1 managerial officer of the Audit Office, the Personnel Office shall be in charge of the case.	<ol style="list-style-type: none"> <li>1. Enhance the propaganda of Sunny Friend's ethics and business integrated related policy; and implement internal audit and control mechanisms.</li> <li>2. Engagement/communication before the board of directors meeting.</li> <li>3. Abide by and comply with corporate governance regulations.</li> <li>4. The importance and necessity of regulatory compliance shall be incorporated in training programs to prevent in-compliance.</li> </ol>	<ol style="list-style-type: none"> <li>1. Management Department is responsible for formulating business integrity policy and dishonesty prevention guidelines; supervising the implementation thereof; and reporting the practice thereof to the board of directors on an annual basis.</li> <li>2. Strictly supervise dishonest behavior to ensure the implementation of business integrity. Besides, the Audit Office shall audit the implementation and compliance of the system on a regular basis.</li> <li>3. The 2022 business integrity implementation report was presented to the board of directors on 27 Dec 2022.</li> <li>4. In 2022, the company provided a legal compliance promotion session (including programs of legal compliance, environmental protection management, safety and health management, accounting system and internal control) to the company's employees. A total of 638 persons attended the session with 1,681 man-hours.</li> <li>5. The reports must be</li> </ol>	From 1. Corporate Governance to 1.4 Business Integrity, Anti-corruption and Regulatory Compliance



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
	impacts. If there is an actual negative impact, we will carry out corrections, punishments, and advocacy actions for regulatory compliance and to avoid future occurrences.							submitted to the board of directors every year. It is required that the annual report and corporate sustainability report of Sunny Friend must be updated for the implementation of regulatory compliance. The company, therefore, keeps a record for tracking the implementation of regulatory compliance.	
Economic performance	Upholding professional management, Sunny Friend values shareholders and investors opinions, and share with all shareholders our management results. There is a positive impact on shareholders. Operating losses will damage the company's image, reduce the dividends of shareholders and investors, and compromise employees' pays and protection.	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.	The company's performance grows steadily, enabling shareholders and investors to make stable profits, continue to invest, and work hard to expand their business territory. Declined profitability will slow down investment pace, and makes investors hesitant in evaluating investment strategies.	In 2022, the consolidated operating income and after-tax net profit reached TWD 3,843,429,000 and TWD 858,811,000, respectively. Compared with the 2021 consolidated operating income of 3,354,388 thousand yuan and the after-tax net profit of 937,523 thousand yuan, the respective growth and decrease were 14.58% and 8.4%. The after-tax earnings per share were TWD 7.72. In 2022, the amount of waste processed increased, which drove the revenue growth; however, inflation and rising raw material prices reduced gross profits. We will keep a tight control on operating costs with the goal to stabilize the company's profitability.	1.2 Business performance

Materiality Issue	Importance of the Issues	Policy / commit- ments	Goals and objectives	Responsible unit (in charge there- of)	Resources	Reporting mechanisms	Action plan	Effectiveness evalua- tion	Corresponding chapter in the Report
Occupational health and safety	Facilitate the or- ganization to elimi- nate potential haz- ards or minimize occupational safety and health risks; build up an effec- tive management system; provide a safe and healthy workplace to pre- vent occupational injuries and health problems; and continuously im- prove our occupa- tional safety and health perfor- mance.	Occupational safe- ty and health policy: 1. Tackle the root causes of peo- ple to build a safe environ- ment: Make continuous im- provements with a preven- tive thinking and proactive attitude in or- der to provide safe and healthy work conditions. 2. Comply with laws and abide by rules: Fulfill regulatory re- quirements and committed agreement. communication channels. 3. Eliminate haz- ard to reduce risks: Identify hazards on a regularly basis to reduce oc- cupational safety and health risks and eliminate hazards. 4. Establish a bridge through La- bor-manage- ment collabora- tion: Encourage workers to par- ticipate in and establish counseling and communication channels.	1. In response to new regulatory or agree- ment requirements, Sunny Friend continu- ously enhances em- ployees' hazard awareness and protec- tion concepts. Each year, the Company holds occupational health and safety ed- ucation and training sessions. 2. Maintain the validity of ISO 45001 certifica- tion.	Occupational Safety and Health Office	Established "Occupational Health and Safety Com- mittee" (7 members) to provide em- ployees (of all levels and departments) with consulta- tions and ensure their participation in the man- agement system	Established counseling services and reporting channels for workplace bullying at Zhangbin Plant.	1. External and internal audits of the occupational safety and health management system are con- ducted regularly. 2. The certification of ISO 45001:2018 Oc- cupational Health and Safety Man- agement System was acquired. 3. The Occupational Safety Office ar- ranges individual safety and health training for em- ployees in the event of occupa- tional accidents to strengthen the promotion of safety and health-related knowledge, and asks nurses to care about and consult the em- ployees about returning to work after occupation- al accidents. 4. Meetings of occupational safety and health committee com- posed of the em- ployer and em- ployees are held regularly to dis- cuss and plan occupational safety and health related issues.	Year of 2022 1. 6 sessions of occupa- tional safety and health training were provided. 2. An emergency re- sponse drill was con- ducted for the acci- dent response capa- bility in the factory. (Due to the impact of the epidemic, the fire department said that the emergency re- sponse drill in the first half of the year may be combined with the second half of the year.) 3. A field personnel health check was provided. (Due to the impact of the epi- demic, the health check in the first half of the year was com- bined with the sec- ond half of the year to reduce the contact of workers from dif- ferent departments and, thus, the risk of infection.) 4. Number of occupa- tional accident vic- tims: 9. Occupational safety and health training (occupational accident case analysis and promotion) is given every year, and the number of par- ticipants and the cu- mulative number of participants are counted. 5. Construction con- tractors are invited every week for an agreement organiza- tion meeting to dis-	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
								cuss and improve the safety of the labor working environment and the probability of slowing down the progress of the project.	
Local communities	Sunny Friend recognizes that corporate sustainability starts with understanding what the society really needs. Local community engagement and impact assessment are conducted at our operating bases. We uphold the spirit of local operation and giving back to the locals. By focusing on community development and deepening local education, we help reduce the social impact on where we operate, and continue to improve, so that Sunny Friend can contribute substantial positive values to the society. We protect local communities, socially disadvantaged groups and rural schools from lack of corporate funds and care, thus reducing social problems that may happen.	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". 1. Continue to sponsor writing contest in Yuanchang. The contest is participated by at least 200 students each year. 2. Continue to publish at least 1 issue of "Northern Lapwing Literary Magazine" each year to promote local culture. 3. Continue to hold "Sunny Friend Literature and Writing Camp" and "Sunny Friend Environmental Protection Science Camp", which are participated by at least 150 students each year. 4. Continue to provide scholarships to students (at least 90 students participate in each year).	Public Relations and Legal Department	Prepare annual budget and allocate manpower to hold and promote social care activities and to make good returns to the society.	Sunny Friend already stipulated "Regulations Governing Reported Cases".	Sunny Friend is enabled to bring substantial positive value contributions to the society. We protect local communities, socially disadvantaged groups and rural schools from lack of corporate funds and care, thus reducing social problems that may happen. Active sponsorship is provided for communities and education, so that local communities, socially disadvantaged groups and rural schools are financially supported: 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	in 2022: 1. 170 people received the winter emergency fund for the poor 2. 90 scholarship winners 3. 812 writing contest award winners 4. 715 people participated in the Sunny Friend Literature and Writing Camp 5. 591 people participated in the Sunny Friend Environmental Protection Science Camp 6. Adopted 4,500 m long coast of the "Xiansi Waste Section" for the coastal clearance and protection project. Budgets are prepared and provided every year for the needs of local region and schools, and the number of participants or cumulative number of people is counted.	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
							Yuanchang. 7. Published "Northern Lap-wing Literary Magazine". 8. Hold "Sunny Friend Literature and Writing Camp" and "Sunny Friend Environmental Protection Science Camp". 9. Distribute scholarships. 10. Adopt air purification zone and coastal cleanup works. 11. Assist government in properly handling social and environmental protection incidents.		
Employee Welfare and Rights	Employees are the most important assets of our Company and an important link to social interactions. We provide employees with a friendly workplace, enabling them to bring their full talents into play, to prevent the increase in employee turnover rate, comply with relevant labor laws and regulations, avoid relevant administrative penalties, and maintain the company's reputation and related image.	Provide employees with benefits, labor conditions, a well-structured training system, rewards, and a good promotion and retirement system. To build an egalitarian workplace and dignity of labor, we also treat our employees based on the principle of pay equality and prohibit any forms of harassment or inhuman treatment in order to build a dignified work environment.	Take a good care of every employee and provide our employees with a stable, equal and open work environment.	Personnel Office	Established welfare measures; continuously improve and update related rules in accordance with the latest regulations; and provide employees with complaint reporting channels.	In accordance with the Company's complaint filing and reporting rules.	1. Provide employees with salary and welfare in compliance with relevant regulations. 2. Allocate 7% of the profit of the current year as employees' compensation. 3. Provide employees with appropriate break times during the work. 4. Give employees parental leaves, pregnancy check-up leaves, maternity leaves and parental leaves for raising children as prescribed by law.	1. The Salary and Compensation Committee determines and regularly assesses directors and managers' remuneration. 2. The implementation shall take place in accordance with the Company's salary and welfare management rules; and related practice shall be verified in accordance with relevant regulations and be audited by an internal unit to ensure their compliance with law. There was no violation or administrative penalty in the past three years. 3. Regularly hold labor-management	2.1 Caring for Employees



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
							<p>5. Purchase labor insurance and national health insurance for employees as prescribed by law; contribute a specific proportion of employees' salary into an individual pension account; and provide group insurance and company trips to employees.</p> <p>6. Enhance employees' work competence; encourage employees to take on-the-job education and to obtain professional certificates.</p> <p>7. Set an occupational medical system for employees as prescribed by law to maintain employees' physical and psychological health.</p>	<p>meeting to provide employees a channel to share their idea or propose a question. A total of 4 labor-management meetings were held in 2022.</p> <p>4. The Employee Welfare Committee is formed by employees and committee member shall make decisions on employee welfare related affairs by their own. 4 meetings were held in 2022.</p> <p>5. Assess employees' performance, survey their interests on education and training activities, and make related planning in order to provide employees with the opportunities of enhancing their competence at work and improve the Company's deficiency in manpower. The performance evaluation is conducted quarterly, and the next year's training survey and planning are carried out at the end of the year.</p>	
Circular Economy and Technological Innovation	Recycle and reuse industrial wastes (bottom ash) generated from the incineration process to reduce solidification related costs (i.e., materials and other costs); extend the service use landfill sites; and	From the receipt to handling to reutilization of industrial wastes, the Company cooperates with related organization to recycle and reuse bottom ash generated from incineration; and to realize sustainable	By reducing waste output with innovative technology, wastes are converted into raw materials for reduced production costs.	Environmental Protection Office	Cooperated with: Ruentex Materials Co., Ltd. (Songshan Plant in Yilan).	Citizens can file a complaint or report a case to the Company via telephone or mailbox.	An application for reuse permit was filed in accordance with the "Ministry of Economic Affairs' Management Rules for the Reuse of Industrial Wastes," since there was no previous achievement for the inno-	<p>1. The case-by-case reuse permit was acquired in 2022.</p> <p>2. 318 tons of incineration bottom ash were reused at a case-by-case basis in 2022.</p>	3.5 Circular Economy and Technological Innovation

Materiality issues	Importance of the issues	Policy / commitments	Goals and objectives	Responsible unit (in charge thereof)	Resource	Reporting mechanisms	Action plan	Effectiveness evaluation	Corresponding chapter in the Report
	contribute to circular economy and sustainable development. However, cost and continuity must be considered for the promotion of circular economy. Excessive cost or poor circulation will lead to difficulty or even stagnation in promotion and therefore, should be avoided.	operations.					<p>vative technology.</p> <p>1. A test plan was executed based on the cooperative R&amp;D test results. The results were submitted to Industrial Development Bureau for a case-by-case re-use permit.</p> <p>2. The materials and costs derived from the incineration bottom ash that needs to be solidified were reduced, and the service life of the landfill prolonged.</p>		



# ESG

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