

台湾肥料设化有限公司 TAIWAN FERTILIZER CO., LTD.

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About this Report

GRI: 102-10, 102-45, 102-48, 102-50, 102-51, 102-52, 102-53, 102-54, 102-55, 102-56

This is the seventh Corporate Social Responsibility (CSR) Report published by Taiwan Fertilizer Co., Ltd. (hereinafter referred to as TFC, Taiwan Fertilizer Corporation, the Company and We). The compilation of this CSR Report was based on the guidelines of the GRI Standards Core Option. The information disclosure referred to Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies.

To demonstrate TFC's efforts and performance, our economic, social and environmental achievements/attempts are compiled in this Report. Meanwhile, we also respond to our stakeholders' expectations and demands in this Report, aiming at building a long-term partnership with our customers and the social groups for the promotion of social inclusion and for the objective of sustainable growth. In addition to the disclosure of related indicators of the material topics, performance and conducts of Corporate Governance, Employee Care, Customer Care, Environmental Protection and Social Participation are also disclosed in this Report.

Statistics Basis of the Report

The statistical data for this Report came from TFC's internal statistics and data collection and are presented in International Generic Indicators. The estimates in this Report will be noted in each relevant chapter and section. All the financial data were from public consolidated financial reports audited and verified by KPMG in accordance with the International Financial Reporting Standards (IFRS) and were all calculated in New Taiwan Dollars. In addition, the Company also passed the verification of ISO 9001 Quality Management System, ISO 45001, CNS 45001 Taiwan Occupational Safety and Health Management System (TOSHMS), ISO 14001 Environmental Management System and ISO 50001 Energy Management System.



The Editing, Auditing and Assurance of the Report

The report was assured by the independent and credible British Standards Institute (BSI) in accordance with the AA1000 AS v3 Type 1 moderate-level for the assurance of the Inclusivity, Materiality, Responsiveness and Impact of the disclosed information in this Report. Please refer to Appendix 1 for the detailed BSI Assurance Report and statements and Appendix 2 for the GRI Content Index.

To continuously enhance the transparency in sustainability information, this Report is available in both English and Chinese and the contents of this TFC CSR Report can also be downloaded on TFC's official website in Corporate Sustainability Section.

In the future, the CSR Report with third-party assurance will continue to be published annually to actively disclose TFC's mission, commitment, strategy, specific practices and future objectives concerning sustainability to our stakeholders for effective stakeholder engagement, laying important cornerstone of sustainable development for the enterprise.



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Reporting Period

From January 1st to December 31st, 2020.

Boundary of Reporting

- TFC's CSR Report covers the economic, social and environmental performance of TFC's Taipei Head Office and the factories in Keelung, Miaoli, Taichung and Hualien. Part of the information disclosure includes TFC's subsidiaries included in the TFC consolidated financial statements, excluding the invested enterprises of Hasbo Biotech Co., Ltd, TAIFER (CAYMAN) INTERNATIONAL GROUP CO., LTD. and TAIFER INTERNATIONAL (SAMOA) CO., LTD.
- The disclosure of financial performance includes TFC and its subsidiaries included in the consolidated financial statements.
- There was no major change in the scale, structure, ownership and supply chain of the organization during the reporting period.

Report Release Schedule

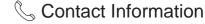
Previous edition: June 2020, Current edition: June 2021





Previous edition

Current edition





Company Name

Taiwan Fertilizer Co., LTD



Contact Person

CSR Secretariat, Board Office: Jeff Gee, Shirley Shun-fen Chang



Address

(104) 6F, No. 90, Section 2, Nanking E. Road, Taipei



TEL

+886-2-2542-2231, ext. 692, 690



E-mail

gee@taifer.com.tw



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Message from the Chairman

GRI: 102-14

Despite various challenges faced in 2020, Taiwan Fertilizer Corporation still made steady profits. This year, our core business of fertilizer chemicals not only bore the rising costs of fertilizer raw materials but also cooperated with the government's policy of fertilizer price reduction. Despite these reasons, steady profits were still made. In terms of our real estate business, activation of our assets still continues, laying the foundation of sustainable income. In addition, profitability can also be maintained in TFC's invested businesses. While most global enterprises faced the challenges brought by the epidemic of COVID-19, TFC could still make continuous profits and embrace a fruitful year.

This year, under multiple challenges faced by the fertilizer and chemical business, it is indeed not an easy job to surpass the targets. We gladly said, "we made it!" In 2020, the government implemented the "real name policy" for fertilizers, and TFC fully supported with the production and supply. Peifeng Technology & Fertilizer Co., Ltd., our subsidiary/plant producing nitrophosphate compound fertilizer, has been successfully completed and put into production since late July 2020, which effectively solved the domestic long-term problem of lacking fertilizer during high season for fertilizing. As the leading fertilizer brand in Taiwan, TFC continues to innovate, research and develop fertilizer products. This year we have launched a new niche-type fertilizer and the promotion and sales of it is simultaneously conducted with our series of products, whose fertilizer efficiency is affirmed and favored by farmers. The #43 "King Won" Potassium sulfate nitrophosphate organic compound fertilizer improves the quality of agricultural products and farmers' income. Baulilin (Granular Phosphate) and Baulijia solve the problem of difficulty in fertilizing for farmers, replacing the dangerous potassium nitrate fertilizers. The Company continues to provide fertilizers for various crops and helps improve farmers' income and facilitates fertilization to help the government promote the policy of eco-friendly agriculture.

TFC continues to actively develop niche electronic grade chemicals, improve manufacturing process and increase sales. Meanwhile, in response to the government's promotion of circular economy, a green circular economy park is planned to be established in our Miaoli Factory, aiming at the recycle and reuse of agricultural biotechnology products and e-grade chemicals to fulfill our mission of implementing resource sustainability as a corporate citizen. It is also hoped that industrial transformation can be further promoted for an innovated profit model.

TFC provides diverse value-added services. We directly supply the fertilizers to the farmers' associations in towns and districts from May 2020 and simplify the fertilizer purchase process with the establishment of the "TFC Fertilizer Ordering Platform" to shorten the distribution process and improve the supply efficiency. In addition, to meet the needs of farmers and to cooperate with the policy, we continue the fertilizer storage operations and integrate our own warehouses while setting up fertilizer supply centers so that the situation of fertilizer supply has become smoother and more convenient than previous years. In addition, the farmers' costs of fertilizers are also reduced. TFC provides farmers with more options for fertilizer purchase. Furthermore, to take care of the elderly farmers and reduce their burden of the weight of fertilizers, we provide domestic farmers with 25kg fertilizer packaging and bore the increased costs of packaging by ourselves.

TFC actively implements the revitalization of land assets to lay the foundation of sustainable income. The occupancy rate of the commercial office building in Hsinchu almost reached 100%. We won the 2020 Excellent Intelligent Building. Projects of overall land planning of Hsinchu Plant, Nangang C2 Hotel development project and C4 commercial office development project are all being actively promoted. In addition to the increase of stable rents, hopefully, through the development projects, regional development can be boosted and the asset value can be increased.

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Our invested business maintained stable profits. Taiwan Yes Deep Ocean Water Co., Ltd. continues to integrate with the D-Park in Hualien and has actively introduced external resources. The D-Park has been incorporated in the Deep Seawater of Marine Industrial Corridor Project in Hualien as the hub, continuing to cooperate with the Ocean Affairs Council's project of establishing the National Marine Resources Museum and planned to make use of the relevant hinterland.

In response to the global challenges, TFC continues to strengthen its operation and has been strengthening its core competitiveness and advantages, dedicated to achieving the corporate development goals and visions. This year, we were honored with the Outstanding Enterprise of the 17th National Brand Yushan Award. From fertilizer production to e-grade chemical industry, from chemical fertilizer to organic agriculture, Taiwan Fertilizer Corporation has been playing a role in sustainable development, working hand in hand with farmers and our partners in all circles and moving forward together side by side on this road to an eco-friendly land.







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GRI: 102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-16



Awards and Recognition

Awards

Awarded FTSE4Good TIP Taiwan ESG Index

Organizer

Taiwan Index Plus and FTSE International Taiwan Ltd

Content

In 2020, TFC passed the evaluation criteria for ESG performance and financial indicators and was awarded FTSE4Good TIP Taiwan ESG Index.

Awarded 2020 TCSA's Taiwan Corporate Sustainability Reports- Silver Award in Traditional Manufacturing Industry

Organizer

Taiwan Institute for Sustainable Energy (TAISE)

Content

TFC was awarded 2020 TCSA's Taiwan Corporate Sustainability Reports- Silver Award in Traditional Manufacturing Industry, fully demonstrating the completeness and transparency of the disclosure of corporate information.

Selected Top 500 Excellent Taiwan Exporters & Importers

Organizer

Bureau of Foreign Trade, MOEA

Content

TFC was awarded Top 500 Excellent Taiwan Exporters & Importers in 2020.



About TFC

Taiwan Fertilizer Co., Ltd. was established on May 1st, 1946. Originally a state-owned enterprise responsible for manufacturing and supplying domestic fertilizer products in line with the government's agricultural policy, TFC has been the largest domestic fertilizer producer. TFC successfully transformed into a listed private corporation on September 1st, 1999. The Head Office is located in Zhongshan District, Taipei, Taiwan.

In response to the continuous social-economic development and transformation and for the reason that some production factories are close to the downtown areas, the production factories have been relocated to Taichung Factory and the vacant old production plant land were transformed into real estate for commercial, residential development or for backup plant use to improve operational synergy and establish a basis for sustainable income, aiming at increasing the return on assets (ROA) and profitability.

In addition, to improve the company's operating performance and diversified profits, special chemical storage tanks are established in the Petrochemical Industry Area, Port of Taichung, providing materials needed for PU industry. The new compound fertilizer plants are established to meet the domestic needs while developing business opportunities overseas. Furthermore, the purification technology of e-grade chemicals is also improved for the development toward high-margin IC grade electrochemical products.

By adhering to the spirit of taking it from the society and giving it back to society, TFC has established the Taiwan Fertilizer Foundation to organize scholarship and charitable events every year. Meanwhile, we also strive for reaching the business philosophy of win-win-win among society, shareholders and employees, stepping toward the goals of sustainable management and fulfilling our corporate social responsibility.



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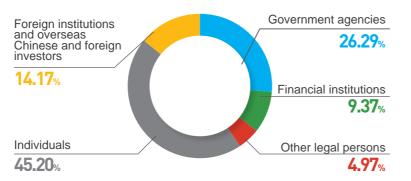
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Shareholder Structure



Note: Data before the book closure date before the shareholders' meeting on June 22, 2020

The major items and products of TFC are as follows. We provide high-quality services and products to meet customer needs.

- 1. Manufacturing and sale of fertilizer products, including ammonium sulfate, agricultural urea, calcium superphosphate, potassium chloride, nitro-based compound fertilizer/phosphorus-based compound fertilizer, organic fertilizer and microbial fertilizer.
- 2. Manufacturing and sale of chemical products, including nitric acid, sulfuric acid, sulfamic acid, liquid ammonia, Industrial grade urea and melamine.
- 3. Manufacturing and sale of e-grade chemicals, including organic solvents, cleaning solutions, photoresist stripping solution and etching solution.
- 4. Development, sales and lease of real estate.

Company profile





Number of Employees 702



Date of **Establishment**

May 1st, 1946

March 24th, 1998

Listing

Date



Chairman

Yao Hsing Huang



President

Yao Hsing Huang



Capital

NTD 9.8 billion



Market/ Ticker

Public listed company/ 1722



Chemical industry



Production Bases

3 (Taichung Factory, Miaoli Factory and Hualien Factory)



Major Business

Fertilizer business: Taiwan's largest fertilizer manufacturer and supplier Chemical business: Taiwan's largest liquid ammonia and nitric acid producer

Corporate Culture

Core Values

Mission

Activeness, Innovation, Foresight, Efficiency, Responsibility



To meet with the green earth requirements as an outstanding visionary enterprise



Vision

To develop fertilizers, chemicals, real estate development and investment business sectors of TFC as a global premium brand that aims for sustainable life and environment



Business Philosophy



Cultivation. Consolidation. Innovation, Sustainability





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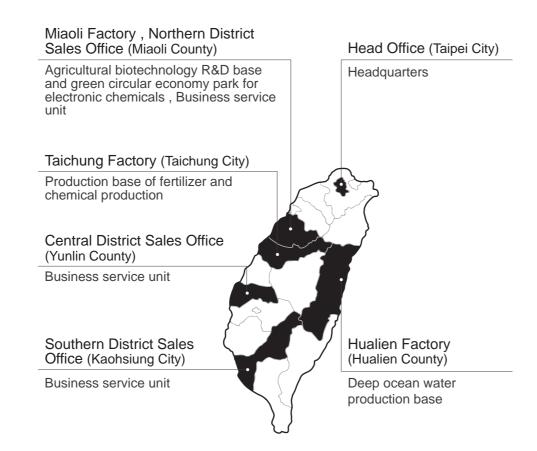
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Operating Bases



Note: With the social development and needs for urban expansion, TFC is now actively working on the land activation development projects of the old production factories, including Nankang, Keelung Factory 1, Keelung Factory 2, Hsinchu Factory and Kaohsiung Factory after the relocation.





Al-Jubail Fertilizer Company (joint venture, shareholding of 50%)

Founded in 1979, Al-Jubail Fertilizer Company is a successful example of joint venture by TFC and Saudi Basic Industries Corporation (SABIC). It mainly manufactures urea, 2-EH, DOP and TGU, enabling TFC to obtain stable revenues with low cost of raw materials.

Taiwan Yes Deep Ocean Water Co., Ltd.

(subsidiary, shareholding of 100%)

Taiwan Yes Deep Ocean Water Co., Ltd. mainly develops deep ocean water (DOW) related products. It is devoted to becoming an expert in deep-sea minerals to introduce the health benefits of the natural deep-sea minerals to people all over the world. With the most advanced process technology, automated equipment and the largest deep ocean water manufacturing factory in Asia, Taiwan Yes produces high-quality deep sea natural minerals and high-quality packaged drinking water, deep sea salt and other deep ocean water series products.

Taifer Chemicals International Inc. (subsidiary, shareholding of 100%)

Taifer Chemicals International Inc. is mainly responsible for real estate development. In addition to the management the commercial office building of "Taiwan Hall" in Ulaanbaatar, the capital of Mongolia, it also manages the gas stations in Keelung and Miaoli. In the future, it will actively participate in the development and management of TFC's self-owned or self-developed real estate.

Peifeng Technology & Fertilizer. Co., Ltd.

(subsidiary, shareholding of 100%)

PeiFeng Technology & Fertilizer. Co., Ltd. is mainly responsible for the production of nitrophosphorus-based compound fertilizers and assisting TFC in the implementation of chemical trading business.

Taifer (Cambodia) Co., Ltd. (subsidiary, shareholding of 100%)

Taifer (Cambodia) Co., Ltd. is mainly responsible for the import and export sale of the local fertilizer in Cambodia, aiming at speeding up the promotion of fertilizer and understanding local demand to facilitate the export of TFC's excellent fertilizer products as well as the fertilizer management techniques to ASEAN countries.

Note: Mainly the invested businesses in which the company's shareholding ratio reaches 50% and more.

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Major Products and Markets

Chemical products 23.88%

Item

- · Urea for Industrial
- · Melamine
- · Sulfanilic acid
- · Anhydrous Ammonia
- · Nitric acid
- · Sulfuric acid
- ·Oleum
- · Chemical storage tanks

Market

- · Taiwan
- · Southeast Asia
- · Europe and America



Fertilizer products 39.95%

ltem

- · Single nutrient fertilizers
- · Biotec Organic compound fertilizer series
- · "Hey Won" nitrophosphate organic compound · Japan fertilizer series
- · Organic fertilizer series
- · Instant Water Soluble Fertilizer series
- · Biopower Stimulants series
- · Taifer Biopower phosphate-solubilizing bacteria biofertilizer
- Dolomite

Market

- · Taiwan
- · Southeast Asia

Market

· Taiwan

Others 0.50%

22.25% Real estate

ltem

· Residential real estate

Resale of urea

· Southeast Asia

Market

· China

· Commercial real estate

11.11%

Market

· Taiwan

2.31%

· Etching solution series

Electronic grade chemicals

- · Photoresist stripping solution series
- · Cleaning solution series

Item





· Organic solvent series



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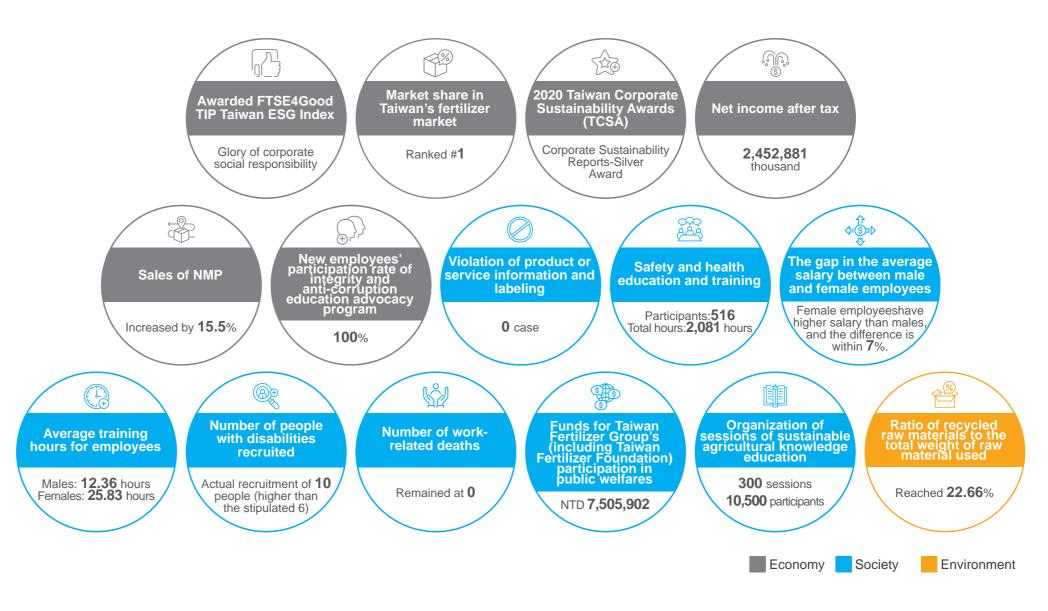
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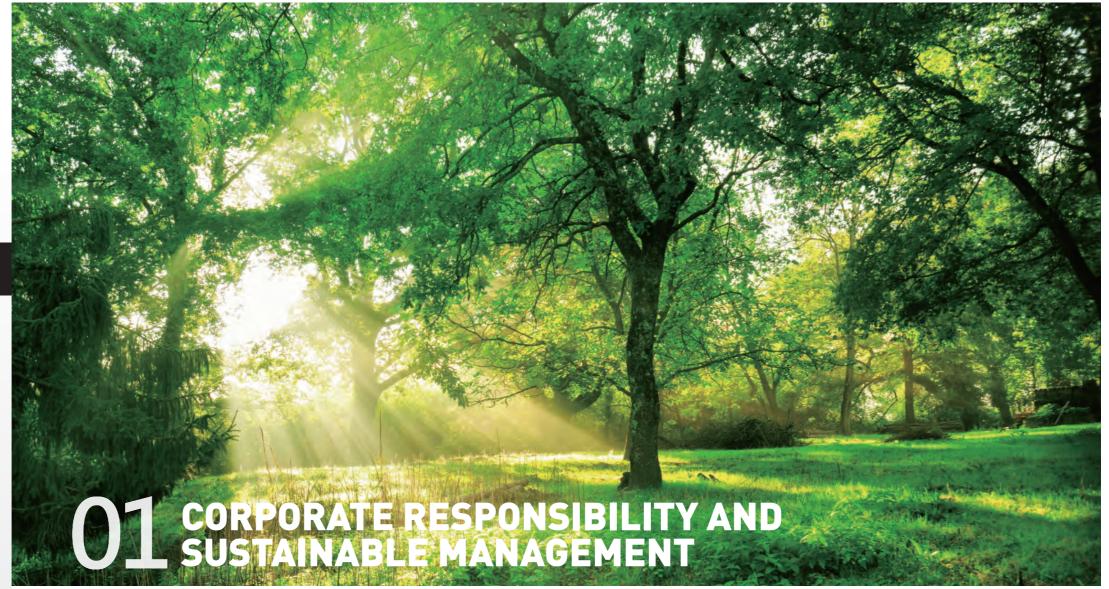
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1-1 CSR Development Visions and Organization Structure

- 1-2 Interaction with and Management of Stakeholders
- 1-3 External Organization Participation and Support for and Compliance with International Initiatives



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Development Visions and Organization Structure

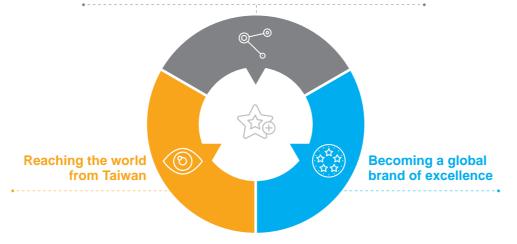
GRI: 102-32, 102-33

Solution CSR Development Vision

In response to the rapidly changing global economic environment and to strengthen our capabilities of taking risks, we make use of the CSR management mechanism and with the combination of the core competence and the concept of sustainable development, we conduct the integration of our internal resources from top to bottom through the CSR Committee to develop sustainable strategies based on issues of the stakeholders' concern, aiming at taking care of farmers, creating an eco-friendly environment, fulfilling our corporate social responsibility and reaching the goal of corporate sustainable management.

Our vision

Taking into account the sustainable business model for the economy, environment and society





Economic aspect

Oriented towards

Improvement of the corporate governance system

Creation of a corporate value chain

Goal

To shape corporate ethics culture and implement integrity management policies

To optimize the supplier management mechanism and manage customer relationships carefully

Action Plans

- To implement a sustainable business management structure to enhance the transparency, accuracy and immediacy of disclosed information to create smooth communication channels for the stakeholders
- To promote the implementation of the integrity management policy, regularly arrange integrity management and anti-corruption related education and training for the propaganda of ethical corporate management principles to all employees
- The risk management control operations are conducted in accordance with the "Regulations Governing the Establishment of Internal Control Systems". With the clear division of labor, risk identification and assessment at all levels are conducted the Audit Office is responsible for urging all units to develop improvement plans and regularly track subsequent results
- To participate in external competitions, learn from benchmarking, improve the company's competitiveness and shape good corporate image of TFC

- To promote suppliers' CSR assessment management and implementation to urge the suppliers to implement environmental protection, improve safety and health, attach importance to human rights to work together for the fulfillment of our corporate social responsibility
- To establish a complete and diverse customer service mechanism to maintain customer relationships, provide smooth customer service channels and optimize production quality through feedback from customers to reinforce market competitiveness and enhance customer satisfaction



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Oriented towards

Implementation of the green sustainability strategies

Implementation of energy conservation and waste reduction actions

Goal

To take actions to fulfill the green commitments to improve the performance of sustainable management

To implement energy efficiency integration to establish a green brand image

Action Plans

- To make good use of the company's core competencies and integrate the Group's resources to realize the concept of green innovation in R&D, manufacturing, marketing and other parts of corporate operations
- Long-term investment in agricultural waste for the application in the R&D of organic fertilizer materials to make them into organic fertilizer products to turn agricultural waste into resources
- To establish internal and external "organic demonstration farms", obtain verification of organic agricultural products, interact with farmers, duplicate farmers' cultivation and farming situations and introduce the Internet of Things (IoT) system to establish a complete database of organic agricultural cultivation techniques to become representative organic farms in Taiwan
- The Hualien Factory makes uses of the characteristics of the inexhaustible deep sea water. A multi-stage system for the gravity flow and solar power generation facilities are established by stages to expand multiple projects such as smart farming while high value-added products are also being developed

- To implement energy integration and the upstream and downstream integration plan of the production chain to improve energy efficiency and promote efficient utilization of resources
- ISO 14001 Environmental
 Management System and ISO
 14064-1 GHG Inventory Standards
 were introduced into our Taichung
 Factory and Miaoli Factory.
 Inventory is made annually to
 improve environmental
 performance and to reach the
 objective of energy saving and
 waste reduction
- ISO 50001 Energy Management System was introduced into Taichung Factory for regular internal and external follow-up inspections and deficiency improvement to reach the target of energy saving and carbon reduction
- Legal service providers are commissioned to carry out waste removal and disposal in accordance with the law, and the terminal treatment will be tracked and checked to prevent environmental pollution



Oriented towards

Creation of a healthy and happy workplace

Implementation of social responsibility

Goal

To adhere to the people-oriented spirit and enhance the realization of employees' self-fulfillment

To carry out the localization management and take caring actions to fulfill the corporate social responsibility

Action Plans

- To provide a competitive remuneration system to enable new employees and formal staff with good performance to enjoy more opportunities for flexible salary adjustment and adjustment range
- To develop a learning organization arranging not only general training courses but also instructor training, peer sharing and expert lectures to create a positive learning and knowledge sharing system
- Each factory will reinforce the voluntary inspection, regularly monitor the working environment as well as prepare necessary safety protective equipment to ensure health and safety of the workplace
- Every year the company subsidizes employee health checks, and those working in places with particular health hazards are provided with special health check services

- Workshops on rationalization of fertilization and field trials of organic fertilizer are held to assist farmers to reduce the use of chemical fertilizer so as to produce safe and high quality agricultural products for a sustainable agricultural environment
- To encourage outstanding students and poor students from domestic universities and colleges to keep working hard through the Taiwan Fertilizer Foundation Scholarship Award Scheme. We set up the "Scholarship for the Agricultural Operation Plan" to encourage young students to be engaged in business management and agricultural management

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Operation Method of the Corporate Social Responsibility Committee

This CSR Committee, headed by the Chairman of the Board as the steering committee member, with the president serving as the Committee chairman, vice president as the committee vice chairman, and the committee members include the assistant vice presidents, division chiefs, and plant managers. The operation direction and the supervision results of the Group and the functional committees are reviewed through regular and unscheduled meetings. The implementation results are reported to the BOD.

Operation method of the CSR committee

Representative

- Steering committee member Chairman
- Committee chairman President

Implementation of division of labor

- **Board of Directors** Approve policies
- · CSR Committee Determination of CSR policy directions and development of CSR policy
- Each Sub-committee

Setting key performance indicators (KPI), action plans and budgeting for each unit to promote and implement based on its responsibility, and evaluation of the performancé will also be reviewed.

CSR Secretariat under the Board Office It is responsible for handling CSR education and training on a regular basis and assisting the Committee in the development and implementation of CSR policies

CSR Organization Structure

Board of Directors



CSR Committee

- · Steering committee member: Chairman
- · Committee chairman: President
- · Committee vice chairman: Vice president
- Committee members: Assistant vice presidents/ division chiefs/ plant managers

Executive secretary

CSR Secretariat. **Board Office**



- Enhancing the function of Board of Directors
- Protecting shareholders' equity
- Information transparency
- Compliance
- · Internal audit and control

Green Commitment Promotion Team

- Environmental protection policy
- · Energy management
- · Product R&D and innovation
- Green building and sustainable use of land

Sustainable Development Promotion Team

- Risk control
- · Procurement and supply chain management
- Product liability
- Customer service



Social Participation and Promotion Team

- Talent cultivation and education & training
- Participation in public welfare activities
- · Employees care
- Occupational health and safety



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Appendix



-2 Interaction with and Management of Stakeholders

GRI: 102-18, 102-19, 102-20, 102-21, 102-31, 102-33, 102-40, 102-42, 102-43, 102-44, 102-46, 102-47

Dialogue with Stakeholders

At the end of 2020 we implemented the identification process and materiality rating based on the five major principles set forth in AA1000 SES Stakeholder Engagement Standards and identified eight major categories of stakeholders closely related to the operation, including the employees, government/competent authorities, the shareholders, fertilizer customers, chemical customers, real estate customers and suppliers.

TFC attaches great importance to the shareholders' rights and interests as well as their opinions. In addition, we adopt different ways of communication to actively absorb multiple opinions and suggestions and conduct immediate dialogue to respond.

Identification of material topics and communication channels

Significance



Employees

TFC cares most about the employees' suggestions and feedback and responds immediately to them concerning the issues of concern to fulfill its responsibility of taking good care of its employees

Topics of Concern/ Response from TFC

Socioeconomic compliance

All departments are required to comply with relevant laws and policies for their daily operations and disclose punishments and sanctions for violations of economic and social laws and regulations in an honest manner.

Occupational health and safety

The industrial safety and environmental protection briefing is convened every two months. In the briefing, advocacy of relevant laws and regulations as well as occupational accident cases is conducted, and relevant suggestions and reviews concerning safety, health and environmental protection are presented.

Communication Channels and Frequency

- · Labor-management meeting/ annual
- · Labor conference/ quarterly
- TFC Quarterly/ quarterly
- · Internal website/ at all times
- Trade Union and Employee Welfare Association Meeting/ quarterly
- Employee grievance mailbox or hotline/ at all times
- Internal proposal system for improvement/ at all times



Government (competent authorities)

Council of Agriculture, Executive Yuan is the largest shareholder of TFC, which directly affects the execution and implementation of policies of TFC's agriculture and the sustainable environment

Sustainable food

We support the agricultural policy of "organization of chemical fertilizers" and have added peat into all traditional compound fertilizers to be upgraded to compound fertilizers containing organic essence that can increase the agricultural output and reduce the use of fertilizers.

Environmental Compliance

Conduct internal self-review and improvement of past violations and require unit and personnel in charge to strictly comply with relevant laws to avoid similar situations from happening.

- State-owned shareholder meeting/ occasional
- Competent authority meeting/ occasional
- Government audits/ occasional
- Business-related seminars, symposiums, public hearings and forums/occasional
- Exchanges of official documents/ occasional

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Appendix

Significance



Communication Channels and Frequency



Shareholders

Shareholders are the owners of TFC, whose interests and the company's operating performance are closely related. Therefore, the shareholders have high expectations



- TFC not only devotes itself to reducing costs and improving market competitiveness but also comprehensively upgrade products and technical services.
- Moreover, TFC is implementing the capacity expansion plan for fertilizer production, which not only satisfies the domestic needs among farmers but also helps with our active deployment in international markets, enabling the company to grow gradually in steady operation.
- · Shareholders' meeting/ annual
- Financial statements/ quarterly
- Investor conference/ occasional
- Shareholders service mailbox/ shareholders service personnel/ at all times
- Major information on Market Observation Post System (MOPS) and TFC's official website/ at all times



Fertilizer customers

Fertilizer business is the root of TFC. Through the understanding of the customers' thoughts and needs, we can strengthen the fertilizer sales channels.

Market Labelling

We abide by the stipulations in Trademark Law and Fertilizer Management Act and provide complete information of the products and usage methods on the packaging. TFC cooperates with the government agencies and conducts regular or irregular inspections. Although there were 3 cases of violation against Fertilizer Management Act, improvement plans were immediately proposed and follow-ups were also conducted. In 2020, no violation of marketing regulations was reported.

- · Customer satisfaction survey/ annual
- TFC quarterly/ quarterly
- Enterprise journal/semiannual
- · Customer audit/ occasional
- TFC official website/ at all times
- Customer service hotline/ at all times



Chemical customers

The chemical and fertilizer business is the root of TFC. Understanding our customers' needs and suggestions is the driving force for our continuous improvement

Effluents and waste

The Company has a complete environmental safety and health organization and internal regulations. In addition, the establishment and verification of ISO 14001 Environmental Management System in Taichung and Miaoli Factories have been completed. Each year, through the PDCA management model, TFC has budgeted for various environmental improvement measures to reach the goal of improving the environmental performance.

- · Customer satisfaction survey/ annual
- TFC quarterly/ quarterly
- · Customer audit/ occasional
- · Meetings, mutual visits/ occasional
- . TFC official website/ at all times
- Customer service hotline/ at all times



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Appendix

Significance



Communication Channels and Frequency



Farmers

Farmers are the end users of our products. Only by listening to their suggestions and needs can we obtain the driving force to make continuous progress and grow



Before releasing our products to other distribution channels, strict inspection of raw materials and labels are conducted in accordance with domestic product regulations.

- TFC Quarterly/ quarterly
- Enterprise journal/semiannual
- TFC official website/ at all times
- Customer service hotline/ at all times
- Workshops on rationalization of fertilization/ occasional
- Product briefing/occasional



Suppliers

The quality of the products and services provided by the suppliers directly affects the performance of the operation and production of TFC

Supplier environmental assessment

The development, selection and evaluation of suppliers are conducted in accordance with the Supplier Management Rules and Review Operation Points for New Bulk Raw Material Suppliers to stabilize the quality of materials and to ensure the safety of materials. To encourage the supply chain to jointly establish a friendly industrial environment and social inclusion, TFC has conducted a self-assessment survey of its suppliers' CSR status for four consecutive year; the score in each aspect was superior to the passing score. We encourage the supply chain to jointly establish a friendly industrial environment for social inclusion.

- Supplier evaluation survey/ annual
- · Annual supplier conference/ annual
- · TFC official website/ at all times
- · Meetings, mutual visits/ occasional



Real estate customers

Real estate is one of the businesses of TFC's diversification strategies. We listen to the real estate customers' feedback and opinions to get closer to meet our customers' demands

Economic performance

TFC has stable management in real estate business and seeks an interaction model of residential and commercial use along with co-prosperity in the community. In the real estate development phase, we abide by relevant laws and regulations and also have great communication with stakeholders. After the development, the local economy is boosted, creating local employment opportunities. Meanwhile, during the process of activation of our land assets, we share the development benefits with real estate customers to achieve a win-win situation.

- · Customer satisfaction survey/ annual
- TFC official website/ at all times
- Customer service hotline/ at all times
- · Review meeting/ occasional
- · Gratitude dinner/ occasional



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Identification of Material Topics and Boundary

TFC complies with the GRI Standards issued by Global Reporting Initiative (GRI) for the identification process of material topics of sustainable development as the basis for the disclosure of the CSR Report to respond to the stakeholders by providing information they desire to obtain.

Identification process of material topics and boundary

38 material topics

Stakeholder identification

8 major categories of stakeholders

According to five major principles set forth in AA1000 Stakeholder Engagement Standard, there are eight categories of our key stakeholders, including the employees, government/competent authorities, the shareholders, fertilizer customers, chemical customers, farmers, suppliers and real estate customers.

Survey on issues of concern questionnaire analysis

The internal high-level executives and stakeholders of the Company filled in the impact level and level of concern questionnaires respectively, and questionnaire analysis was conducted based on the scores of the questionnaires.

Determination of boundary of disclosure

8 management approaches

Based on the value chain defined by TFC, including suppliers. TFC's subsidiaries and customers (including agents and farmers), and based on the 15 material topics which were merged into 8 manage approaches, related management approaches were disclosed while the materiality boundary of the topics was determined to understand the impact and influence of each topic on the value chain.













Collection and organization of topics **Identification of material topics** 15 material topics

Topic collection was based on the 34 topics of GRI Standards and the Sustainable Development Goals (SDGs) were referred to while 4 topics related to TFC's sustainable development were added (Sustainable Food, Circular Economy and Climate Action) with a total of 38 topics being summarized and used as the guidelines for the questionnaire design.

Based on the analysis results, the context of sustainable development and industrial environment, Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies and the discussions on the Company's current status.15 major topics were determined.

Review and discussion The 7th CSR Report

This year, based on the identified material topics, responding chapters and boundary analysis, TFC will continue to strengthen management and disclose implementation results in this CSR Report.

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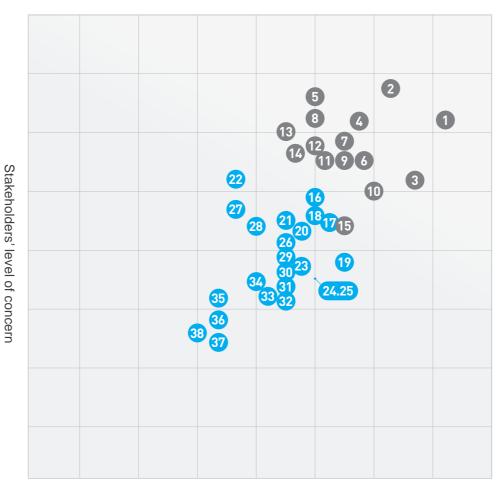
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Analysis results of material topics



Level of Impact on TFC's Operation

Prioritization of material topics

- 1 Economic Performance
- Supplier Environmental Assessment
- Forced and Compulsory Labor

- 2 Sustainable Food
- Supplier Social Assessment
- Procurement Practices

- Customer Health and Safety
 - 16 Corporate Governance

17 Climate Action

29 Market Presence

30 Non-discrimination

- Occupational Health and Safety
- 18 Materials

31 Taxation

Marketing and Labeling

Emissions

- 19 Anti-corruption
- Freedom of
 Association and
 Collective Bargaining

Human Rights Assessment

35 Public Policy

- Circular Economy
 - Relations
- Labor/Management Relations 33 Biodiversity
- 9 Environmental Compliance

Socioeconomic

12 Water and Effluents

13 Local Communities

Compliance

Waste

10 Energy

- Employee Diversity and Equal Opportunity
- 22 Employment
- 23 Customer Privacy
- Customer Privacy
- Indirect Economic Impacts
- Anti-competitive Behavior
- Training and Education

- 36 Security Practices
- 37 Indigenous Rights
- 38 Child Labor

Note: 1.Material topics are highlighted in yellow.

2. "Occupational Health and Safety", "Supplier Environmental Assessment", "Supplier Social Assessment" and "Local Communities" are material topics of mandatory disclosure required by regulations.



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Chapters and sections disclosing material topics and description of the boundary and consideration

	Economic Aspect					
The Corresponding Index	The Boundary	Chapter and Section in this Report	The Corresponding Index		Chapter and Section in this Report	
	(1) Economic Pe	rformance		(1) Economic Perf	ormance	
GRI 201-1	TFC Group	2.1 Business Management 5.3 The Remuneration System and Benefits	GRI 201-3		2.1 Business Management 5.3 The Remuneration System and Benefits	
		Environme	ental Aspect			
The Corresponding Index	The Boundary	Chapter and Section in this Report	The Corresponding Index	The Boundary	Chapter and Section in this Report	
	(5) Emissi	ons		(7) Circular Eco	nomy	
GRI 305-1 GRI 305-2 GRI 305-5 GRI 305-7	Taichung FactoryMiaoli FactoryWaste treatment service providers	Chapter 4 Energy Conservation, Environmental Protection and Environmental Management	GRI 301-2 SDGs Goal 12: Ensure sustainable consumption and production patterns 12.4 Sound management of chemicals and all wastes 12.5 Waste reduction, recycling and reuse	 Miaoli Factory Hualien Agricultural Research and Extension Station Council of Agriculture, Executive Yuan Breeders Raw material supplier 		
	(8) Was	te		(9) Environmental C	ompliance	
GRI 306-1 GRI 306-2 GRI 306-3 GRI 306-4 GRI 306-5	 Taichung Factory Miaoli Factory Raw material suppliers Waste treatment service providers 	Chapter 4 Energy Conservation, Environmental Protection and Environmental Management 4.5 Effluents and Waste Management	GRI 307-1	TFC GroupSuppliersAgents and contractors	2-4 Legal Compliance	
	(10) Ener	gy		(12) Water and E	ffluents	
GRI 302-1 GRI 302-3 GRI 302-4 GRI 302-5	Taichung FactoryMiaoli Factory	4-2 Energy Resource Management	GRI 303-1 GRI 303-2 GRI 303-3 GRI 303-4 GRI 303-5	Taichung FactoryMiaoli Factory	Chapter 4 Energy Conservation, Environmental Protection and Environmental Management	

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GRI 403-3 GRI 403-4 GRI 403-5	GRI 403-8 GRI 403-9 GRI 403-10	departments O Contractors O Customers O Joint prevention organizations	5-7 Emergency Response and Transport Management	GRI 116 2	 Old Hsinchu Fa Old Nankang F Old Kaohsiung factories refer t development p
	(14) Supplier E	Environmental Assess	ment		(15) Supplier Soc
GRI 308-2		TFC GroupSuppliersContractorsOEMs	6.3 Supplier Management and Procurement	GRI 414-2	TFC GroupSuppliersContractorsOEMs
				N	ote: Direct impact OCo

		Social A	Aspect		
The Corresponding Index	The Boundary	Chapter and Section in this Report	The Corresponding Index	The Boundary	Chapter and Section in this Report
(2) S	ustainable Food			(3) Customer Health and Safe	ety
SDGs Goal: 2 End hunger, achieve food security and improved nutrition and promote sustainable agriculture 2.3 Provide a safe and fair production environment and increase rural income 2.4 Ensure sustainable food production systems	 TFC Head Office Taichung Factory Miaoli Factory Cooperative pilot farms, farmers 	Chapter 3 Sustainable Agriculture and Circular Economy 6-4 Promotion of Sustainable Agricultural Education	GRI 416-1 GRI 416-2	TFC GroupO SuppliersO Agents and contractors	Chapter 6 Co-creation of Value and Common Prosperity 6-1 Product Liability 6-2 Considerate Customer Service
(6) Mar	keting and Labeling			(11) Socioeconomic Complian	ce
GRI 417-1 GRI 417-2 GRI 417-3	TFC GroupSuppliersAgents and contractors	2-4 Legal Compliance 6-1 Product Liability	GRI 419-1	TFC Head OfficeTaichung FactoryMiaoli Factory	2-4 Legal Compliance
		Item of Manda	tory Disclosure		
The Corresponding Index	The Boundary	Chapter and Section in this Report	The Corresponding Index	The Boundary	Chapter and Section in this Report
(4) Occupat	ional Health and Safe	ety		(13) Local Communities	
GRI 403-1 GRI 403-6 GRI 403-2 GRI 403-7 GRI 403-3 GRI 403-8 GRI 403-4 GRI 403-9 GRI 403-5 GRI 403-10	 TFC Group Government departments Contractors Customers Joint prevention organizations 	5-6 A Healthy and Safe Working Environment 5-7 Emergency Response and Transport Management	GRI 413-1 GRI 413-2	 TFC company Old Keelung Factory Old Hsinchu Factory Old Nankang Factory Old Kaohsiung Factory (old factories refer to the land development projects) 	5-6 A Healthy and Safe Working Environment 5-7 Emergency Response and Transport Management 6-6 Creation of Harmony and Common Prosperity of the Community
(14) Supplier E	Environmental Assess	sment		(15) Supplier Social Assessme	ent
GRI 308-2	TFC GroupSuppliersContractorsOEMs	6.3 Supplier Management and Procurement	GRI 414-2	TFC GroupSuppliersContractorsOEMs	6.3 Supplier Management and Procurement



Contributing impact

♦ Business relationship

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-3 External Organization Participation and Support for and Compliance with International Initiatives

GRI: 102-12, 102-13, 206-1, 406-1, 407-1, 408-1, 409-1, 411-1

In 2020, TFC participated in a total of 23 domestic and international industry associations and societies for the exchanges and cooperation to get the latest information to get closely linked up with the industry.

23 Industry S	ocieties and Associations	中華民國工商協定會 CHRIST RETERMENT ASSOCIATION OF RECEIPTER & CHRISTICS WHITE ASSOCIATION OF	Chinese National Association of Industry and Commerce, Taiwan
於 ^{社員} 中國石油學會 Chinese Petroleum Institute	Chinese Petroleum Institute	○ 抗三被人	Chinese Blood Donation Association
(SER)	Association of Taiwan		Taiwan Deep Sea Water Development Association
(3)	Sino-Indonesia Cultural and Economic Association	мева	Middle East Business Association of R.O.C.
(C)	Taiwan Institute of Chemical Engineers	<u> </u>	Taiwan Acid and Alkali Industries Association
中華肥料協會	The Chinese Society of Fertilizer Sciences	中華土壤肥料學會 The Others Sodiety of Soil and Fertitier Sciences	The Chinese Society of Soil and Fertilizer Sciences
7ACA R	Taipei Agricultural Chemicals Association	TSIA Saranachicaritate, lecition	Taiwan Semiconductor Industry Association
TWSAAA TUSAAAA	Taiwan Stock Affairs Association	(y) ifa	International Fertilizer Association
F	Financial Executives Institute		Taiwan Crop Protection Industry Association
	The Third Wednesday Club	Responsible Care"	Taiwan Responsible Care Association, TRCA
中華經濟研究院	Chung-Hua Institution for Economic Research-Chung-Hua Financial and Economic Forum	SACEA	Sino-Arabian Cultural & Economic Association
●中華民國國際經濟合作場會	Chinese International Economic Cooperation Association	TABIA	Taiwan-Africa Business Association

The United Nations Global Compact

The Company supports and is committed to the compliance with the UN Global Compact under the 9 principles in three areas of Human Rights, Labor and Environment. We are committed to compliance with the principles and the protection of the rights of the employees, contractors and suppliers in terms of human rights, protection of labor rights and freedom of association, anti-forced labor, child labor avoidance. anti-discrimination, anti-corruption, antitrust and environmental protection, and will absolutely abide by domestic laws and comply with international statutes. In 2020, TFC did not have any violation of human rights issues, including discrimination, violation of freedom of association, the use of child labor and forced labor.

Note:TFC is the founding company of Taiwan Acid and Alkali Industries Association and the Vice Factory Manager of Keelung Factory, Shi-Ping Jing, serves as the Chairman of the association this term.

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2-1 Business Management

2-4 Legal Compliance

2-2 Corporate Governance

2-3 Risk Management



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Appendix

| Business Management

Material topic Economic performance GRI

102-7, 103-1, 103-2, 103-3, 201-1



Importance

We have set sustainable development as our vision, creating long-term and stable profit-making structure for both our employees and stakeholders and will continue to expand the business, making TFC the most competitive company.



Policy

Profit growth, optimization of competition, sustainable development

> Management Approach

Boundary

Within the organization: TFC Group



Commitments

To strive to achieve the target of the overall annual profit through aggressive management of operating performance to meet the expectations of our shareholders and stakeholders



Short-term Goals

- · To increase production capacity of compound fertilizers, build industrial chemical storage tanks and actively carry out a new layout of domestic and foreign target markets
- · To integrate upstream and downstream product value chains of electronic grade chemicals
- · To focus the investment on agricultural biotechnology supplemented by overseas strategic investment

Resources Prepare and implement the budget according to the business plan





- · To combine technologies such as the Internet of Things (IoT), big data, drones and artificial intelligence to develop smart and sophisticated agricultural business models
- · To adopt intellectual property rights protection measures for key products and technologies
- · To accelerate the replotting of land development and establish long-term steady sales of real estate and rental income

Specific actions taken and performance in 2020

· Profit after tax increased by 18.84% compared to 2019.





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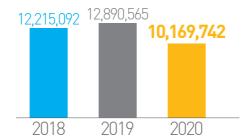
Appendix

Financial information

Financial status of TFC and its subsidiaries

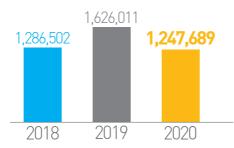
OPERATING REVENUE

Scope of data (consolidated)



OPERATING INCOME

Scope of data (consolidated)

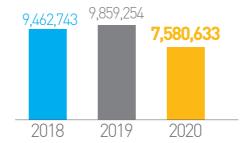


EARNINGS PER SHARE (Unit:New Taiwan Dollars) Scope of data (consolidated)



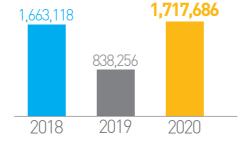
OPERATING COSTS

Scope of data (consolidated)



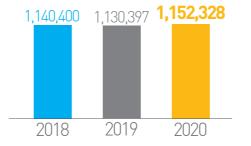
NON-OPERATING INCOME AND EXPENSES

Scope of data (consolidated)



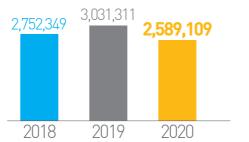
EMPLOYEE WAGES AND BENEFITS

Scope of data (consolidated)



GROSS PROFIT FROM OPERATIONS

Scope of data (consolidated)



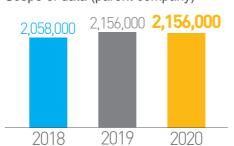
INCOME TAX EXPENSE

Scope of data (consolidated)



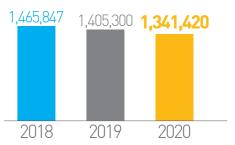
DIVIDENDS TO SHAREHOLDERS

Scope of data (parent company)



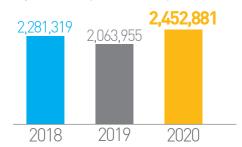
Unit: In Thousands of New Taiwan Dollars **OPERATING EXPENSES**

Scope of data (consolidated)



PROFIT

Scope of data (consolidated)



TAXES FOR GOVERNMENT

Scope of data (parent company)





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$2-2 \text{ Corporate Governance} \\ \text{GRI: } 102\text{-}16\text{, } 102\text{-}17\text{, } 102\text{-}18\text{, } 102\text{-}19\text{, } 102\text{-}22\text{, } 102\text{-}23\text{, } 102\text{-}24\text{, } 102\text{-}25\text{, } 102\text{-}26\text{, } 102\text{-}27\text{, } 102\text{-}33\text{, } 102\text{-}35\text{, } 102\text{-}36\text{, } 205\text{-}2\text{, } 405\text{-}102\text{-}26\text{, } 102\text{-}27\text{, } 102\text{-}33\text{, } 102\text{-}35\text{, } 102\text{-}36\text{, } 205\text{-}2\text{, } 405\text{-}102\text{-}26\text{, } 102\text{-}27\text{, } 102\text{-}33\text{, } 102\text{-}35\text{, } 102\text{-}36\text{, } 205\text{-}2\text{, } 405\text{-}102\text{-}26\text{, } 102\text{-}27\text{, } 102\text{-}33\text{, } 102\text{-}35\text{, } 102\text{-}36\text{, } 205\text{-}2\text{, } 405\text{-}102\text{, } 102\text{-}26\text{, } 102\text{-}27\text{, } 102\text{-}33\text{, } 102\text{-}35\text{, } 102\text{-}36\text{, } 205\text{-}2\text{, } 405\text{-}102\text{, } 102\text{-}27\text{, } 102\text{-}33\text{, } 102\text{-}35\text{, } 102\text{-}36\text{, } 205\text{-}2\text{, } 405\text{-}102\text{, } 102\text{-}27\text{, } 102\text{-}36\text{, } 102\text{-$

Board of directors

A sound, diverse and professional board of directors is the most important part of the corporate governance system, and it is also an important foundation for an enterprise to pursue sustainable development. The board of directors of TFC is composed of nine directors whose term of office is three years, including three independent directors (one female) and one labor director. Mr. Yao Hsing Huang serves as the chairman of the board.

To strengthen corporate governance, the nomination system is implemented for the Director (including independent directors) Election. Members of the Board of Directors have held senior positions in well-known enterprises, government agencies or universities, with extensive experience in fertilizers and chemical engineering, financial accounting, law, agriculture, architectural design and business management.

TFC makes arrangement for directors' external education programs. The curriculum includes the directors' responsibilities and risk management under the Corporate Governance Roadmap, discussion on the functions of the board of directors from the prevention of corporate fraud prevention, legal risks and responses of directors and supervisors from major corporate fraud, prevention of insider trading and promotion briefing of insiders' share transfer and so on. In 2020, the total number of training hours for the directors of the company was 33 hours, with an average of 3.7 training hours.

Corporate governance structure Shareholder's meeting **Board of Directors** Compensation The Audit Committee / Chairman Committee President/ Vice Board of **Audit Office Directors Office** President Business Hualien Taichung Miaoli Keelung Trading Production Sales Development Factory Factory Factory Factory Department Department Department Department Safety and Research and Property Finance Planning Information Administration Health Development Management Department Department Department Department Department Center Department



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BOD members and expertise

nairma	n			
lame 'ao-Hsin	g Huang	Age 50~59	Expiry Date 2021/06/30	Date Assumed Position 2020/02/12
/lale	Current Po Chairman & Fertilizer C	& president of	Taiwan	tise er chemical engineering, ess management

		/ × / / / / / / / / / / / / /	7 7 8 7 7 8 7 7 8		
Director					
Name Jong-I Ηι	ı	Age 60~69	Expiry Date 2021/06/30	9	Date Assumed Position 2021/02/22
Gender Male	Current Po Director of A Council of A	osition Agriculture and F griculture, Exec	Food Agency, cutive Yuan	Exper Agricu promo	Itural economy, agriculture
Name Mei-Ling	Fan	Age 50~59	Expiry Date 2021/06/30		Date Assumed Position 2021/03/08
-emale		osition etary of Coun , Executive Yo		Exper Public	tise administration
Name Chao-Fer	ng Li	Age 50~59	Expiry Date 2021/06/30		Date Assumed Position 2018/07/01
Gender Male	Current Po Principal a Architect	osition rchitect, Chao	Feng	Exper Archite planni	ectural design, urban
Name Jang-Sh	yang Sun	Age 60~69	Expiry Date 2021/06/30		Date Assumed Position 2020/10/01
Gender Male	Current Po Supervisor plant of TF	osition of the nitroph C's Taichung	nosphate Factory	Exper Fertiliz	tise zer chemical engineering
Name Yao-Kuar	ng Chen	Age 60~69	Expiry Date 2021/06/30	9	Date Assumed Position 2018/07/01
Gender Male		sociate Profesture, National		Exper Archite law	tise ectural design, education,

Indeper	ndent Director			
Name Horng-Cl	hang Lin	Age 50~59		Date Assumed Position 2018/07/01
	Current Position Independent di Technology, Ind	rector of I		Expertise Media marketing, finance
Name Ming-Shi	uan Lee	Age 40~49	Expiry Date 2021/06/30	Date Assumed Position 2018/07/01
Gender Female Current Position Vice president from group			f Kingmax	Expertise Business management, financial accounting
Name Chao-Ch	in Hsiao	Age 40~49		Date Assumed Position 2018/07/01
Gender Male	Current Position Responsible per Ming Accounting	erson and	CPA of Tai	Expertise Business management, financial accounting

2020 Attendance rate of BOD and its committees

	Number of meeting	Average attendance rate (%)
BOD BOD	10	92
Remuneration Committee	4	100
The Audit Committee	4	100



Note: The 34th term of Board of Directors was re-elected on June 29, 2018 for a term of 3 years.

Kung University

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Remuneration of Directors

Our remuneration policy of the directors and supervisors is set out in TFC's Corporate Charter. The remuneration of the chairman shall be calculated on the basis of the income received by the president and shall be paid at 1.25 times of that amount. The remuneration of the other directors and independent directors shall not exceed the highest salary level in the salary table. The surplus distribution of the directors shall not be more than 1.6% of the profit of the Company for the year. The independent directors are not involved in distributions from the earnings of the Company.

The Operation of BOD

The BOD holds a regular session at least once a month to exercise its power in accordance with the Company Act, Articles of Incorporation and relevant regulations. In case of urgent matters or at the request of more than half of the directors, a meeting shall be convened at any time. The content of regular board meeting includes the meeting minutes of the previous board meeting and the status of implementation, the Company's major financial business report, internal audit reports and matters for discussion scheduled for the board meeting. The directors review major operational decisions and monitor as well as track implementation status.



In recent years, TFC has stepped into real estate development. We also have board members with architectural design background. The photo shows the TFC C2 project in Nangang under development



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Audit Committee

The Independent Director, Mr. Horng-Chang Lin serves as the convener to assist the board of directors in formulating or revising the internal control system, the appointment, discharge and remuneration of the certified public accountant (CPA) and the control of the existing and potential risks of the company to improve the corporate governance system.

Members and Functions of the Audit Committee

Convener: Horng-Chang Lin | Member: Ming-Shiuan Lee, Chao-Chin Hsiao

Performance in 2020

- Set up the Remuneration Committee Operation Management Regulations
- Set up the Process of Loan Deficiency Installment Payment Operation for the bank loan deficiency of pre-sale houses
- Established the Standards and Norms for the Internal Control System of the Stock Affairs Unit
- Revised the Corporate Governance Best Practice Principles of the Company
- Reviewed the letter from TWSE informing the provisions of disguised financing facility and definition of the evaluation basis for significant amount
- Established the Process of Loan Deficiency Installment Payment Operation for the bank loan deficiency of pre-sale houses of Rishengyueheng (project name)
- Reviewed of supplement and correction of lending funds and financial reports from 2015 to March, 2020
- Reviewed 2019 annual consolidated financial reports
- Reviewed the Audit of Effectiveness of the Company's Internal Control System in 2019
- Reviewed the 2019 Business Report and surplus distribution proposal
- Reviewed the independence and competency assessment of the certified public accountants (CPAs) in 2020
- · Reviewed 2020 consolidated financial reports for Q1, Q2, and Q3
- · Reviewed the appointment of the certified public accountants (CPAs) in 2021
- Drafted 2021 Audit Work Plan

Remuneration committee

To improve the Company's salary and remuneration system for directors and managers, Ming-Shiuan Lee serves as the convener of the Remuneration Committee to assist the board of directors in regularly developing and reviewing the policy, system, standard and structure of the performance evaluation and remuneration of directors and managers, and regular assessment and setting of remuneration for managers are also made.

Members and Functions of Remuneration Committee

Convener: Ming-Shiuan Lee | Member: Horng-Chang Lin, You Cheng

Performance in 2020

- Reviewed the 2019 distribution amount of compensation to directors
- Reviewed the 2019 year-end bonuses of personnel holding the position of the vice director and above
- Reviewed the 2019 salary adjustment of personnel holding the position of vice president and above
- · Revised the Remuneration Committee Charter of the Company
- Revised part of the provisions of the "Evaluation of the Board of Directors"
- Reviewed the Vice President, Shih-Ri Luo's pension approval case
- Revised the remuneration policy that should be evaluated by the Remuneration Committee and suggested the BOD the scope of application of the "manager"
- Reviewed the Assistant Vice President, Wen-Shong Shieh's pension approval case
- Reviewed the salary adjustment of personnel holding the position of vice president and above

Note: You Cheng is an external advisory committee member.

Note: The Audit Committee members are all TFC's independent directors.

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Directors' Liability Insurance

As prescribed in the "TFC's Code of Practice for Corporate Governance", TFC is responsible for the directors' and supervisors' liability insurance and reports to the board of directors every year.

Implementation of Shareholder Activism

TFC has implemented the electronic voting system and been adhering to the open, transparent and instant principles of information disclosure. The English and Chinese versions of the Company's Shareholders' Meeting Agenda Handbook, meeting notices and annual reports are uploaded before the shareholders' meeting. In addition, annual reports on TFC's Corporate Social Responsibility in both English and Chinese are provided annually. Monthly English operating information is immediately released on the Company's English official website to ensure that shareholders can obtain the most immediate and correct information of TFC.

Integrity Management and Anti-corruption

When establishing business strategies and engaging in operational activities, the priorities of all staff are honesty and integrity, law-abiding probity, and telling right from wrong. Integrity is the most important core value of TFC's corporate culture. Through the establishment of the reporting channels and punishment system, we fully implement precautionary measures of dishonesty, setting up a corporate culture of good faith management and a good risk management mechanism.



- · TFC's Ethical Corporate Management Best Practice Principles
- · Code of Conduct and Ethics for Directors, Supervisors and First-level Managers
- Work Rules for Employees in TFC
- Regulations for Employee Performance Evaluation in TFC
- TFC Internal and External Personnel Reporting and Handling Measures



- We arrange integrity and anti-corruption advocacy courses in orientation training, and the training ratio of new staff reaches 100%.
- The integrity and anti-corruption advocacy courses are regularly scheduled to advocate our philosophy of integrity management. On June 10, 2020, we invited the vice president of Risk Consulting Team of KPMG, Mr. Li-Cheng Chiu, as the lecturer on the theme of "Practice of Integrity Management and Corporate Risk Management". Through case study, the importance of integrity and ethics as well as the process of risk control could be understood. The attendance was 79.



- TFC Internal and External Personnel Reporting and Handling Measures was established and released at the official website of TFC.
- Legal officers of the board of directors receive cases and provide consultation on unethical or illegal behavior.
- TFC's Audit Office is responsible for receiving reports: Report Box: No. 88, Sec. 2, Nanjing E. Rd., Taipei, 10406 Taiwan (R.O.C.), addressee: Supervisor of Audit Office.

Mechanism for Insider Trading Prevention

To prevent insider trading and avoid improper disclosure of information, and to ensure the consistency and correctness of information published, TFC has developed the "Internal Major Information Processing Procedures", which stipulates that those who know the major information shall not disclose to others or inquire or collect significant information that the Company did not disclose and is not related to personal duties. The regulations apply to the directors (including independent directors), managers and all employees of the Company to implement the prevention of insider trading management operations.

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2-3 Risk Management

GRI: 102-11, 102-15, 102-29, 102-30, 102-31, 201-2

Internal Audit and Operation

TFC's Audit Office is an independent unit directly responding to the BOD. The Audit Office is composed of the Auditor General responsible for supervising internal audit and three full-time auditors in charge of internal audit operations, including derivatives trading, fund lending to others and making of endorsements/guarantees, compliance with laws and regulations, acquisition and disposal of assets, related party transaction, supervision and management of subsidiaries, operation management of the BOD and Audit Committee Meetings, establishment of procedures for preparation of financial statements (including management of application of International Financial Reporting Standards, procedures for professional accounting judgments, and processes for making changes in accounting policies and estimates), computer and information communication security operations, sales and collection cycle and so on. The audit results are reported to the board of directors.

The audit unit shall supervise and review the internal units and subsidiaries and shall conduct internal evaluation at least once a year to identify and improve internal control deficiencies and irregularities as the reference for the Board of Directors and the president to evaluate the effectiveness of the overall internal control system and as the main basis for the issuance of the Statement on internal control.

A Risk Management System

TFC follows the existing management organization system and the "Regulations Governing the Establishment of Internal Control Systems" and actively faces and controls potential risks TFC may encounter in the management of daily operations. It has clear division of functions and labor. Through the establishment of oversight responsibility, assignment of power and responsibility and the reward-punishment system, the control environment is built for the effective establishment of TFC's risk management protection network.

The Audit Office was set up to be in charge of the promotion of the internal control system and evaluating and confirming the effectiveness of the system. The Audit Office sets up the annual audit plans based on which the auditing is conducted. When risk events or internal control weakness are discovered during the process, the Audit Office will urge the accountable units to rapidly develop an improvement plan and regularly follow up the results for the PDCA cycle to strengthen risk management practices so as to assist the Company in correcting immediately and implementing necessary control operations for effective risk management and control.

Risk Management Mechanism

The First Management Mechanism

Unit or Person in Charge (direct unit of risk control)

Initial risk awareness and assessment. Risk management controls and prevention.

The Second Management Mechanism

Managers (the president and vice presidents)

In charge of monitoring of risk management

The Third Management Mechanism

Board of Directors and Audit Office

Risk inspection, assessment, supervision, improvement and follow-up and reporting

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Climate Change Risk Management (Climate-Related Financial Disclosures, TCFD)

Governance

TFC Corporate Social
Responsibility Promotion
Committee is in charge of the
identification and assessment of
climate change related risks and
opportunities. Related
departments will then propose
corresponding measures.

Strategy

Potential climate change risks and opportunities are divided into transition risks (policy and regulatory risks) and physical risks. The risk assessment description and corresponding measures are as follows.

Transition risk- policy and regulatory risks

- •• According to Renewable Energy Development Act, high energy users consuming over 5,000 kWh shall install 10% of green electricity in 5 years.
- **2**Greenhouse Gas Reduction and Management Act will set up rules of carbon fee.

Physical risks

- ①Acute: Increase in extreme weather events: typhoons, heavy rain or thunder
- 2 Long-term : Changes in rainfall (precipitation) patterns and extreme changes in climate patterns

Acute

Typhoons- seawater intrusion and floods in the factory area result in work suspension.

Financial impact

Low impact. Increase in manufacturing costs. Reduction of revenue.

Response strategy

Install a waterproof gate in the factory area.

Heavy rain- floods in the factory area result in work suspension

Financial impact

Low impact. Increase in manufacturing costs. Reduction of revenue.

Response strategy

Install a waterproof gate in the factory area.

Thunder- causes damage of port equipment

Financial impact

Moderate impact. Increase in manufacturing costs.

Response strategy

Install lightening protection facilities to reduce the chance of being directly struck.

Long-term

Prolonged drought without rain leads to water outage

Financial impact

Low impact. Increase in manufacturing costs.

Response strategy

Seek underground wells that can be dug legally and sign a contract with water tanker companies to purchase water tankers in advance.

Risk Management

Through the Corporate Social Responsibility Promotion Committee's discussion in the meeting of the Task Force on Climate-related Financial Disclosure (TCFD), relevant team members are convened to discuss and identify climate change related risks and opportunities.



Indicators and targets

The Company has introduced ISO 14001 Environmental Management System, ISO 14064-1 GHG Inventory and ISO 50001 Energy Management System to continue the implementation of environmental compliance and energy saving and carbon reduction behavior.

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Risk Management and Opportunity Benefits

establish risk awareness to construct a

mechanism.

sound and effective financial risk control

Financial Risk	Operational Risk	
Potential risks	Potential risks	
Interest rate risk	Strategic risk	
Countermeasures	Countermeasures	
Seek targets with higher returns and lower costs to cope with risk of the interest rate changes and to improve the capital efficiency.	 In response to climate change and the rise of carbon reduction awareness, we enhance the green R&D innovation and improve the market competitiveness Continue to improve the production management efficiency and reduce operating costs. Strengthen the vertical and horizontal integration of industries and improve the marginal efficiency of production. Develop real estate business and promote the development of real estate in the appropriate development in order to increase the added value of real estate. 	
Opportunity benefits	Opportunity benefits	
Make use of multiple financial strategies and	Manage operational risks so that business	

Market Risk

can grow steadily and supply sufficient

employees' jobs, and farmers' use of

fertilizers.

rights, such as shareholder investments,

agricultural fertilizers to protect stakeholders'

Potential risks

In response to the development trend of organic agriculture and the rising environmental protection and health awareness, the amount of chemical fertilizer used is reduced year by year.

Countermeasures

- With the goal of obtaining the organic fertilizer certification from Council of Agriculture (COA) and being selected by COA as the recommended brand with new products, TFC conducts the reshaping the brand image of Taifer Organic Fertilizers.
- With the core technology of microbial fermentation as the core, combined with the technology transfer of industry-government-academia collaboration to accelerate the development of organic fertilizer products and maintain the leading position in terms of technology.
- Establish organic cultivation techniques and quality control process and set up internal and external organic demonstration farms.
- With the goal of both fertilizer efficiency and environmental protection, we fully develop organic compound fertilizers to safeguard the agricultural environment.

Opportunity benefits

Increase the green competitiveness of eco-friendly fertilizer products in TFC and increase the added value to create market differentiation.

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Risk Management and Opportunity Benefits

Supply Chain Risk			
Potential risks			
Centralized purchasing	Raw material transport and storage risk	Uneven quality of raw material	
Countermeasures			
 Adopt diversified material purchase programs and seek alternatives of important imported raw materials. Actively look for new suppliers to gradually strengthen the backup supplier list. 	 Regularly review the inventory of raw materials in the internal meeting, determine the optimal transportation plan, deploy vessels as appropriate, and purchase special insurance depending on the route of the vessels under the highest principle of uninterrupted supply of raw materials Pay close attention to the business situation at all times, prepare a safety stock and implement the delivery reminder and follow-ups. 	 Establish the new supplier evaluation mechanism to confirm the quality and safety of the supply. Establish a "Product Traceability System". 	
Opportunity benefits			

To fully grasp the source and stability of suppliers' supply to ensure the safety of raw materials supply.

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Risk Management and Opportunity Benefits

Production Risk		Information Risk
Potent	ial risks	Potential risks
Fluctuations in market demands	Unbalanced production and sales	Information system abnormality and information safety management
Countermeasures		Countermeasures
If the demands for fertilizers increase in the short term due to natural disasters, other qualified factories will be arranged for manufacturing fertilizer products or fertilizers imported from abroad will be supplied.	 Based on the estimated sales volume of the Sales Department, we plan and arrange production plans for each product line and adjust the annual plant checkup according to the production schedule. Through the Worry-Free Project of Continuous Supply of Fertilizers, including the annual, quarterly, monthly and weekly balance plans, TFC will fully provide fertilizers to meet the demands in the agricultural market. 	 Set the target, scope and control measures of information security, standardize the monitoring process and strengthen information security protection. Improve the availability of information infrastructure to ensure that operational systems are fully backed up. Implement education and training of information security protection and exercises of reporting information safety.
Opportun	ity benefits	Opportunity benefits
Stabilize the supply of fertilizer in the market, enhance customer trust and satisfaction and maintain the leading position in the market.		Maintain the confidentiality integrity and availability of corporate information to ensure the stable operation of corporate organization.

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Risk Management and Opportunity Benefits



Environmental, Health and Safety Risk

Potential risks

Environmental management and protection

Occurrence of emergency and disaster

Countermeasures

- Invest company resources in accordance with the international management system standards in good pollution control, waste management and water resource management as well as other environmental protection operations.
- In each factory, an emergency response mechanism of disasters has been established. Besides, regular industrial safety exercises, including equipment maintenance and replacement, and establishment of disaster prevention concepts for the personnel, are carried out.

Opportunity benefits

Effectively reduce the potential hazards in the workplace, avoid occupational disasters and protect the health and safety of employees and contractors.





Routine Maintenance & Real-time Surveillance in the Factory



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2-4 Legal Compliance

Material topic

Social Compliance, Environmental Compliance, Marketing and Labeling

GRI

103-1, 103-2, 103-3, 306-3, 307-1, 416-2, 417-2, 417-3, 419-1

Importance

All the employees at TFC engage in all operational activities with the highest standards of integrity and ethical standards, which not only stabilizes the company's operations but also helps build a good company image beneficial for the pursuit of the goal of sustainable development of the Company.



Policy

Improve corporate governance, establish corporate culture of integrity management, comply with relevant regulations and practice sustainable business management



Commitments

Engage in operational activities with the highest integrity and ethical standards and pursue the best business performance at the same time



Responsibility

All staff from top to bottom at TFC work together for implementation

Boundary



Within the organization: TFC Group
 Outside the organization: Suppliers, agents and contractors

Management Approach

Resources

Improve the Company system and fully implement the policy into practice





· To set up a corporate culture of integrity management

To pursue zero violation and zero penalty
 To strengthen risk identification and management system

Specific actions taken and performance in 2020

- · No marketing activities (including advertising, promotion and sponsorship) in 2020 violated relevant laws and regulations.
- The number of environmental violations reduced to 2 in 2020.



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Socioeconomic Compliance

TFC had 1 socioeconomic violation in 2020, violating Article 39 of the Labor Standards Act, and paid a NTD 20,000 fine. The Company will continue to strengthen the review and improvement of the internal operating procedures and require the responsible unit and personnel to strictly comply with the regulation to avoid similar situations from happening again.

Product Compliance

In accordance with government regulations, the inspection of product compositions in the factory is required before the fertilizer products are being distributed to various channels. However, the inspection methods of the government differ from those of TFC causing the inconsistency between the results of the product compositions and those of the inspection unit from time to time. TFC will strengthen the inspection of incoming raw materials and adjust the formula combination of fertilizers in accordance with the test values of raw materials to prevent similar situations from happening again. In 2020, there was one case of violation against Fertilizer Management Act.

Violations of product regulations

Fertilizer Management Act

Number: 1

① Description

The compositions of the fertilizer did not comply with the regulation in the retest.

- 2 Treatment and preventive measures
- Recalled the batch of fertilizers and proposed the remanufacturing plan.
- Timely adjusted the fertilizer formula composition based on the raw material test value.
- · Strengthened inspection of incoming raw materials.
- · Added process equipment to maintain consistent shipment quality

Environmental Compliance

TFC had no major leakage incidents in 2020, and the total amount of environmental penalties was NTD 400,000, related to violations of Air Pollution Control Act. Therefore, TFC has reviewed and improved the air pollution control devices, SOPs for equipment maintenance and inspection process. In addition, internal education and training have also been arranged to enhance employees' environmental awareness and emergency response capabilities. We continue to actively review every deficit and propose improvement plans so as to reach our ultimate goal of zero violations and zero fines as soon as possible.

Description of Violations of Compliance

Subparagraph 5, paragraph 1 of Article 62 of Air Pollution Control Act and Public or Private Premises that Violate of Air Pollution Control Act Should Be Penalized with the Fine Determination Regulations

① Description

- Failed to keep the equipment closed; failed to accord with the approved content of the operating license.
- The newly added facilities did not conform to the approved content of the operating license.
- Treatment and preventive measures
- Post a warning at the sampling site to remind on-site operators to keep the equipment closed.
- Include the newly added facilities for review and apply for changes in the operating permit.

Paragraph 1 of Article 59 of Air Pollution Control Act , Paragraph 1 of Article 18 of Administrative Penalty Act, and Public or Private Premises that Violate of Air Pollution Control Act Should Be Penalized with the Fine Determination Regulations

• Description

- Emissions of a large amount of air pollutants occurred due to emergencies and failed to notify the environmental protection agency within the specified time to take emergency response measures.
- 2 Treatment and preventive measures
- Personnel education

In the future, we will actively review the deficiency and propose improvement plans to achieve the ultimate goal of zero violation and zero penalty.

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3-1 Upgrade of Corporate Core Competencies

3-2 Resource Circulation and Green Economy



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) SUSTAINABLE AGRICULTURE AND CIRCULAR ECONOMY

Fertilizers are indispensable materials in the process of agricultural production. They not only supply needed nutrients for soil and crops but also assist farmers in producing high-yield food crops. Furthermore, they are also an important key for the promotion of soil health and sustainable farming.

Material topic
Sustainable Food

GRI

103-1, 103-2, 103-3

SDGS Goals

- End hunger, achieve food security and improved nutrition and promote sustainable agriculture
- 2.3 Double the agricultural productivity and incomes through secure and equal access to land
- 4 Ensure sustainable food production systems

G.

Importance

Set sustainable agriculture as the corporate goal and strive for the development of eco-friendly products and cultivation techniques to facilitate the sustainable development of Taiwan's agriculture and farmland resources.



Policy

From three major perspectives of "sustainable agriculture", "environmental protection" and "resource conservation", we will continue to develop eco-friendly products to safeguard sustainable agriculture.



Resources

Listed the annual budget of 89 million TW dollars in 2020 for the implementation of the green research and development program.



Short-term Goals

- To implement the R&D personnel's green R&D capabilities with at least 15 hours of training per year
- To add two or more new industry-academia cooperation projects within 3 years, aiming to jointly develop eco-friendly products

Boundary
 Within the organization: TFC Head Office, Taichung Factory



· Outside the organization: Cooperative pilot farms and farmers

Commitments



Taiwan Fertilizer Corporation has been striving to implement Goal 2 of SDGs, "End hunger, achieve food security and improved nutrition and promote sustainable agriculture" and fully invested in sustainable agriculture.

Responsibility



TFC's Sales Department and R&D Department are responsible for the development and promotion of eco-friendly and organic fertilizer products.

Long-term Goals

and Miaoli Factory



- To add two or more new industry-academia cooperation projects within 6 years
- · To improve laboratory equipment, integrate R&D resources and achieve synergies

Specific actions taken and performance in 2020

Management

Approach

- Developed 9 organic fertilizer products, in which 5 have passed COA's review as being applicable for organic agriculture and are listed as commercialized materials for organic agriculture, and selected as the recommended brand of soil fertility improvement materials. 5 were selected as the recommended domestic brand of organic fertilizers. 3 were selected the recommended brand in the Extension of Rice Industry Project Counseling Application with Straw Decomposition Bacteria Organic Fertilizer.
- The basic organic-related fertilization techniques for 36 crops were established and verified through the field experiments, and all of which have been verified to reach economic production model.



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3-1 Upgrade of Corporate Core Competencies

TFC's Agricultural Biotechnology R&D Center innovatively combines microbial fermentation and fertilizer development technology and actively develops various high-quality microbial fertilizers, organic fertilizers and new type of eco-friendly fertilizer products. In recent years, TFC has been promoting compound fertilizers with organic matter of peat humic acid and beneficial microbial formula for the purpose to gradually improve the cultivated soil so as to improve the quality and yield of crops and increase farmers' income.

In order to implement the mission of sustainable agriculture and being eco-friendly, TFC plays an important role in the sustainable development of Taiwan. We spare no efforts in developing high-quality organic fertilizers. Through the establishment of internal and external organic demonstration farms, we conduct various cooperation experiments of crops and organize agricultural education seminars to guide more farmers to implement eco-friendly and organic farming to protect the health of farmers, consumers and the land.



We have established the TFC's Agricultural Biotechnology R&D Center in Miaoli, which has an internal organic experimental field for testing the effectiveness of organic fertilizers.

To transform and step into the high-tech industry, TFC's R&D Team has also strengthened the industry-government-academia cooperation and introduced new technologies of purification of electrochemical products, deep-sea aquaculture with high economic value and others to accelerate the development of new business.

R&D of new products in 2020



R&D of organic farming technology and materials

Specific practices

We provide technical assistance for local governments that are in need and match local composting plants capable of processing food waste to respond to the problem of handing the poultry and livestock manure in the domestic animal husbandry industry.

Benefits

In 2020, we cooperated with Far East University to transform biogas residues into odorless organic materials by using rapid fermentation technology, which not only promotes circular economy in agriculture, reduces the discharge of pig manure into rivers and maintains water quality and an eco-friendly environment, but also provides nutrients in fertilizer to soil to nourish the land for sustainable cultivation.

Specific practices

Development of multifunctional organic fertilizer for the prevention of root-knot nematode

Benefits

Root-knot nematodes are the most commonly seen plant parasitic nematodes in Taiwan. It is not easy to eliminate the source of infection for the diseased fields. In 2020, we had an industry-university collaboration with National Chung Hsing University to screen multifunctional microorganisms that can prevent and control root-knot nematodes for the development of microbial fertilizer products.

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R&D of new products in 2020



Develop new fertilizers that are labor-saving, safe and for quality agriculture

Specific practices

Developed "King Won" Potassium sulfate nitrophosphate organic compound fertilizers and adjusted the packaging weight.

Benefits

- To avoid soil acidification, we have developed the #43 "King Won" Potassium sulfate nitrophosphate organic compound fertilizer, whose potassium component is potassium sulfate, which can reduce the impact of chloride ions on the soil, decelerate soil acidification and improve the yield and quality of many important high cash crops to increase the farmers' income.
- Gradually established recommended methods for fertilization of 14 crops to guide farmers to use in the form of cooperative field experiments. The results of the experiments showed the fertilizer efficiency of facilitating color change and improving sweetness, early harvest, and improving quality and yields.
- TFC is aware of the changes in the industrial structure in Taiwan, the impact of the ageing manpower and labor shortage in rural areas. Therefore, we changed the 40kg large packaging to 25kg packaging for the #43 "King Won" Potassium sulfate nitrophosphate organic compound fertilizer to make it easier for farmers when fertilizing.

Specific practices

Make use of the Deep Ocean Water's property of being rich in minerals for the development of a new type of fertilizer with secondary and trace elements.

Benefits

- We cooperated with Kaohsiung District
 Agricultural Research and Extension Station to
 implement the technology commercialization plan
 of agricultural science and technology
 enterprises, with the deep sea water
 concentration of Taiwan Yes Deep Ocean Water
 Co., Ltd. as the main axis for the development of
 liquid fertilizer containing secondary and trace
 elements. The new product, Taifer Biopower
 Micronutrient Fertilizer, was launched in 2020.
- With the concept of duel effects of prevention and treatment, we reduced the occurrence of crop physiological obstacles and trace elements deficiency via new products.

The Taifer Biopower Micronutrient Fertilizer has shown significant results in the testing stage, such as the effective improvement of the iron deficiency of papayas (yellowing veins, pale new leaves and so on). Details available at:

Specific practices

Research and produce fertilizer materials for healthy and safe strawberries.

Benefits

- The whole growth period of strawberries lasts more than 6 months, and they are vulnerable to disease infection under the high temperature and humid climate in Taiwan. Starting from 2019, Japan's Miura Farm and Miaoli District Agricultural Research and Extension Station worked together for the R&D of a probiotic amino acid compound fertilizer formula that promotes flowering and fruit development during strawberry cultivation period, strengthens disease resistance and enhances fruit aroma, flavor and quality.
- In 2020, field trials of the fertilizer formula were conducted. The analysis of the strawberry flavor of different treatment groups was outsourced to determine the bacterial count and fertilizer efficiency of the end product and evaluate the production cost.



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R&D of new products in 2020



R&D of organic farming technology and materials

Specific practices

Add beneficial microbial phosphate-solubilizing bacteria to upgrade and develop "#43 "King Won" phosphate-solubilizing bacteria biofertilizer.

Benefits

- Beneficial microbial phosphate-solubilizing bacteria are added to #43 "King Won" potassium sulfate nitrophosphate organic compound fertilizer to increase the ineffective phosphate fertilizer accumulated in the dissolved soil and transform it into available phosphorus that can be used by plants, conducive to nutrient absorption for crops and improvement of the ecological environment of the soil.
- It was launched in 2019 and was selected as the recommended domestic brand of microbial fertilizer in 2020.

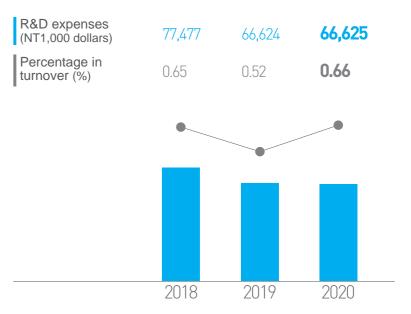
Specific practices

The #43 Instant Water Soluble Fertilizer (phosphate-solubilizing bacteria biofertilizer) was launched.

Benefits

- It can be used to prevent gray mold of strawberries, vegetables, flowers and other crops. It is safe, non-toxic, free of pesticide residue tolerance, and still usable during the harvest period.
- The fertilizer registration certificate was obtained and the fertilizer was launched in 2020.

TFC's Green R&D Expenditure





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Education and Training of the R&D Team

TFC encourages its R&D staff to participate in seminars and courses on various technology trends. The internal training includes the sustainable development issues and industrial trends such as the development and application of deep ocean water. In addition, various external education and training is also provided to enhance their professional R&D capabilities.

External education and training courses of the R&D Team in 2020



Practice of ICP-4 food safety control system



Problem thinking and solving



Super memory, super competitiveness



The art of war in negotiation: Art of offense and defense at a negotiation table

Internal education and training courses of the R&D Team in 2020

<u>®</u>		[HARA]	
On-the-job training of corporate unions	Result presentation of self-improvement results	Integrity management and corporate risk management sharing	Information security promotion seminar
		00000000000000000000000000000000000000	
Cadre training of TaiwanFertilizer Industry Trade Unions	Following the Personal Data Protection Act- clockwise from 12:00 am	Statutory mechanism and negotioation practices of collective bargaining agreements	Systematic development of key technologies and popular products



Session Average training hours (hour/person)



TFC regularly participates in the Agricultural Technology and Materials Exhibitions held at home and aboard every year to grasp the major development trend globally. We also organize a series of keynote speeches and presentation of research results in exhibition activities to exchange ideas with other corporations in the industry.

Exhibitions TFC Joined in 2020





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math Collaboration with Strategic Partners

To deepen TFC's existing technologies, TFC makes use of the original market and management resources to develop new business of the group. We are actively introducing new technologies through industry-government-academia cooperation to shorten the development schedule. With the concept of sustainable development as the starting point, TFC continues to deepen various core technologies of microbial and organic fertilizers, healthy and non-toxic deep-sea aquaculture application, and recycling and reuse of electronic grade chemicals. While working on the technical and economic development, TFC also takes into account the protection of the global environment to fulfill its responsibility as a world citizen.

Cooperative development projects

Fisheries Research Institute, COA. Executive Yuan

Cooperative development

Promotion plan of food grade collagen peptide

Expected benefit

Reuse the waste fish scales through the high hydrolytic enzyme extraction technology to achieve resource regeneration for the production of collagen peptide to reduce waste emission and the amount of waste for sustainable development.

2006

National Chung Hsing University

Cooperative development

Development of multifunctional organic fertilizer for the prevention of root-knot nematode

Expected benefit

Screen strains that are against root-knot nematode in the natural environment and develop them into microbial preparations to reduce the application of chemical pesticides, reducing harm to the ecological environment and protecting health and safety of human bodies.

March 1, 2018

July 20,2017

Taichung District Agricultural Research and Extension Station, COA, Executive Yuan

Cooperative development

Production and technology application of composite poultry manure composting and fermentation strain

Expected benefit

Accelerate the decomposition of livestock manure, and biogas residues as well as reduce odor. It can be used to produce high-quality organic fertilizer products that can stabilize and improve crop yield and quality.

June 1, 2018

Industrial Technology Research Institute (ITRI)

Cooperative development

Development of the purification and reuse technology of waste cyclopentanone

Expected benefit

Facilitate industrial upgrading to achieve the goal of environmental protection and the development of sustainable circulation



Completed cooperative projects in 2020

Cooperative and still ongoing development projects in 2020

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Miwango Farm Shop

Cooperative development

Cooperative strategic alliance between TFC and Miwango

Expected benefit

Give guidance to the mango industry and provide rational fertilization management techniques

July 24, 2018

Yong Chang Organic Farm

Cooperative development

Field cultivation experiment of organic materials

Expected benefit

Eco-friendly soil environment, taking care of food safety while taking into account the sustainable development of the agricultural environment

Industrial Technology Research Institute (ITRI)

Cooperative development

Operation evaluation and engineering planning & design of the ultrafiltration system for deep ocean water

Expected benefit

Grasp the characteristics of water quality of deep ocean water to stabilize water quality and quantity of deep ocean water

May 2, 2019

September 17, 2020

March 16, 2019

Lu Jing Organic Farm

Cooperative development

Field cultivation experiment of organic materials

Expected benefit

Eco-friendly soil environment, taking care of food safety while taking into account the sustainable development of the agricultural environment

January 1,2020

Cooperative development

Development of Bacillus-based Amino Acid Microbial Fertilizer for vegetables and fruits

Miaoli District Agricultural

Research and Extension

Station, COA, Executive Yuan

Expected benefit

Fertilizers that can improve crops, increase resistance, and help produce healthy and safe vegetables and fruits

Industrial Technology Research Institute (ITRI)

November 1, 2020

Cooperative development

Development of purification through distillation technology for pure MDI from crude MDI

Expected benefit

Facilitate industrial upgrading to achieve the goal of environmental protection and the development of sustainable circulation



Completed cooperative projects in 2020

Cooperative and still ongoing development projects in 2020

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3-2_{Resource Circulation and Green Economy}

Material topic

GRI

SDGS Goals

Circular Economy 103-1, 103-2, 103-3, 301-2, 301-5

- 12 Ensure sustainable consumption and production patterns
- 12.4 Achieve the environmentally sound management of chemical and all waste
- 12.5 Substantially reduce waste generation through prevention, reduction, recycling and reuse



Importance

Taiwan is extremely short of natural resources. TFC has turned from the economic growth model that relies on resource consumption to a resource-based circular economy to improve the problem of the lack of resources.



Policies

Through the re-design of raw materials, products, processes and business models to form a cycle of "resources, products and renewable resources", aiming at eliminating waste.



Resources

Use the resources of TFC Group while combining the external resources in the industry, government and academia to make joint efforts.



Short-term Goals

- To increase the recycling rate of raw materials and establish a cross-enterprise cooperation model to stabilize the source of raw material recovery and supply.
- To establish a platform of deep marine aquatic products and construct an industry chain of deepsea blue gold.

Within the organization: TFC Miaoli Factory, Hualien Factory







TFC has been advocating the Sustainable Development Goal 12 "Ensure sustainable consumption and production patterns", striving to develop a sustainable business model of circular economy.

Management Approach

Responsibility



TFC Production Department, Research and Development Department, Miaoli Factory and Hualien Factory are responsible for the R&D and production while Sales Department is in charge of promotion and sales.

Long-term Goals



To establish a business model of circular economy that has common benefits and common good with the society.

Specific actions taken and performance in 2020

- · To successfully expand the green new business of electronic grade liquid chemical waste recovery.
- · Developed the purification technology of electronic grade NMP (N-methylpyrrolidone) and successfully purified industrial NMP into the highest-grade electronic grade products.
- · In summer, manual feeding and automatic feeding are combined for whiteleg shrimp farming, The average daily weight gain can reach 0.25g/day or more.
- · The sales volume of NMP was 1,505 tons in 2020, a 15.50% YOY increase.





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Eco-friendly and Energy Saving D-Park in Hualien

Deep sea water is rich in various trace elements and can produce special animals, plants and aquatic products. In addition to providing delicious ingredients, the special raw materials are also the source industry of biotechnology. TFC is optimistic about the development of the healthy algae market in the future. To grasp the production technology of critical raw materials, the algae processing plant and the shrimp processing plant have been completed, expected to provide various fresh algae, algae powder raw materials and shrimps rich in nutrients. We are currently discussing the supply of raw materials or cooperation in product development with many manufacturers.

Meanwhile, to cope with the development of smart agriculture and combine with the Chunghwa Telecom's IoT system of smart agriculture, the culture environment is automatically monitored around the clock to keep the temperature low. By doing so, we can save water and enable algae to grow in a stable environment, resulting in more stable overall output value. Moreover, the solar power generation facilities were simultaneously installed to expand the energy efficiency of the symbiosis of fish and light.



Smart whiteleg shrimp farming

By using sensors to automatically monitor water quality and detect the pH value, ORP(oxidation reduction potential), water temperature and dissolved oxygen, sampling can be done every 5 minutes to reduce labor costs and present real-time data with high accuracy. Via cumulative data and big data analysis, TFC can analyze the best water quality parameters for whiteleg shrimp farming. Currently, the records of water quality monitoring are generally stable, with pH value maintained at 7.3-9.1, ORP at 200-350 and dissolved oxygen at 3.2-6 ppm. In terms of the test results of the automatic feeding system, comparison was made of the growth of whiteleg shrimps between the application of 24-hour automatic feeding and that of simply manual feeding, and significant difference could be observed. In addition, when combining manual feeding with automatic feeding in summer, the daily weight gain can reach an average of 0.25 g/day, but the daily weight gain was about 0.2g/day if the shrimps were manually fed. This shows that the application of the automatic feeding system is advantageous in the whiteleg shrimps feeding cycle.

Description: In winter, it is cold in Hualien. The temperature varies dramatically between day and night and leads to a poor appetite among shrimps. Shrimps thus Shrimps should be carefully fed manually to avoid water pollution or feed waste. Therefore, automatic feeding cannot be applied in winter. However, the weather is stable in summer, and the feeding amount is large. Automatic feeding is then applied to save manpower.

Grasp of whiteleg shrimp seedling technology

Parent prawn rearing



In 2019, technology transfer of the SPF technology and shrimp breeding of the Fisheries Research Institute was conducted. We were stationed in the Fisheries Research Institute to learn seed selection, ripening, shrimp seedling cultivation, microalgae cultivation and virus detection technology. In 2020, the existing plant in Hualien Factory was renovated and used as the SPF seedling and shrimp breeding center. The shrimp breeding pond, nursery pond, microalgae cultivation area and the bait biological cultivation area have been completed. Currently, the eyestalk ablation trials are conducted on the parent prawn (CP shrimp from Thailand and KB shrimp from Tungkang Biotechnology Research Center) for ripening. The survival rate reached 80%. Also, the shrimps successfully carried eggs.

Seedling culture



In Q4 2020, due to the influence of cold fronts and the low water temperature, the parent prawn would carry eggs, but the tail chasing and mating situations were not satisfactory, so the mating test was postponed until the temperature rises in 2021.

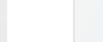
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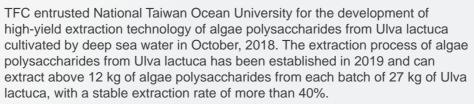


Cultivation of new species of algae



To expand the species of cultivation for the development of raw materials for biotechnology development, we have completed the establishment of outdoor tank-based culture and indoor preservation techniques of Botryocladia leptopoda, Eucheuma serra, Kappaphycus alvarezii and so on. Observations and researches continues in preparation for mass cultivation and mass production in the future.

Development of extraction technology of algae polysaccharides



Technology transfer has been completed from Professor Chang-Jer Wu from National Taiwan Ocean University in 2020. Multi-batch trial mass production has been conducted to find appropriate batch feeding amount and production frequency. Currently the Ulva polysaccharides produced meet the standards in total bacterial count, and the values of E. coli group and mold detection also meet the standards. In addition, this project has signed an exclusive agency contract in Taiwan with domestic manufacturers for the promotion and sale of Ulva polysaccharides. We will keep improving and optimizing the production process.

Development of animal feed



We verified the feasibility of added algae powder as a feed additive for tortoises. In terms of the physical performance (ratio of shell length to shell height), the algae powder group performed better than the grass powder group, indicating that algae feed is helpful with the maintenance of body shape of the Aldabra giant tortoise.

Green Circular Park in Miaoli

Over the years, electronic-grade chemicals have played a key role in Taiwan's high-tech industry. The subsequent treatment of electronic-grade chemicals after use has also become an important issue for the government and society. To ensure a production and service model with sustainable circulation, TFC used its core technology as the basis to overcome the difficulty of waste treatment and recover the customized electronic grade chemicals provided to domestic large-scale manufacturers in the fields of panels, optoelectronics, solar energy and semiconductors. In addition, TFC also owns the advantages of the raw materials of "three acid and one alkali" (phosphoric acid, nitric acid, sulfuric acid and ammonia). At the same time a product traceability system is established, building a trustworthy brand image in the practice of green circular economy.



TFC's algae cultivation lab in Hualien.



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TFC's Miaoli Factory has steadily operated the "Solvent Recycle System" and "Recovery System for the Reproduction of Phosphoric Acid" and has gained great reputation. Currently, about 60% of the waste aluminum etching liquid in Taiwan's panel industry is processed by TFC, which has the highest market share. In recent years, TFC has exclusively provided high quality one-stop shopping services from the supply to the recycling with its sophisticated technology, enabling our customers to worry nothing about the recycling of electronic products after purchase, creating a green circular economy with our customers together.

Solvent Recycle System

Currently, Miaoli Factory is equipped with a 5KL and a 20KL distillation columns, providing the purification, recovery, blending, quality control and logistic services of the stripper to fulfill the panel industry's needs. TFC has worked on full development of a one-stop shopping services for the supply and recycling of NMP (1-Methyl-2-pyrrolidinone). The recovery rate has reached more than 90%. The product specifications in terms of purity and color both have exceeded other service providers in the industry. In 2020, the volume of sales of NMP from the SRS was 1,505 tons, a decrease of 15.5% compared with 2019.

Development of purification technology of electronic grade NMP

Industrial N-methyl pyrrolidone(NMP) is mainly used as a general solvent. Electronic NMP is used in the manufacturing of lithium batteries and electronics industry. It has to be of high purity and the specifications are very strict. Since the cooperative development with Material and Chemical Research Laboratories, Industrial Technology Research Institute in November, 2016, TFC has finally overcome difficulties and successfully purified industrial NMP into the highest grade of electronic products. The technical thresholds overcame included 1) the amine content below 1 ppm; 2) the purity increased to 99.9% and more; 3) the chromaticity reduced to below 10 APHA; and 4) the anion and cation content reached the required ppb level.

Recovery System for the Reproduction of Phosphoric Acid

After the waste etching liquid is recovered from the panel industry and from the end of the manufacturing process in the IC Industry, the evaporation and circulation equipment in Miaoli Factory is used to make secondary industrial phosphoric acid, and after treated with the purifying and recycling technology, the recovery rate of the waste aluminum etching liquid can reach 99% and more. In 2020, the amount of sale of reproduced phosphoric acid treated by the Recovery System was 2,857 tons, accounting for 25.32% of the overall sales of TFC's electronic grade chemical and a decrease of 6.5% compared with 2019 due to the suspension of production in some domestic companies in 2020, affecting the source of raw materials and sales channels, leading to decrease in sales of reproduced phosphoric acid compared with the previous year.

Sales of Electronic Grade Chemicals (unit: ton)

	2018	2019	2020
NMP	1,554	1,303	1,505
Reproduced phosphoric acid	5.694	3,878	2,857
Other electronic grade chemicals	4,277	6,984	6,920
Total	11,525	12,165	11,282

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4-1 Sustainable Green Management

4-4 Raw Material Management

4-2 Energy Resource Management

4-5 Effluents and Waste Management

4-3 Greenhouse Gas Management



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ENERGY CONSERVATION, ENVIRONMENTAL PROTECTION AND ENVIRONMENTAL MANAGEMENT

Material Topics

Water and Effluents, Waste, Emissions, Energy



Importance

TFC actively works on the layout in the fertilizer industry. In addition, it has been the goals for TFC to keep working to improve energy use efficiency and reduce greenhouse gas emissions as well as environmental impacts in the expansion of production capacity for the test results to meet regulatory requirements



Policies

To strengthen self-management step by step and continue to promote energy conservation and waste reduction actions in accordance with standards stricter than the environmental regulations



Resources

Allocation of a total of NTD 174 million in environmental protection expenditures for 2021 and 2022



Short-term Goals

- · To reduce the unit energy consumption by 1% compared with the previous year
- · To reduce water intensity by 1% compared with the previous year
- · To reduce GHG emission intensity in 2021 by 2% compared with the base year (2015)



Commitments



Implementing green environmental policies and realizing the promise of a green homeland

Management Approach

Responsibility



The Safety and Health Center in the head office is the first-level unit for environmental and health management, which is responsible for the planning and management of environmental safety and health. The Safety Units at Taichung Factory and Miaoli Factory are responsible for matters concerning environmental safety and the implementation of various energy conservation and carbon reduction projects

Long-term Goals



To enforce strict internal and external regulations and promote improvement programs to minimize environmental impact and continue to reach the goals of zero violation and zero penalty

Specific actions taken and performance in 2020

- · The environmental protection expenditure and investment expense in Taichung Factory in 2020 was about NTD 18.245 million dollars, and the estimated expenditure in investment projects for 2021 is about NTD 135 million
- · Accomplished internal and external audit tracking and improvement of ISO 50001
- · Installed solar power generation system on the roofs of the administration building and bulk warehouse. In 2020, the power generation of the system totaled 2,714,052 kWh





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4-1 Sustainable Green Management

Environmental Safety and Health Organization

To provide a healthy and safe working environment to protect the employees' safety as well as physical and mental health, a proper safety and health management system is in place for all management and operations to abide by. We have set up "TFC's Safety and Health Management Measures", and all the promotion of safety and health related matters of the company and all factories should not only abide by the relevant regulations concerning occupational safety and health enacted by the government but also follow the regulations and operating procedures of these Measures. In terms of environmental protection, the efficiency and treatment efficiency of various pollution prevention facilities are maintained and compliant with environmental laws and regulations. On the other hand, internal use of waste is promoted to reduce the amount of waste generated to maintain the protection of the environment. The Safety and Health Center in the head office is the first-level unit for environmental and health management, which is responsible for the planning and management of environmental safety and health. The Company holds a Safety and Environment Meeting every 2 months, and a total of six meetings were convened in 2020. The president convenes such meetings to regularly review the company's operations in terms of safety and health, environment, and energy and to follow up on schedules, review all matters and make improvements. In addition, advocacy of regulations and cases of occupational disasters are also conducted. It is hoped that through the operation of the organization, policy, goals and implementation programs of safety and environmental protection can be regularly reviewed and adjusted.

Estimated Environmental Capital Expenditures in 2021 and 2022

Air pollution prevention facilities



Wastewater treatment equipment improvement



Waste disposal and reuse facilities



Improvement of the process which may cause pollution in major production plants





Introduction of International Environmental Management System

Environmental Management System (ISO 14001)

To implement the green environmental policy, TFC has completed the establishment and verification of ISO 14001 environmental management system in Taichung Factory and Miaoli Factory. The reverification is conducted every three years to maintain the effectiveness of the system. Through the PDCA (Plan-Do-Check-Act) management model, we continue to promote improvement of environmental management and achieve the goals of environmental performance improvement, energy conservation and waste reduction as well as the protection of the natural environment.

Energy Management System (ISO 50001)

TFC's Taichung Factory completed the installation of the Energy Management System in 2016 and obtained the ISO 50001 certification, enabling the daily operations of the production factory to continue the improvement of energy saving efficiency, reaching the goal of energy conservation and carbon reduction.

Greenhouse Gas Inventory System (ISO 14064-1)

The ISO14064-1 Greenhouse Gas Inventory System was introduced in 2016 for the 2015 comprehensive GHG inventory at Taichung Factory and Miaoli Factory, and it passed the third-party verification. The year 2015 was set as the base year for GHG reduction. The statistics after 2016 would be continuously checked by the Company through self-inventory.

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4-2 Energy Resource Management

GRI: 302-1, 302-3, 302-4, 303-1, 303-3

Green Energy Conservation Action Plan

In response to the trend of the increasing environmental protection awareness at home and abroad, TFC's Taichung Factory not only cooperates with the national policy to meet the needs for the stabilization of the production and supply of fertilizer chemical products but also improves the current situation of the factory, striving to create a green production factory that cares environment friendly processes.

Taichung Factory continues to control the energy use of the products. In 2020, the load of production was timely reduced to cooperate with the air pollution improvement policy of Taichung City Government, so the total output and total electricity consumption in 2020 were both lower than the previous 3 years. In 2020, the unit energy consumption was 427.3MJ per ton of products, more than the 405.5MJ per ton of products in 2019. This was mainly because of the cooperation with the air pollution improvement policy to reduce production, lowering the factory utilization rate (less output), which increased the power consumption per unit of product. In addition, the annual climate can also cause the difference.

Unit Energy Consumption in Taichung Factory

	2018	2019	2020
Total electricity consumption (kWh)	84,124,088	83,910,404	85,913,958
Total production (ton)	775,266	744,964	723,865
Unit energy consumption (Unit: MJ/ ton)	389.5	405.5	427.3

In 2020, 3 energy conservation programs were implemented in Taichung Factory,including "Change the open type water cooling tower to a closed type one in the nitrophosphorus (1) plant", "Change the cooling water pipeline supplying water to the nitric acid plant to separate dedicated pipeline", and "Renewal of inert gas discharge equipment in the liquid ammonia storage area" to continue the promotion of green production in Taichung Factory.

Change the open type water cooling tower to a closed type one in the nitrophosphorus (1) plant

The closed cooling water tower is equipped with multiple bundles of corrugated tubes that can separate process circulating water and the cooling water so as to seal the process circulating water in the pipeline to avoid dispersion of process gas to the atmosphere that can cause problems affecting in-plant industrial safety and health. It can increase the cooling of the system and reduce the moisture content of the exhaust gas, helping the chimney outlet heater to drop to 90°C from 105°C and reduce the consumption of steam, saving approximately 8,200 tons of steam consumption, equivalent to 5,428,400MJ of energy generation after conversion.



- Note: 1. Unit energy consumption is the average amount of energy used to produce per ton of products.
 - 2. Unit energy consumption = Annual energy consumption/ annual output.

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Change the cooling water pipeline supplying water to the nitric acid plant to separate dedicated pipeline

The pipeline of the cooling water system of the Taichung Factory that supplies water to the nitric acid plant is separated, which greatly stabilizes the operation of the nitric acid plant and avoid the loss of production efficiency due to upset caused by the change in cooling water adjustment. In addition, it can reduce the need to install booster pump due to insufficient cooling water pressure in the nitric acid concentration workshop, saving approximately 118,800 kWh of electricity, equivalent to 427,680MJ of energy generation after conversion.

Renewal of inert gas discharge equipment in the liquid ammonia storage area

The inert gas discharge equipment in the liquid ammonia storage area is used to discharge the incompressible gas from the refrigerated compression system of 20,000 tons of liquid ammonia storage tank, reducing the virtual work processing of the incompressible gas by the high energy-consuming ammonia compressor unit that could not effectively compress gas ammonia to liquid. The refrigeration capacity of the inert gas discharge equipment in the liquid ammonia storage area was updated and increased to 200RT, greatly reducing the virtual work processing of the ammonia compressor unit, saving approximately 300,000 kWh of electricity, equivalent to 1,080,000MJ of energy generation after conversion.



Energy Use

The energy used in TFC includes electricity, vapor, fuel oil, diesel oil, etc. The generation of vapor relies on the burning of fuel oil and the vapor from the exhaust heat collected from the Utility Workshop. In terms of energy use, TFC's use of electricity in 2020 reached 93 GWh; the use of fuel oil reached 4,606 kiloliters and use of diesel oil reached 57 kiloliters. After conversion, the total energy usage equals 534.31 TJ.

Our energy use is mainly based on electricity, and the total annual electricity consumption accounted for approximately 65.02% of total energy consumption, followed by fuel oil (4,606 kiloliters) which accounted for about 34.61% of total energy consumption. Consumption of diesel oil accounted for less than 1% of total energy consumption.

Energy use

Unit: TJ	2018	2019	2020
Total consumption of electricity	344.19	340.86	347.39
Total consumption of fuel oil	272.28	182.91	184.93
Total consumption of diesel oil	3.07	0.98	1.99
Total consumption	619.54	524.75	534.31

Note: 1. 2018, 2019 and 2020 statistics recorded data from Miaoli Factory, Taichung Factory and Hualien Factory.

- 2. Calorific value of power, Taiwan = 3.6 E06 TJ/kwh
- 3. Calorific value of fuel oil. Taiwan = 40.2 E06 TJ/liter
- 4. Calorific value of diesel oil, Taiwan = 35.18 E06 TJ/liter



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Our product output in 2020 was about 869,156 tons. After calculation, the energy intensity in 2020 was 6.15E-04TJ/ ton, a 5.2% decrease compared with the 6.49E-04TJ/ ton in 2019. It can be seen from the data that the energy integration benefits of the integration of various production plants into Taichung Factory have been fully demonstrated since 2015, and the energy consumption per unit of production has also gradually stabilized.

Energy Intensity	2018	2019	2020
Total consumption (TJ)	619.54	524.75	534.31
Product output (tons)	840,145	808,403	869,156
Energy intensity (TJ/tons)	7.38 E-04	6.49 E-04	6.15 E-04

Note: Energy Intensity = Annual use / Annual output



Our Hualien Factory is adjacent to the Pacific Ocean, and most of the water intake is from the deep ocean water.



TFC's Taichung Factory, Miaoli Factory and Hualien Factory are located in Wuqi District in Taichung City, Miaoli City in Miaoli County and Hualien City in Hualien County respectively. According to the Water Risk Atlas of the World Resources Institute, the water risk of the areas around our factories are at Low - Medium risk (1-2). The major water source for our business bases is mainly from tap water (the sources are the reservoirs in various regions), and Miaoli Factory has the underground water rights. The water intake of each factory does not have significant impact on the water sources.

After the relocation of Taichung Factory and several applications for production capacity changes, via EIA, we promised that the total tap water consumption of the whole factory would be 2,363 CMD (about 862 million liters/year), and the water source comes from Liyutan Reservoir with an effective capacity of 114,480 million liters. The inflow of Liyutan Reservoir in 2019 was 530,670 million liters and the output was 306,690 million litters (data extracted from the storage report of major reservoirs in Taiwan), supplying water for people's livelihood, agriculture and industry. It belongs to the protected area of drinking water sources. The tap water consumption in Taichung Factory in 2020 was 570.3 million liters, accounting for only 0.19% of the water output of Liyutan Reservoir, having little impact on Liyutan Reservoir's water supply areas.

The water resources of Miaoli Factory include tap water and groundwater. Tap water used is from Mingde Reservoir in Touwu Township in Miaoli County, and the average daily water output of which is 27.2 million litters. The total annual tap water consumption in Miaoli Factory in 2020 amounted to 290 million liters, accounting for 2.92% of Mingde Reservoir, which does not cause significant impact on the water source due to water intake.

Most of the water used in Hualien Factory is from the deep seawater of the Pacific Ocean, used as the main product of Hualien Factory. Therefore, there is no significant impact on the water source due to water intake.



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Recycling and intensity of water use in each factory in 2020

N (Ming	Miaoli Factory gde Reservoir)	Taichung Factory (Liyutan Reservoir)	Hualien Factory
Tap water (million liter)	290	570	11
Seawater (million liter)	0	35,714	1,289
Groundwater (million liter)	43	0	0
Water withdrawal (million liter)	333	36,284	1,300
Displacement (million liter)	138	15,551	690
Water consumption (million liter)	196	20,733	599
Water intensity (wat withdrawal/ annual or	ter utput) 0.022	0.049	0.972

Note: There is no reservoir in Hualien County. Tap water is supplied by the draw-well of Meilun Creek.



To save water resources for water reuse, all plants continue to implement various water saving measures and strive to improve water treatment system and water consumption in the production process. In addition, we also increase the water recovery rate of the wastewater generated during the process, such as the use of the recirculating cooling water of the heat exchanger used in the process to reduce the impact on water resources to the minimum.

The tap water consumption of Taichung Factory in 2020 increased by approximately 17% compared with 2019, mainly because the supply of waste heat steam generated in the factory decreased, and boiler steam (demineralized water) had to be added to maintain the production energy. However, the overall water recovery rate can still be maintained at 24%.

Water Recovery at Taichung Factory

Unit: kilotons	2018	2019	2020
Tap water consumption	604.93	487.38	570.33
Recycled water	37.97	55.04	59.55
Steam condensate recovery	63.18	59.15	75.02
Water reuse rate (%)	17%	23%	24%

Note: Water recovery rate of Taichung Factory = recovered water at Taichung Factory+ steam condensate (demineralized water) recovery / total tap water consumption at Taichung Factory



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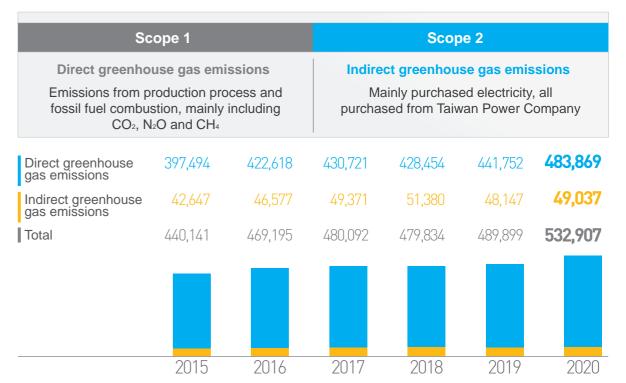
4-3 Greenhouse Gas Management

GRI: 305-1, 305-3

To meet the GHG reduction control targets set in the national Greenhouse Gas Reduction and Management Act, the ISO14064-1 Greenhouse Gas Inventory System was introduced in 2016 for the 2015 comprehensive GHG inventory at all factories and passed the third-party verification. The year 2015 was set as the base year for GHG reduction for the promotion of GHG management plans and reduction of GHG emissions year by year.

In recent years, TFC has been committed to improving greenhouse gas emissions. Through process improvement, replacement of equipment and purchase of energy-saving equipment, greenhouse gas emissions and related management policies for each factory have been regularly tracked and reviewed. The GHG emission intensity in 2020 was 0.72 tonnes of CO₂e, a slight increase of 8.07% compared with 2019 and an increase of 17.4% compared with the base year (2015), mainly because of the higher emissions during the process in the nitric acid workshop compared with 2019.

GHG emission equivalent (Unit: tonnes of CO2e)



Note: 1. The greenhouse gas inventory included TFC's Taichung Factory and Miaoli Factory.

- Scope 3 includes sources of greenhouse gas emissions not directly owned or controlled by the organization.
- 3. The 2015 GHG emission data revealed in this Report have obtained a third-party verification. The results of 2016~2020 GHG emissions come from TFC's internal inventory.
- 4. The GWP Value from Greenhouse Gas Inventory is referenced by IPCC 2007 AR4 Version.
- 5. Greenhouse gas emission sources were identified by means of operational control.
- 6. Scope 1 includes fuel and diesel oil, Scope 2 includes purchased power, and the annual power coefficient of 2019 was the figure (0.509kg/CO₂e) announced by Bureau of Energy, MOEA in 2020 for calculation. The annual power coefficient of 2018 = 0.533, the annual power coefficient of 2017=0.554, the annual power coefficient of 2016=0.53, and the power coefficient of 2015=0.525



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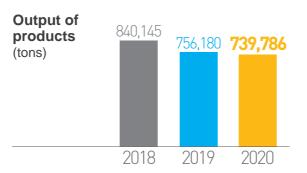
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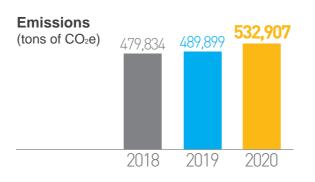
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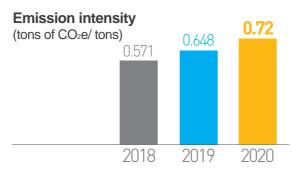
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GHG Emission Intensity Note





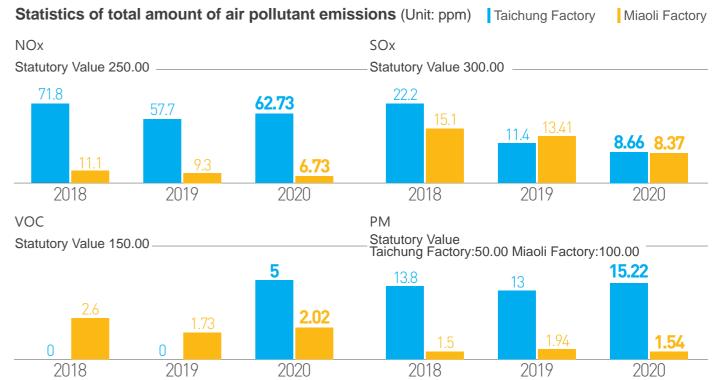


Note: Emission intensity = greenhouse gas emissions/ annual output

Air Pollutant Emissions

All factories of TFC operate (inspection of air pollutant emissions, facility maintenance for the prevention of stationary pollution and regular tests) in compliance with the Stationary Pollution Source Operating Permit. The test results are analyzed and tracked to ensure that the gases emissions are all in compliance with regulations and to reduce the air pollutants to the minimum to avoid impacts on the surrounding environment. Currently the air pollutants generated in all factories include nitrogen oxides (NOx), sulfur oxides (SOx), volatile organic compounds (VOC) and particulate matters (PM).

In 2020, the air pollutant emissions of Taichung Factory were slightly higher than last year; the particulate matters (PM) of Miaoli Factory were slightly higher than last year, and the values of other items were all slightly lower than last year. However, the air pollutant emissions are still far below the ceiling of emission standards, showing that the current air pollution management is stable and effective.



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4-4 Raw Material Management

GRI: 301-1.301-2



Procurement of Raw Materials and Use of Renewable Raw Materials

Within feasible technical scope and under the principle of not affecting the quality of production and product safety, TFC will continue to use recycled and reused materials instead of general raw materials to achieve the goals of environmental protection and energy conservation.

The raw materials purchased in 2020 are mainly divided into three categories, including raw materials, secondary raw materials and packaging. The total weight of purchased raw materials was about 527,050 metric tons, all of which were non-renewable raw materials. However, 119,420 metric tons belonged to recycled raw materials, mainly from foreign smelting metal factories (55,696 metric tons) and the



by-product of sulfuric acid produced from the Taiwanese Manufacturers of chemical products (63,723 metric tons). TFC uses exclusive process technology to confirm that the recycled materials do not contain hazardous materials and heavy metals and then uses them as the raw materials in the production of fertilizer.

In 2020, the recycled raw materials accounted for 22.66% of the total weight of the raw materials used, a decrease of 4.5% compared with the 27.14% in 2019. The remaining raw materials are natural ore or natural gas processed products, belonging to non-renewable raw materials. The main reason for the difference was because of the changes in the opening inventory and the closing inventory, and the adjusted amount for production.

Amount of raw materials purchased (Unit: metric tons)

Item of raw material	Amount
Non-renewable raw materials	
The main raw materials (liquid ammonia, urea, phosphate, peat)	507,916
Sub-materials (including fuel oil and molten sulphur)	16,544
Packing bags (PP plastics)	2,590
Total	527,050

Note: The amount of PP plastics used in packing bags is obtained from the weighted conversion of the specification of the bags (mostly 25 kg and 40 kg) TFC uses and the PP consumption. Ton bags and paper bags accounting for less than 1% are not included.

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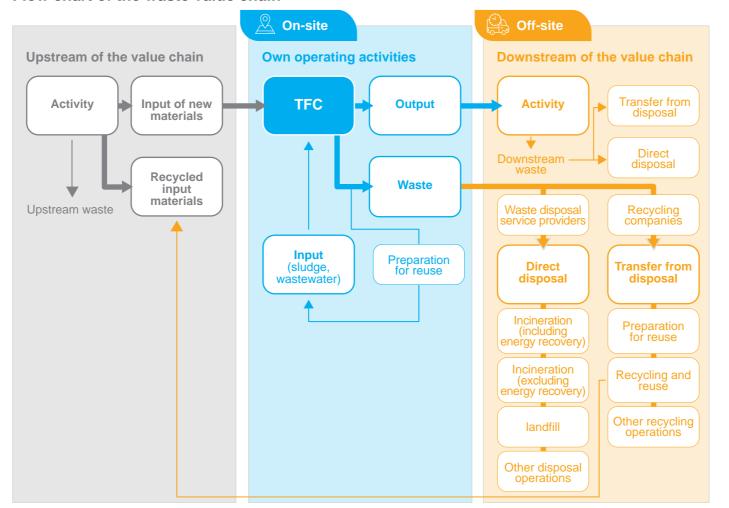
4-5 Effluents and Waste Management

GRI: 306-1 \ 306-2 \ 306-3 \ 306-4 \ 306-5

Waste Disposal and Cleaning

Taichung Factory and Miaoli Factory are the main production bases of TFC. The general business waste in the two factories mainly include waste liquid, sludge and domestic waste. They are mostly disposed of by incineration or heat treatment There is also a small amount of hazardous business waste.

Flow chart of the waste value chain



Statistics of total amount of business waste in TFC (Unit: tons)

Waste composition On-site Off-site
Hazardous business waste
Waste liquid 0 55.39
Method of . Incineration, heat treatment, treatment · physical treatment
Waste composition On-site Off-site
Non-hazardous waste
Non-hazardous organic waste solvent 0 135.02
Method of . Incineration, heat treatment, treatment · physical treatment
Organic sludge 0 39.57
Method of : Incineration, heat treatment
Domestic waste 0 105.31
Method of : Incineration

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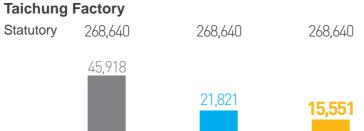
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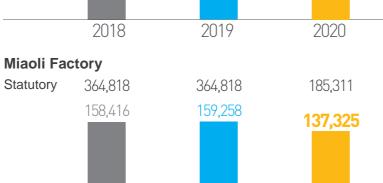
Wastewater Treatment

The wastewater has been discharged by each plant after being properly processed by the plant's wastewater treatment facility. The wastewater testing will be conducted on a regular basis to ensure there is no significant impact on the environment. After the completion of wastewater treatment, the wastewater will be discharged into rivers or waters nearby in accordance with the provisions. Miaoli Factory would discharge the wastewater to Houlong River while Taichung Factory would discharge it to the adjacent waters of Taichung Harbor. The rest of the factories produce only a small amount of domestic sewage. In 2020, the concentration of pollutants in Taichung Factory and Miaoli Factory was far below the effluent emission standards.

Wastewater Discharge (Unit: m³)

2018

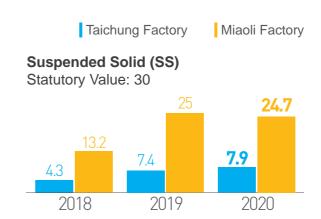




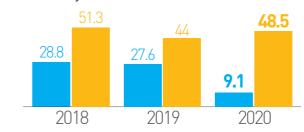
2019

2020

Average concentration value of pollutants (Unit: mg/L)



Chemical Oxygen Demand (COD) Statutory Value: 100



Biochemical Oxygen Demand (BOD) Statutory Value: 30



Handling of Environmental Related Grievance

Environmental related grievance hotline is available at both TFC's Taichung and Miaoli Factories. When residents or organizations around them have doubts about the environmental impact during the production process, they can dial the hotline numbers. Once the grievance is received, investigation will immediately be conducted for improvement.

Grievance hotlines







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5-1 The Hire of Employees

GRI: 102-8, 202-2, 401-1, 405-1

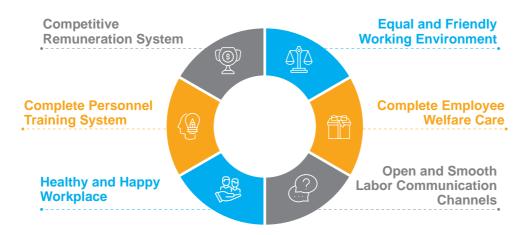
The Hire of Employees

Employee care is an important part of the management policy. TFC has been dedicated to harmonious inclusion between labor and management to implement the concept of a big family. We are employee-oriented and implement strategies of employee care, interactive communication and maintenance of physical and mental safety, making efforts to create a healthy and safe workplace where all can fully learn and grow. We establish good labor-management relationship so that all employees can bring their talents into full play and reach person-job fit.

Human Resource Policies

TFC promotes six major human resource policies for recruiting talents, creates a work environment full of enthusiasm and vitality for employees and provides a good salary and welfare system and a safe working environment to encourage and retain talents.

Six Major HR Policies



Labor Structure

As of December 31, 2020, the total number of employees at TFC totaled 702, including 683 formal employees and 19 contract employees. The total number of employees increased by 7 people compared with the 695 employees in 2019, and compared with the 26 contract employees in 2019, the number of contract employees decreased by 7 this year. This was because that the demand for production increased, and the existing contracted manpower was changed to full-time personnel. In addition, we also hire 69 dispatched/outsourced employees who are mainly engaged in logistics, driving, farming, planting and cleaning related work.

The number of male employees is 567 (accounting for 80.77%) while that of female employees is 135 (accounting for 19.23%). However, in terms of manpower utilization, we have complied with the international principles of human rights protection and domestic laws and regulations. There is no differential treatment or discrimination against gender difference.

In recent years, TFC has organized manpower recruitment and has hired many young and middle-aged talents and accelerated the replacement of aged workers through the talent reserve and cultivation plan to greatly improve manpower structure. After years of efforts, the average age of our employees has dropped significantly. The composition of employees is mainly in the age group of 30-39 years, accounting for 40.46% of the total number of employees.

The average age of employees at TFC was 42.45 years old, while the average length of service was 12.27 years. The distribution of education background focused on bachelor's degree, accounting for 52.29% of the total number of employees, followed by those with a master's degree and with senior high school I diploma and lower (inclusive), accounting for 24.64% and 22.36% respectively.

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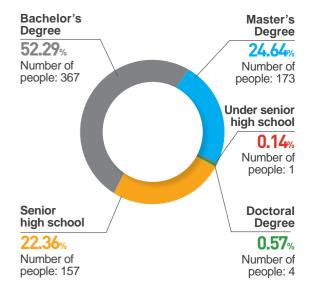


2020 Analysis of Category, Age and Gender of Employees in TFC

		rmal oyees	empl	tract oyees	To	otal		rmal oyees		itract oyees	To	otal
	Number of people	Percentage	Number of people	Percentage	Number of people	Percentage	Number of people	Percentage	Number of people	Percentage	Number of people	Percentage
Female						Ma	le					
Under 24 years old	0	0.00%	0	0.00%	0	0.00%	7	1.00%	0	0.00%	7	1.00%
25~29 years old	6	0.85%	2	0.28%	8	1.14%	35	4.99%	1	0.14%	36	5.13%
30~39 years old	50	7.12%	3	0.43%	53	7.55%	224	31.91%	7	1.00%	231	32.91%
40~49 years old	38	5.41%	2	0.28%	40	5.70%	147	20.94%	3	0.43%	150	21.37%
50~59 years old	22	3.13%	0	0.00%	22	3.13%	82	11.68%	1	0.14%	83	11.82%
60 years old and above	12	1.71%	0	0.00%	12	1.71%	60	8.55%	0	0.00%	60	8.55%
Total	128	18.23%	7	1.00%	135	19.23%	555	79.06%	12	1.71%	567	80.77%
						Tota	al					
Fo	rmal en	nployee	S		Contra	ct emplo	oyees			Tota	al	
Numb of peop		Perce	ntage		umber people	P	ercentag	е	Numb of peo		Perce	entage
683	}	97.	29%		19		2.71%		702	2	10	00%

Note: Contract employees refer to the employees who sign a regular contract of less than 12 months with TFC.

2020 Distribution of Employees' Level of Education



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Personnel Turnover

The entry of new recruits is the basis for the company's vitality and innovation. We recruit talents each year. In 2020, there were 42 newly recruited employees at TFC, accounting for 5.98% of the total number of employees (i.e. employment rate). The number of retired/resigned employees at TFC in 2020 reached 39 people, including 22 retired employees, 2 laid-off employee and 15 resigned employees, and the turnover rate was 5.56%. TFC's employees have strong cohesion and recognition of the company. Most of the employees have served for TFC until retirement. The turnover rate of the employees is far below the industry average (the overall turnover rate of the traditional manufacturing industry was 11.2 % in 2019, source: FBI Report, 104 Job Bank). https://ehr.104.com.tw/pdf/2020-FBI.pdf

2020 Number and Employment Rate of New Employees

	Number of people	Employment Rate	Number of people	Employment Rate
	Fen	nale	Ma	ale
Under 29 years old	2	25.00%	13	30.23%
30~49 years old	3	3.23%	23	6.04%
50 years old and above	0 0.00%		1	0.70%
Total	5	3.70%	37	6.53%
		Total		
ı	Number of peop	ble	Total Employ	
	42		5.98) %

Note: Employment rate = Number of newly hired employees in the age group for the entire year / Number of in-service employees in the age group at the end of the year.



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2020 Number and Turnover Rate of Retired/Resigned Employees

	Retirement Lay-off Resignation Total		Total	Turnover rate	
			Female		
Under 29 years old	0	0	2	2	25.00%
30~49 years old	0	1	2	3	3.23%
50 years old and above	6	0	0	6	17.65%
Total	6	1	4	11	8.15%
			Male		
Under 29 years old	0	0	2	2	4.65%
30~49 years old	0	1	8	9	2.36%
50 years old and above	16	0	1	17	11.89%
Total	16	16 1 11		28	4.94%
			Total		
Retireme	ent Lay-o	ff Re	signation	Total	Turnover rate
22	2		15	39	5.56

Note: 1. Turnover rate = Number of retired/resigned employees in the age group for the entire year/ Number of in-service employees in the age group at the end of the year.

Gender Ratio of Managers

The number of managers in the Company totaled 85, accounting for 12.11% of the total number of employees. There are 75 male managers, accounting for 88.24% and 10 female managers, accounting for 11.76% of all managers.

2020 Analysis of Gender Composition of Managers

	Number of people	Percentage	Number of people	Percentage	Number of people	Percentage
	Managers		Senior executives		Mid-level managers	
Male	2	2.35%	13	15.29%	60	70.59%
Female	0	0.00%	5	5.88%	5	5.88%
	Managers (Number of p 2.35%				Mid-leve l (Number of	managers people: 65) 76.47%
	Senior executives (Number of people: 18)					
	21.18%					

Note: 1. Managers include vice presidents (not including the president).

- 2. Senior executives include assistant vice presidents and department superintendents and higher position holders.
- 3. Mid-level managers include supervisors at different levels, such as chiefs, directors, factory managers, section chiefs and managers.
- 4. 100% of the managers are local residents.

^{2.} Two employees were on leave without pay and transferred to a subsidiary, 1 employee died of illness, and 1 was promoted from president to the chairman and president; none of the numbers above was recorded in the turnover number.

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5-2 Comprehensive Personnel Cultivation and Training System

GRI: 404-1, 404-2, 404-3

BE Education and Training

To cultivate talents' knowledge, skills, attitudes and necessary capabilities to perform business for them to bring their potentials into full play and improve work quality and performance, TFC has been dedicated to the establishment of a complete educational training system as one of our major strategies for human resources. Basic annual training courses are planned based on the "TFC Training Map", including general training, core functional training, professional functional training and management functional training.

The company also plans a two-day, 14-hour training program for new recruits. The contents of courses include "the company's business strategies and future development directions", "quality and quality control training", "information system application", "industrial safety and health training", and "company organization and personnel system description" for the newcomers to quickly join the work and become part of the TFC family.

To reach the strategic goal of talent development, the company is devoted to the development of learning organizations. In addition to general training courses, a positive learning and knowledge sharing system is being created through the cultivation of internal lecturers, peer experience sharing, expert lecturers, knowledge management system and so on.

In addition to enhancing the work functions of its employees, the company also focuses on the physical and mental health of the employees and career development. The company holds health promotion activities and subsidizes labor unions to organize labor education and training and promotes the physical and mental health of employees as well as their career development through flexible training activities each year.

2020 Function Enhancement Plans



Core functional training

The core functional course in 2020 was "Problem Analysis and Problem Solving", aiming at improving the employees' logic of problem analysis and capabilities of problem solving, enabling them to be familiar with problem analysis, problem solving methods and auxiliary tools. In addition, external professional lecturers were also invited. Lectures were given together with discussion activities which not only attracted interactions among participants but also enabled them to realize their inertial thinking in the past and improve their openness of thinking as well as problem-solving capabilities by learning the flexible application of tools and methods of problem analysis in class, which can further improve their overall competence at work.



Professional functional training

The professional functions of our employees in legal affairs, construction engineering, asset planning, raw material procurement, chemical engineering, human resources, information, and English abilities are strengthened by dispatching employees for training or hiring external professional lecturers to strengthen their professional functions. We also refer to the training information of external business management consulting companies and combine resources shared by many industry associations and educational institutions to continue the update and the linkage of the company and external resources. The feedback after training, unit reports, action plans, and contribution to the quarterly journal are all the ways for our employees to organize what they have learned in the training for reflection and internalization so as to apply them into their work.

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Management functional training

Due to the concern of the COVID-19 epidemic in 2020, the self-organized management functional training was temporarily stopped. Instead, company management and reserve executives participated in the Chung-Hua Elite Leadership Forum held by Chung-Hua Institution for Economic Research. These supervisors and reserve supervisors learned management functions of business management and setting up strategies under the guidance of the lecturers and professors from universities and colleges. Through the concise and efficient course management, the supervisors and reserve supervisors can obtain the essence of management functions while getting professional knowledge to improve our corporate competitiveness.

Other training

We invited scholars and experts in the industry to give lectures. In addition, in response to the COVID-19 epidemic, the education and training lectures were conducted online through the remote work software. A total of 8 sessions of lectures were held in 2020. Through the sharing of professional and soft skill seminars, our employees have made some improvement physically, mentally and spiritually and their knowledge and abilities have also been enhanced.

- · Remote work software education and training seminar in March, 2020.
- Education and training lecture on self-improvement in May, 2020.
- · Integrity management and propaganda of concepts and decrees in June, 2020.
- · TPM education and training lecture for autonomous improvement of all staff in August, 2020.
- . Lecture on information security promotion- Defense War of Enterprise Information Security in September, 2020.
- Lecture on Personal Data Protection Act in October, 2020.
- · Lecture on health and safety promotion: "AED Operation Training Course", and lecture on information security promotion: "Information Security and Prevention of Hacking" in December, 2020.

TFC provides complete and abundant courses and cooperates closely with external training institutions with the organization of various professional functional training courses. The total education and training hours for the employees at TFC totaled 10,497 hours in 2020, with a total of 316 sessions of courses, 2,096 trainees, and the total training costs of NTD 2,448 thousand.

In 2020, the average training hours of TFC employees amounted to 14.91 hours, and the average training cost of employees was NTD 3.49 thousand. Compared with 2019, the average training hours and costs in 2020 both declined mainly because of the impact of COVID-19. To avoid the risk of gathering among employees and comply with the regulations of Central Epidemic Command Center, we suspended many self-organized education and training, leading to the decrease in the overall training hours. The original scheduled training plans will be processed as soon as the epidemic slows down. In addition, we also flexibly cooperated with external training institutions to continue the promotion of employee training plans.

The average training hours and costs for male and female employees under the level of mid-level managers decreased significantly mainly due to the fact that male employees under the level of mid-level managers accounted for the majority of the employees in the factories, and the training plans in the factories focused on group training courses. Due to the epidemic, the originally scheduled group courses were either suspended or canceled. Only a few employees were sent to external organizations for training, leading to the drastic decrease in the average training hours and costs for male employees under mid-level manager levels. Furthermore, since male employees account for the majority of employees in the factories, the gap between the average training hours and costs among males and those of female employees was large.

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The Average Number of Education and Training Hours of Employees at TFC in 2020

	Number of people	The total number of training hours (hr)	The average training hours per person (hr)	Number of people	The total number of training hours (hr)	The average training hours per person (hr)
	Managers			Top-level executives		
Male	2	34	17	13	350.5	26.96
Female	0	0	0	5	106	21.2
Total	2	34	17	18	456.5	25.36
	Mid-level managers				General employ	/ees
Male	60	761.5	12.69	492	5,864	11.92
Female	5	157	31.4	125	3,224	25.79
Total	65	918	14.13	617	9,088	14.68

	Number of people	The total number of training hours (hr)	The average training hours per person (hr)		
	Total number of employees				
Male	567	7,010	12.36		
Female	135	3,487	25.83		
Total	702	10,497	14.95		

Note: 1. Managers include vice presidents (not including the president).

- 2. Senior executives include department superintendents and higher position holders.
- 3. Mid-level managers include supervisors at different levels, such as chiefs, directors, factory managers, section chiefs and managers.
- 4. Average training hours = total training hours in the category/ number of employees in the category.

Average Training Cost for Employees in 2020 (Unit: NTD

thousand dollars)

	Male	Female
Total training cost	1,634	814
Average training cost	2.89	6.03

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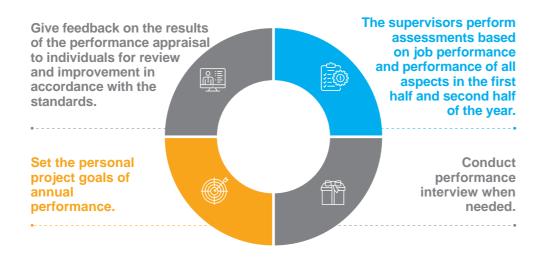
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Performance Appraisal

We carry out the appraisal system for all TFC employees. The employees of all units must accept the appraisal and the results of the performance appraisals will be the basis for bonuses. Each unit will issue performance bonuses every six months based on the results of the performance appraisal, and the year-end bonuses are issued after reporting to the board of directors based on the company's operating performance. Individual performance bonuses and year-end bonuses are based on the assessment results of individual job responsibilities and contributions. Individual assessment results are used as the reference for training and career development and also as the basis for salary adjustment, promotion and bonuses.

Annual Performance Appraisal System



As of the end of 2020, a total of 695 employees participated in the performance appraisals, accounting for 100% of the total number of employees to be assessed, indicating that the Company's employees (including contract employees) are subject to regular performance appraisals.

The Category of Employees Participating in Performance Appraisals and Gender Analysis in 2020

	Number of people	Percentage	Number of people	Percentage
	Formal en	nployees	Contract e	mployees
Female	127	18.73%	6	35.29%
Male	551	81.27%	11	64.71%
Total	678	97.55%	17	2.45%

	Number of people	Percentage
	Tot	tal
Female	133	19.14%
Male	562	80.86%
Total	695	100%

Note: Employees working for more than 3 months have to receive the annual performance appraisal.



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5–3 The Remuneration System and Benefits

GRI: 201-3, 202-1, 401-2, 405-2, 406-1

Fair Remuneration System

The salary of TFC includes base salary, additional pay for managers/directors and meal allowances. The salary will be given according to the approved positions and personal education background and experience, professional skills, seniority, ability, workload and work performance and be adjusted with the changes of jobs regardless of gender differences.

In order to retain the best talents, we provide a competitive remuneration system at TFC to take care of grassroots employees and new recruits. In terms of salary, we provide salary and benefits that are better than domestic starting salaries. In addition, we also revised the restriction of the Practitioner Remuneration Management Practices and increased the upper limit of the original position salary and increase, making it possible for the basic level new recruits and other employees to have opportunities for more flexible salary adjustment and adjustment scope to encourage and motivate our employees with actual feedback.

Comparison of Contracted Salary and Base Salary of Basic-level Employees in 2020

Compared with basic salary Male Female

Technician and clerk 1.16 times | 1.16 times

Assistant engineer and assistant clerk 1.42 times | 1.42 times

Note: 1. The domestic basic monthly salary for 2020 was NT\$24,000 .

2. The formula for the comparison with domestic basic monthly salary is the starting salary/basic salary for the rank in TFC.

TFC's HR policy attaches importance to gender equality, eliminates gender discrimination in the workplace and abides by the domestic Act of Gender Equality in Employment and Employment Service Act to implement equal pay for both men and women and establish a friendly and equal working environment. Our standard starting salary for men and women is the same. The ratio of the overall average salary gap between men and women is less than 7%. According to the results of preliminary salary statistics in 2020 released by Directorate General of Budget, Accounting and Statistics, the average hourly pay of females in Taiwan was NTD 296, which is 86% of the NTD 344 of males, with a gender wage difference of 14%. The Company shows no obvious wage gap between women and men.

The Ratio of the Overall Average Salary Gap between Men and Women in 2020



Note: 1. The managers are all male.

2. The basic salary of TFC includes base salary, meal allowances, additional pay for managers/directors, festival bonuses, year-end bonuses and employee remuneration.



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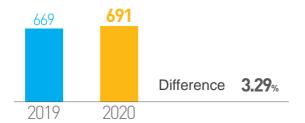
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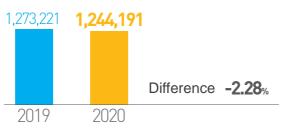
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Number and Average Salary, and Median Salary for Employees in Non-executive Positions

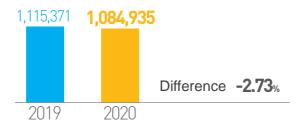
Number of full-time employees



Average salary of full-time employees



Median salary of full-time employees



₩ The Benefits of Employees

TFC provides its employees with the most complete welfare system and establishes various and comprehensive employee welfare systems and activities, such as vacation, birthday cash gift, diverse club activities, employee travel, special store discounts and uniforms. In addition, Employee Welfare Committee was also established to provide various subsidies for all our employees.

In addition, for the cases of nourishing babies, further study or major injuries, when the employees may take a longer vacation, they can apply for parental leave or leave without pay, and after the expiration of the period, they can apply for reinstatement. This can enable our employees to take care of both the family and work.

The Benefits of Employees



Special contract stores

Through the signing of a special contract with stores, the Employee Welfare Committee provides current and retired TFC employees with exclusive corporate benefits in food, clothing, housing, transportation, education, and entertainment.



Birthday and wedding cash gift

Provide employees birthday and wedding cash gift through Employee Welfare Committee.



Club activities

There are more than 10 different clubs in TFC. including sports (badminton, swimming, billiards and basketball), health (Tai-Chi) and educational activities (board games), providing employees with the opportunity to cultivate interests and physical fitness.



Employees travel

Employee Welfare Committee will organize various travels to help employees restore their energy and to relieve work stress while enhancing interpersonal exchanges at the same time.



Recognition events

Hold the recognition events for outstanding employees of the year and arrange incentive trips to celébrate Labor Day.



Uniforms

Issue staff uniforms every 2 years according to the nature of the work.



Benefits

Provide scholarships to encourage employees and their children for further education and learning and provide childbirth allowance of NTD 20,000 per child in response to the government policy to encourage fertility.

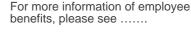


Nursing rooms

In response to the government policy to encourage fertility, the Company has set up nursing rooms, providing parenting female employees with comfortable and spacious breast-feeding places.



- Note: 1. The number of employees included employees working for more than 6 months, excluding the chairman, president, vice presidents and financial supervisors.
 - 2. The "total salary" refers to the employee's salary of the current year calculated on accrual basis, including regular salary (base salary and monthly fixed allowance and bonuses), overtime pay (tax included or after tax) and irregular pay (non-monthly allowance, bonuses, employee compensation, etc.).







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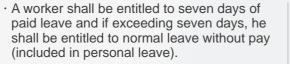
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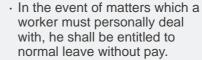


A System Better than the Legal Requirements

TFC's requirements are superior to the legal requirement

Legal requirement





of paid sick leave.

Where accounted ordinary sick leave is more than fifteen days and does not exceed thirty days in one year, fifty percent of salary shall be paid.

A worker shall be entitled to fourteen days

- Where accounted ordinary sick leave exceeds thirty days in one year, no salary shall be paid for the leave.
- Where accounted ordinary sick leave does not exceed thirty days in one year, fifty percent of salary shall be paid.



Family

care leave

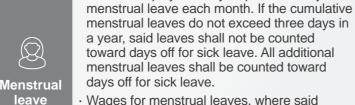
Sick

leave

- On the death of parent and spouse, a worker shall be entitled to fourteen days of funeral leave with pay.
- On the death of son or daughter and parent of spouse, a worker shall be entitled to ten days of funeral leave with pay.
- On the death of siblings, a worker shall be entitled to 5 days of funeral leave without pay.

Female employees may request one day

- On the death of parent and spouse, a worker shall be entitled to eight days of funeral leave with pay.
- On the death of son or daughter and parent of spouse, a worker shall be entitled to six days of funeral leave with pay.
- On the death of siblings, a worker shall be entitled to 3days of funeral leave without pay.



- Wages for menstrual leaves, where said leaves are non-sick leaves as prescribed in the preceding Paragraph, shall be paid.
- Wages for menstrual leaves, where said leaves are sick leaves as prescribed in the preceding Paragraph, shall be paid according to the regulation.
- Female employees may request one day menstrual leave each month. If the cumulative menstrual leaves do not exceed three days in a year, said leaves shall not be counted toward days off for sick leave.
- Wages for menstrual leaves, whether said leaves are sick leaves or non-sick leaves as prescribed in the preceding Paragraph, shall be half the regular wage.

† The Protection of Retired Employees

TFC has formulated Regulations of Employees Retirement, Compensation and Severance, providing stable contribution and payment of pensions.

The Contribution of Pension and the Pension Fund Management

Applicable to the New System

Since the enforcement of the Labor Pension Act on 1 July 2005, the Company has provided 6% of monthly salary to individual pension accounts for employees applicable to the Act. By the end of 2020, the amount recognized was NTD 22,025 thousand.

547 employees 77.81%

Applicable to the old pension system

TFC contributes the pension fund for the old system in accordance with the Labor Standard Act, and 9% of the total monthly salary of the employees is contributed to the laborers' pension fund accounts in Bank of Taiwan. The Labor Pension Fund Supervisory Committee has been set up in accordance with Regulations of Employees Retirement, Compensation and Severance, which holds a quarterly meeting and conducts supervision and management of the old-system pension funds. Besides, it also requires professional accounting advisers to calculate and prepare enough reserves every year. By the end of 2020, the fair value of the planned assets was NTD 376,205 thousand, and the amount recognized was NTD 15,758 thousand. The amount of insufficient contribution was set out in the accrued pension liabilities. The net defined benefit liability was NTD 131,319 thousand.

156 employees 22.19

7%

Female Total

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GRI: 401-3

☆ Parental Leave System

In 2020, a total of 82 employees in TFC were eligible to apply for parental leave without pay and the number of employees who actually applied for parental leave without pay was 1. The number of employees who were actually reinstated in 2020 was 6. In 2019, the number of people who were actually reinstated and had been reinstated for more than 12 months was 4. The reinstatement rate and retention rate of parental leave in 2020 both reached 100%.

TFC's Statistics of Parental Leave without Pay

	iviale	remaie	iotai
(1) The number of employees eligible to apply for parental leave without pay in 2020	67	15	82
(2) The number of employees who actually applied for parental leave without pay in 2020	0	1	1
(3) The number of employees who were expected to be reinstated after parental leave without pay in 2020	1	5	6
(4) The number of employees who were actually reinstated in 2020	1	5	6
(5) The number of employees who were actually reinstated in 2019	0	4	4
(6) The number of employees who were actually reinstated in 2019 and had been reinstated for 12 months by 2020	0	4	4
Reinstatement rate=(4)/(3)	100%	100%	100%
Retention rate=(6)/(5)	N/A	100%	100%

Note: The eligibility for applying for parental leave is that the employee can apply for parental leave without pay before each child reaches the age of 3 after he/she has worked in the company for 6 months. The period of the parental leave ends when the child reaches 3 years of age, but shall not be more than 2 years.



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TFC provides employees and job applicants with a working environment free from sexual harassment. It takes appropriate measures to prevent and punish sexual harassment. The Guidelines for Sexual Harassment Prevention and Control in TFC has been formulated according to Paragraph 1 of Article 13 of the Act of Gender Equality in Employment and Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace. When employees encounter sexual harassment at the workplace, they may appeal to the head of the Administration Department or the personnel director of each factory.



In accordance with "Physically and Mentally Disabled Citizens Protection Act", TFC should employ 6 persons with disabilities. TFC is willing to provide more job opportunities for persons with disabilities. By the end of 2020, the number of actual employment of persons with disabilities was 10, far above the regulatory requirement.

Employment of Persons with Disabilities in 2020

Miaoli Factory

Number of employees: 92

Regulatory number. of persons with disabilities that should be hired: 1

Actualnumber.of employment of persons with disabilities: 1

Taichung Factory

Number of employees: 367

Regulatory number. of persons with disabilities that should be hired: 3

Actualnumber.of employment of persons with disabilities: 6

Head Office

Number of employees: 222

Regulatory number. of persons with disabilities that should be hired: 2

Actualnumber.of employment of persons with disabilities: 3

Keelung Factory

Number of employees: 2

Regulatory number. of persons with disabilities that should be hired: 0
Actualnumber.of employment of persons with disabilities: 0

Hualien Factory

Number of employees: 19

Regulatory number. of persons with disabilities that should be hired: 0

Actualnumber.of employment of persons with disabilities: 0

Total

Number of employees: 702

Regulatory number. of persons with disabilities that should be hired: 6 Actualnumber.of employment of persons with disabilities: 10



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Appendix

5-5 Labor-management Communication

GRI: 102-41, 403-4

Smooth Communication Channels

TFC attaches great importance to the opinions and voices of its employees. It has multiple and smooth channels and has established a number of trade unions. Through smooth two-way communication channels, we can respond to the opinions of employees in a timely and appropriate manner and turn the constructive opinions into policies.

To publicize the company's operating policies, communication with trade unions and employees is strengthened to promote labor-management relations for unity and improvement of work efficiency. We have set "Points of the Implementation of Labor Relations Forum" and in the second quarter of each year, the president or his designated vice president chairs the forum and also leads the top-level executives from the personnel or relevant departments or units to attend the labor forum to communicate with the labor representatives from trade unions together. The labors' comments and suggestions can be conveyed and expressed in the regular trade union member representative assembly, directors and supervisors' meetings and the joint meetings of the chiefs. The Company will reply formally in written forms and start working on the improvement.

Labor-management Communication Channels



Labor Relations Forum

- · Recommend the company increase the amount of travel subsidies for employees
- · Recommendation of salary raise
- · Recommend the company adjust the employee ranking list
- · Discussion on digital transformation of education and training

Frequency: Once/annually



Labor-Management Meeting

- Business overview and exchanges
- Discussions on employee benefits and other related matters
- Relevant response measures against COVID-19 epidemic and discussion on company policies
- Recommend the company hire professional lecturers to give lectures on Gender Equity Education Act and related regulations

Frequency: Four times/annually



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TFC complies with the relevant provisions of the International Labor Convention and the Labor Union Act. All employees are free to organize and join trade unions, and they can conduct collective bargaining in accordance with relevant laws and regulations. There was no violation of freedom of association and collective bargaining during the reporting period.

Organization of trade unions

Taiwan Fertilizer Industry Trade Union

Member composition:

July, 1961

The employees in Miaoli Factory and Hualien Factory

Taiwan Fertilizer Corporation Taichung Factory Trade Union

Member composition:

The employees in Taichung Factory





Taiwan Fertilizer Corporation Trade Union

Member composition:

The employees working at the Head Office

Collective bargaining agreements

Taiwan Fertilizer Corporation Trade Union signed a collective agreement with TFC. We deepen the relationship between employers and employees through the legalization of employee rights and interest, surpassing the requirements of domestic labor regulations and international labor laws and conventions to implement the protection of the employees' rights and interests. The collective agreement with Taiwan Fertilizer Corporation Trade Union expired on March 19, 2018, and as prescribed in Article 21 of the Collective Agreement Law, if the duration of a collective agreement has been expired and a new agreement is not yet concluded, the collective agreement shall continue to be valid before a new labor contract is agreed upon. Currently, the employers and the employees have initiated the procedure of agreement renewal. As of the end of 2020, all the employees participating in the trade unions have signed a collective agreement. The old collective agreement included contents concerning working hours, vacations, salaries, bonuses, employment, dismissal, benefits, safety and health and so on. There are complete regulations concerning the items mentioned above. Among them, there are 4 articles related to health and safety, accounting for 13% of the articles of the agreement.



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5-6 A Healthy and Safe Working Environment

Material Topics
Occupational Safety and Health, Local Communities

GRI

403-1, 403-2, 403-3, 413-2

Importance

We attach great importance to the safety and health in the production and engineering activities and fully recognize that the management performance of safety and health is the most important part for an enterprise to pursue sustainable management



Policies

- · Providing a safe working environment is TFC's unshirkable responsibility
- To follow occupational safety and health regulations and strengthen self-inspection and industrial safety inspection
- To implement autonomous safety and health management system to continue improvement of safety and health performance
- To implement safety and health training and drills to strengthen safety awareness and resilience
- To implement risk assessment and standard operating procedures to identify and eliminate potential hazards
- To strengthen safety management of contractors and ensure the safety of construction operations
- To have a complete emergency response management system and sufficient drills to reduce catastrophic losses



Commitments

We attach importance to the employees' physical and mental health and established a sound occupational safety and health policy and system to create a safe workplace for the employees. In addition, the safety of lives and property of the employees and surrounding residents are safeguarded through a sound emergency response mechanism



Responsibility

The Safety and Health Center of the Head Office is responsible for the implementation and preparation of budgets for the yearly safety and health work plan (including emergency response drills); all the production plants have set the "Disaster Prevention and Emergency Response Team" to carry out relevant training and drills



Goals

To establish a complete occupational safety and health system, promote safety and health autonomous management, continue the implementation of various safety and health education training and exercise, create a healthy and safe working environment for the employees and reach the goal of zero disasters and zero fines. To implement the safety management and emergency response management systems in the plant, improve the response capabilities of the employees to ensure that when an emergency happens, correct response measures can be taken to reduce the impact of the disaster to the minimum

Boundary



- Within the organization: All TFC factories, subsidiaries, old Keelung Factory, old Hsinchu Factory, old Nangang Factory, old Kaohsiung Factory (old factory refers to the land for development project)
 - Outside the organization: government departments, contractors, customers, joint defense organizations

Resources



The Safety and Health Center is set as the first-level unit, and relevant budgets for safety and health are also prepared to implement the work plans

Specific actions taken and performance in 2020

- · Obtained certification of occupational safety and health management systems of ISO 45001 and CNS 45001.
- · Zero injury rate and zero work-related disease
- · For the safety and health education and training in 2020, there were 516 trainees, with a total of 2,081 training hours; for the contractors' safety and health education and training, there were 362 trainees, with a total of 366 training hours; for the emergency response drills, there were 218 trainees, with a total of 362 training hours
- · The health checkups were implemented for all employees
- · The 6S assessment activities of each factory was conducted every quarter





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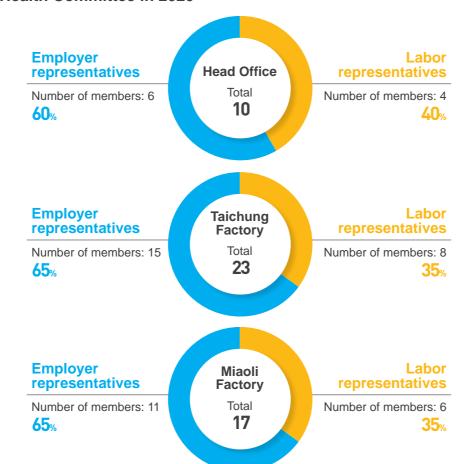
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Occupational Safety and Health Committee

We have set up "Occupational Safety and Health Committee" composed of the employer and employees. The labor representatives account for more than one-third of the Committee. The president or the factory director is appointed as the chairperson. The meeting is held every three months, and the main responsibilities are to give advice regarding safety and health policies developed by the Company and to review, coordinate and advise safety and health related matters.

The Percentage of Members of the Occupational Safety and Health Committee in 2020



Safety and Health Management System Certifications

Taichung and Miaoli Factories have both obtained ISO 45001 and CNS 45001 Occupational Safety and Health Management System Certifications to ensure the safety and health of employees at the workplace, hoping to provide employees with a safe and healthy working environment to avoid accidents through the establishment of risk identification, risk assessment and risk control and external verification.

When a construction project for building, renovating or dismantling a factory building is conducted, labor safety and engineering related units have to make safety and health risk assessment for the planning, design and construction of the project. In addition, during construction period, contractors have to be strictly required to abide by occupational safety and health laws and regulations. We will also implement unannounced on-site inspections from time to time to prevent the occurrence of industrial accidents and protect the safety of our employees.

Safety and Health Management at Factories

TFC has established a comprehensive system of safety and health management regulations as the standard for all operations to reach the goal of zero disaster and zero injury to ensure the personal safety of our employees.

We strengthen the implementation of self-inspection in the production plants to ensure the safe use of equipment. We regularly monitor the operating environment and prepare all the necessary protective equipment. In addition, we require employees to wear the necessary protective equipment in accordance with regulations to avoid injury or harm at work.

In addition, regular safety and health education and training and disaster prevention & rescue drills are organized regularly to improve employees' safety and health knowledge and help them get familiar with emergency response skills. 6S assessment activities are carried out in each factory every quarter. By the external inspections, the potential hazards can be discovered, prevented and improved to avoid harm.

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2020 Statistics of Safety and Health Education and Training / Drills

Male	Female	Total	
Number of people Hours	Number of people Hours	Number of people Hours	

Sa	fety and h	ealth ed	ucation	and traini	ng
480	2,028	36	53	516	2,081
C	ontractor s	afety ar and tra		n educatio	n
351	355	11	11	362	366
Emergency response drills					
200	324	18	38	218	362

Identification of hazards and investigation of accidents.

The Company has established an occupational safety and health management system to implement the identification of hazards, assessment of risks, and investigation of accidents, which are all carried out in accordance with the procedures of the environment, health and safety management system.

TFC complies with Article 18 of the Occupational Safety and Health Act and the criteria stipulated concerning a potential imminent danger in Article 25 of the Enforcement Rules of the Occupational Safety and Health Acts, informing all employees that when there is a potential imminent danger at work; they have to evacuate to a safe place by themselves. For any safety concerns found during work; our employees have to report to factory staff and safety and health personnel immediately. When an accident happens, the injured person(s) will be taken care of first before reporting the incident. An investigation of such incident will be carried out afterwards.

Flow chart of hazard identification and risk assessment





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Safety and Health Management Performance

In order to implement safety and health management, the Safety and Health Center selects several important EHS indicators each year, including injury rate (IR), lost day rate (LDR), occupational diseases rate (ODR), number of emergency response drills and EHS inspection records. The five categories are used as performance indicators and the annual targets are set as the performance management standards. There was 1 incident of work-related injury at TFC in 2020 due to cuts from the iron sheets of the pipelines. We will strengthen the protection of sharp parts of the facilities in the factories to prevent incidents like this from happening again. In addition, there are no relevant mechanisms for workers of contractors and subcontractors. Statistics only covered TFC's dispatched employees. excluding workers of contractors and subcontractors.

Note:

- (1) Work-related fatality rate= number of death caused by occupational injuries/ working hours *1,000,000 .
- (2) Severity ratio of occupational injuries = severe occupational injuries (excluding deaths) / working hours *1,000,000; severe occupational injury refers to an injury that leads to disability or cannot restore to the state of health before the injury due to occupational injury.
- (3) Recordable occupational injury rate= recordable occupational injury rate (including including deaths and severe occupational injuries) / working hours *1,000,000.
- (4) There were no work-related injuries among non-employee workers (dispatched employees) in 2020, and the total working hours among them amounted to 100,475 hours (males: 41,221 hours; females: 59,254 hours).

Employee occupational injuries statistics



Types of occupational injuries: Cuts

Mealth and Safety Management for Contractors

To enable smooth operations of the company, we attach great importance to the safety management of contractors. We have developed "Guidelines for Management of Safety and Health for a Variety of Engineering and Operations Contractors" and required the guidelines to be incorporated into the "Tender Notice" and "Service Agreement" of the project.

Regarding the safety regulations of the contractor's construction, "Health and Safety Code for Contractors' Construction" has been developed in the above-mentioned guidelines. In addition to general safety regulations, contractors shall apply for permission of construction regarding the operations with the higher risk, such as fire, high-elevated operations, confined space and the overhaul of pipelines before they start. There should be safety labels within the area of construction to prevent misconduct from causing industrial safety events.

As for various contractors, we hold regular consultative organizational meetings to negotiate and advocate the issues related to health and safety management. After the contractors win the bid and before they formally start construction, they should accept health and safety education and hazard notice training in our Safety Department and sign Work Safety Commitment for Contractors. A total of 516 trainees from contractors participated in hazard notice training in 2020.

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Employee Health Management

In order to care for the physical and mental health of our employees, we actively establish and understand the employees' basic health information and have developed "Guidelines for Employee Health Management" as a reference to the arrangement of work and improvement of the working environment. Based on the employee care policy, we have included employee health check and health management as an important part of our work. All employees accept the annual health check at our expense, while dependents of employees can also enjoy the same preferential prices and accept the health check at their own expense.

In 2020, the Zhongshan District Health Center, Taipei City was invited to jointly organize free Pap smear tests and other employees in the TFC Building were encouraged to participate in the campaigns. Under the strict safety and health management protection, our employees did not have occupational diseases in 2020.

The special health check will be conducted annually for employees who work in the workplace with special health hazards to fully implement protection of employee health. From the results of the special health check-ups, there were no level-4 cases.

Health Check Provided by TFC Is Superior to Regulatory Requirements

Health check provided by TFC

Frequency of health check required by "Regulations of the Labor Health Protection"

Under 4	0 years old		
Once a year	Once every 5 years		
40~65 years old			
Once a year	Once every 3 years		
66 years old and above			
Once a year	Once a year		

Number of Employees Receiving Special Health Checks in 2020

Number of people

Dust in the workplace	170
Noise in the workplace	78
Use of regulatory chemicals in the workplace	5
Long-term night work	52

Health Promotion Activities

In 2020, the health promotion lecture on AED and CPR Operation Training was organized, with a total of 123 participants.

To encourage all our employees to participate in stairs climbing activity, we have put up signs of calorie consumption on the stairs of all floors in the company along with inspiring slogans to motivate our colleagues to climb the stairs automatically, which indirectly reduces the usage of elevators so as to contribute to energy conservation and carbon reduction at the same time.

Contingency Measures for COVID-19 Pandemic

In response to the needs for COVID-19 epidemic prevention, TFC convenes weekly epidemic prevention meeting to plan manpower response plans in advance to maintain the health of our employees, reduce operational risks and ensure administrative efficiency and smooth promotion of business.

Contingency Plan for Manpower



Employees are divided into groups and take turns working from home to reduce the risk of cross infection



Supervisors of each unit work in groups in accordance with the nature of the staff's business and agency in duty.



If there is anyone who is in home quarantine, isolation, diagnosed with COVID-19 or on a leave, the agency in duty shall cooperate and handle related business.



Unit supervisors and their agency in duty have to be separated into different groups.



Employees in groups should give priority to telephone, video phone, communication software and postal delivery as the ways of communication.

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5-7 Emergency Response and Transport Management

GRI: 413-2

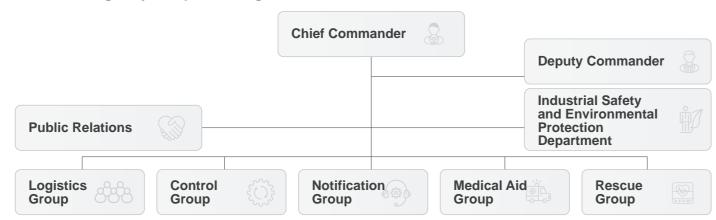
TFC has a sound and complete emergency response management system and sufficient drills to ensure the safety of the life, body, and health of the employees and residents in the communities. In addition, the factory safety management is strictly implemented for all the transport act within the factory. After the products leave the factory, the shippers are also strictly required to comply with the transport safety regulations. When accidents occur during transport, TFC will provide assistance with the knowledge of the chemicals that we produce and related equipment in the handling of accidents to safeguard lives and properties.

Complete and Sound Emergency Response and Management System

The Company has developed complete and sound emergency response and management system and organization planning and has set up a "Disaster Prevention and Response Operation Team" in each factory in accordance with the "Guidelines on Disaster Prevention and Response Operation" for emergency operation of all types of disasters and emergency of TFC to facilitate immediate responses so as to reduce the risk of personnel injuries and property losses.

We strengthen the defense mobilization and emergency response mechanism through the renewal of equipment and various disaster response drills, and the emergency response personnel's disaster situation analysis and response abilities. In addition, we also develop a post-disaster recovery plan and participate in the joint defense system in the industrial zone to enhance the overall emergency response capabilities through various management behavior.

TFC's Emergency Response Organization Chart



Hierarchical Management System for Disasters

We set a three-stage on-site response mechanism based on the severity and scope of the impact. Based on the different stages, the contingency units and notification targets and scope would gradually expand for the hierarchical management and quick combination of personnel resources of the internal and external authorities to adopt the correct contingency measures.

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Stage 1 Stage 2 The impact and scope of the contingency

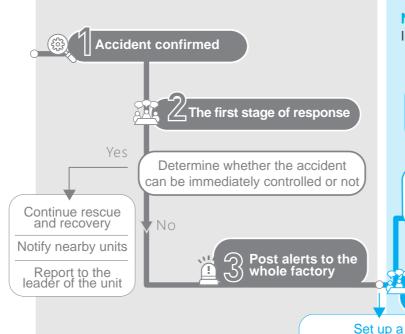
TFC's Three-stage Emergency Management Operational Process

When a disaster occurs, the unit involved in the accident is capable of controlling and does not need support from other units.

On-site response mechanism

- Confirm the occurrence of disaster (including the type and the extent of the disaster)
- Be alert of the water sources, turn off fire and stop all hot work.
- Direct relief work on-site.

Notification scope Start internal reporting procedures



The impact and scope of the contingency

The contingency has greater harm or is in a greater area and may result in threats to human lives and property, and support from other units are required.

On-site response mechanism

- The total commander sets up an emergency command center and ask the response groups to stand by.
- Prepare response equipment.
- Set the control area to control personnel access.
- Determine whether emergency shut-down is needed.
- Perform various contingency measures.

Notification scope

Continue

The second stage

of response

Increase the level of internal reporting

Notify nearby rescue and factory units recovery manager Yes **Determine whether Determine whether** the accident can the accident has an be immediately impact on the area outside the plant controlled or not No No

Our response

team's support

Report to the

Continue rescue

End of the disaster

Recovery

Stage 3

The impact and scope of the contingency

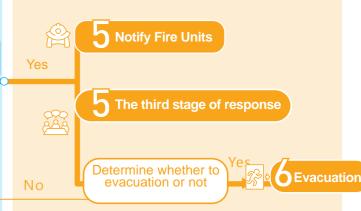
The impact area is huge, and the contingency has serious impacts on human lives and property safety, and the manpower as well as the rescue equipment cannot respond accordingly and support from outside is required.

On-site response mechanism

- Request external support, notify the government, fire department, labor inspection and environmental protection units.
- Expand the scope of alert.
- When the external supporting unit arrives for rescue, the command is transferred to the commander of the supporting unit.
- · Assisting the supporting unit in the relief work.

Notification scope

- Local government response center
- Fire departments
- Labor inspection units
- Environmental protection units





Note: Based on different stages, the scope and level of the response units and notification objects will be classified into different levels.

contingency center

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Disaster Investigation and Improvement Procedure

Investigation

- The unit in charge of the incident will fill in the "TFC Accident Injury Report Form" (including the investigation results and remedial measures) in accordance with the Incident Investigation Procedure.
- The safety unit of each factory shall assign personnel to the scene before the next day of the disaster emergency to address the causes of the accident, file the report of investigation and improvement measures.



Notify Each Factory and Report

Notify each factory of the causes and countermeasures of disasters or file the report at the industrial safety and environmental protection meeting.

Inspection and Improvement

Each factory shall inspect if there are similar harmful hazards so as to make improvement and avoid similar incidents from happening again.

Emergency Drills

Before the end of each year, every production factory submits the plans of disaster prevention and emergency drills and budgets for purchasing protective equipment in the following year. Various emergency drills are conducted as scheduled annually.

After the completion of the emergency drill, a review report is prepared by the Safety and Environment Department of each factory. The factory's safety agency is responsible for the integration of ideas in the drill and the improvement and correction of the emergency response procedure to enhance the resilience capabilities in the face of emergencies. TFC held a total of 14 sessions of emergency drills in 2020, with a total of 362 participants in the drills of ammonia leakage, acid leakage, electro-chemical leakage and fire drills.

Liquid ammonia leakage incident drill



1.On-site personnel found leakage of liquid ammonia.



2. Established a command center.



3.Emergency response personnel wore Level A PPE (personal protective equipment) to eliminate on-site abnormalities.



4.Emergency response personnel rectified abnormal conditions and reported.

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Concentrated sulfuric acid spill drill







2. Set up the warning fence on-site.



3. Emergency response personnel wore PPE (personal protective equipment) and brought emergency equipment to the scene.



 Emergency response personnel went to the scene for the handling of emergency operation.

□ Pipeline Management

In accordance with the provisions of the national standard of CNS 9329 for pipeline identification, we have set up "Key Points for Identifying Units in Charge of the Pipelines". We use graphic expressions like arrows and colors to identify the pipelines so that the field workers can soon be aware of the information such as the fluid direction, types, names, status and level of danger of the materials in the pipelines. There is a dedicated unit in charge of the maintenance of the pipelines at each factory to ensure the normal operation of the pipelines.

Management of Unloading Materials

Raw materials needed for fertilizer production mainly depend on imports from abroad through shipping. Concerning the unloading, deliver and transport of the raw materials of chemicals needed for production, such as liquid ammonia, sulfuric acid, nitric acid, and phosphoric acid, we have established a sound management standards and paid attention to the safety and health management in every detail of the transportation process. Furthermore, the standard operating procedures (SOP) of the operations during the unloading of materials have also been set up as the basis of the execution of the details to ensure the safety of the material handling process. TFC adheres to the rigorous attitude when carrying out the management of shipping unloading operations. There were no significant accidents in the transport and loading and unloading operations in 2020.

Key Points of Unloading Operation Management

Operations before unloading

- Monitor the temperature and control the unloading pipeline.
- Monitor the weather condition onsite. The loading and unloading operations will be suspended when the weather condition is poor.
- Check each and every piece of equipment needed for unloading onsite.
- \cdot Confirm the field workers' safety equipment.

Operations after unloading

- Remove the residues in the pipes after unloading.
- Wash and clean out the site after unloading.
- Inspect and maintain the equipment and devices needed for unloading regularly.







Operations during unloading

- Regularly inspect whether there is leakage in the piping for the tank or in the pipe fittings.
- Regularly confirm whether the pressure in the gauge is normal.



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Management of Tank Vehicles

The chemicals sold in the Company are transported by tank vehicles arranged by the clients to take delivery of goods at TFC's factories. The Company has set up "Safety and Health Management" and "Points for Safety Management of Hazardous Materials Transport on the Highway". Transport vehicles entering TFC factories should comply with related safety and health regulations. After leaving the factories, the tank vehicles should strictly abide by the government regulations and TFC's management rules to prevent transport accidents.

Key Point for Management of Tank Vehicles



Compliance

- Strictly request the carriers to comply with relevant laws and regulations of the government and TFC's internal management regulations for the carriage operations of dangerous goods and receive training, inspection and supervision from the competent authorities and the Company.
- The vehicles for carrying the goods should pass the inspection from the Motor Vehicles Service Station and before the transport of goods, application for the issuance of a "Pass" should be submitted to the local Motor Vehicle Office of Directorate General of Highways.



Personnel management

- The drivers hired by the carriers should possess relevant licenses, receive dangerous goods transport training, be physically and mentally healthy and physically capable of the job.
- When the carrier enters the factory to take delivery of goods for the first time, the person in charge or the designated agent and the driver should receive safety and health training from the Industrial Safety and Environmental Protection Department in the Company's factories and the hazard notification is also given.
- Tanker drivers and the field workers should confirm the safety equipment before the loading and unloading operations.



Equipment management

inspection, maintenance and test of these facilities and equipment are conducted and relevant records are recorded to

- Vehicles and tanks should be inspected routinely. Observation of the tank safety valve and pressure gauge is conducted at all times to make sure they function well. In addition, important car parts, such as brakes and wheels should also be
- Check the vehicles and tanks before and after loading and unloading. The following checks should be conducted: checks of the pressure gauge, safety valves, loading and unloading valves, loading and unloading pipes, ground wire of the tank
- Disaster relief equipment and personal protective equipment shall be equipped with the transporting vehicles by the carriers depending on the nature of the loaded dangerous goods.
- Strictly request the drivers to follow the rule of "No open flames".



Emergency response management and supporting measures

Conduct rescue training regularly. At least one rescue drill is conducted every year for the team members to strengthen their emergency response skills and capabilities.

- When notified of the tank accident, a rescue team is immediately set up to confirm the situation of the accident and prepare rescue equipment and protective gear in order to help rescue as soon as possible.
- TFC's rescue team receives the commands from the chief commander on the scene to help deal with the accident.
- After handling the accident, a written report of the situation of the accident and the rescue process will be presented to the company.

Regional Joint Defense Granization of Toxic Chemical Substance

TFC's Taichung and Miaoli Factories have joined the Joint Defense Organization of Toxic Chemical Substance in Central Region of Taiwan in accordance with the Toxic and Concerned Chemical Substance Control Act. In addition, the first phase of registration of the existing chemical substances in accordance with the Regulations of New and Existing Chemical Substances Registration has been completed with a total of 13 items being registered.

Each factory participates in the group training and joint defense drills independently organized by the joint defense organizations to strengthen employees' emergency responses and self-safety management capabilities and to observe as well as learn from each other in terms of occupational safety, health and environmental protection to enhance safety and health of workers. In the case of an accident, they may comply with the support agreement to assist in disaster response mutually to achieve accident control effectively, reducing damage and avoiding secondary hazards.

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- 6-1 Product Liability
- 6-4 Promotion of Sustainable Agricultural Education
- 6-2 Considerate Customer Service
- 6-5 Implementation of Corporate Social Responsibility
- 6-3 Supplier Management and Procurement
- 6-6 Creation of Harmony and Common Prosperity of the Community



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Product Liability

GRI: 416-1, 417-1, 417-2, 417-3

We have been upholding the core values of "Integrity, Innovation and Responsibility" to produce good-quality, safe and healthy products through continuous innovation in technology and services. We uphold customer-oriented philosophy by strengthening the customer service mechanism and understanding customer needs and expectations to maintain long-term and stable cooperative relationship with our customers.

Fertilizer Production Process

Raw materials

Screen analysis

Raw materials are imported from Saudi Arabia, Jordan, China and other countries, and are unloaded at Taichung Factory Pier and stored in raw material warehouses via pipelines.



Liquid raw materials such as liquid ammonia, phosphoric acid and solid materials like urea and potassium chloride are sent to the factory for production.

Granulation and drying

The fertilizer is granulated and dried with hot air.

Reaction and mixing

Chemical reactions are performed with various raw materials according to the production formula and production capacity and they are uniformly mixed into the N, P and K fertilizers required for the formulation.

Packaging

After the fertilizer is packaged in the bulk warehouse, it can be shipped.

Product Quality Management

TFC has set up Quality Management Operation Guidelines" to comprehensively improve product quality and the guidelines can be applied from the beginning phase of raw materials to the completion of production for management and control. In addition, quality testing operations for three major items, including material quality control, process quality control and finished product control are also conducted. A dedicated unit is responsible for supervising all factories, and each factory also sets up a quality control unit to be in charge of various inspection operations within the factory to fully implement quality management operations.

We introduced ISO 9001 International Quality Management System into Taichung Factory and Miaoli Factory. Currently, the ISO 9001 verification has been obtained in both factories. The quality objectives are achieved by the formulation of quality policy guidelines, implementation of quality planning, assurance and improvement of the PDCA Cycle. In addition, the meeting on quality should be regularly convened at production factories to ensure that the operation of the management system is continuous, effective and appropriate.

The fertilizer is sieved after being granulated and dried so that the particle size of the finished fertilizer meets the specifications.

Finished product cooling

warehouse after cooling.

Finished fertilizers are sent to the bulk

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The Proportion of Product Categories That Have Passed Food Safety Certification or **Obtained Food Safety Certification**



ISO 22000

Deep ocean water (DOW) products

Seaweed related products

Health food Concentrate 100



HACCP

Deep ocean water (DOW) products 100% Seaweed related products Salt products 100% Health food Concentrate 100%



GHP

Deep ocean water 1009 (DOW) products

Salt products 100%

Concentrate 100%



☐ ISO 9001

Fertilizer products

Salt products 1009

Chemical products 100%



SNQ

50% Deep ocean water (DOW) products

Concentrate

Health food 43%



HALAL

Deep ocean water 100% (DOW) products

Concentrate 100%



TQF

Deep ocean water 100% (DOW) products



Health Food Label

Deep ocean water (DOW) products



Monde Selection (International Quality

Deep ocean water 25% (DOW) products Concentrate 50%



50%

ISO 22716 or **Voluntary Cosmetic Good Manufacturing Practice**

95%

Cosmetics

Product Labeling and Product Marketing

In order to enable farmers and consumers to use the products correctly and safely, our products are fully compliant with the Trademark Law and Fertilizer Management Act. We provide full information of the names of the materials, the ingredient contents, instructions and amount of application on the labeling as prescribed. In addition, we cooperate with COA and other local governmental authorities and conduct regular or occasional inspections to check whether the product labeling is in line with legal regulations.

In the product promotion process, TFC has complied with the national laws and regulations and informed consumers of the content of the products. For the public to make convenient inquiries, instructions for the use of fertilizer and other information can also be available at the "Fertilizer Classroom" Section on our official website. There was no violation of product marketing in 2020.

Deep ocean water (DOW) related products







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Customer Privacy Management

To strengthen protection of customer privacy and related business information, we have set up the "Personal Data Protection Management Committee" to draw up the policy and system for personal data protection. In addition, we have strictly enforced "Execution Points of Confidentiality" and "Personal Data Protection Act" to ensure the company's business confidentiality so as to protect the company's rights.

TFC's Management of Personal Data



Management of physical personal data



Management of electronic data



Unified management of contact person



Education and training

Management method

- Physical personal information is properly stored in the file cabinet which is properly locked. The personal data manager is responsible for the safekeeping of it.
- In the event of staff redeployment, the custodian shall register the information by item, and shall keep the confidentiality requirements.
- Personal information stored in the information system and electronic files should be encrypted for management.
- When the storage device is discarded or not used, personal data should be deleted by the information staff.
- The collected personal data are only used by the staff in charge of that specific business, and the staff in particular also serve as the contact person. Non-directly related personnel do not have the access to the personal data.
- New staff all receive the training for the concept of personal data protection.
- Implementation of education and training to ensure the employees are equipped with the required legal literacy and concepts of proper use of personal data files.

Results

TFC strictly enforces the confidentiality inspection on a regular basis. As of 2020, there has not been any grievance against TFC regarding breaches of customer privacy.

Information Security and Protection

TFC attaches great importance to information security protection and organizes personal information protection education and training to ensure that the practitioners are fully aware of the scope of confidentiality for business implementation and related penalty for any breach of it. New staff also receive training to avoid any leak of personal data and confidential documents that may affect the Company's operations and customers' interests.

Information Security Management Methods

Deploy network firewalls, intrusion detection systems, and active blocking of known threats, known attacks, malicious programs, malicious URLs and C & C activities. To prevent Advanced Persistent Threat (APT), we also analyze internet files to identify new types of threats for the execution of immediate defense.

Regular disk backup of data and regular disaster recovery drills are conducted. TFC conducted 2 disaster recovery drills in 2020 and the system backup and data validation were successfully completed.



The staff's computers are installed with endpoint protection software to block threats such as malicious In addition, the virus patterns are regularly updated for anti-virus to provide a safe computer operating environment. In addition, to enhance the awareness of information security of our employees, we organized 2 information security advocacy sessions in 2020.



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5-2 Considerate Customer Service

RI: 418-1

TFC has been upholding a customer-oriented philosophy and has built a complete service network. We have established service centers for each area, provided toll-free service and built a multiple customer service channels through the Internet and social media. Meanwhile, we also provide a sound and immediate handling mechanism for customer grievance to respond to and deal with comments from our customers. The feedback and suggestions from face-to-face contact or direct communication with farmers will become an important basis for innovative product content and services.

Providing Multiple Platforms to Serve Customers Everywhere

Instant Interaction on the Social Media

- Various information on the use of fertilizers is provided in the "Fertilizer Academy" on the official website of the Company.
- The "TFC Agriculture Promotion Center" fanpage is created on Facebook to introduce related information of various characteristics of fertilizer products, instructions for use, rationalization of fertilization, product description and demonstration plots. At the same time, it also regularly shares new knowledge of agriculture at home and abroad, making it easier for farmers in Taiwan to align with international trends.



Fertilizer Academy



Agriculture Promotion Center



Three Bases Providing Services all over Taiwan

We have set three service bases and the sales staff in the Sales Office in northern, central and southern Taiwan all have service enthusiasm and abundant knowledge of fertilizers. The services provided include problem handling concerning fertilizer sales, supply coordination, product use and complaint handling.

Northern District Sales Office

Tel (037)269-345

Service areas: Taichung, Miaoli, Hsinchu, Taoyuan, Taipei, New Taipei, Keelung, Yilan, Kingmen

Central District Sales Office

Tel (05)591-6992

Service areas: Nantou, Changhua, Yunlin, Chiayi

Southern District Sales Office

Tel (07)222-5717

Service areas: Pingtung, Kaohsiung, Tainan, Hualien, Taitung



Customer Service Hotline

Customer service hotline for fertilizers

Customer service hotline: 0800-883-300 Unit in charge: Sales Department

Customer service hotline for chemicals

Customer service hotline: (02)2542-2231 Unit in charge: Trading Department

Customer service hotline for electronic grade chemicals

Customer service hotline: (037)269-345 Unit in charge: Marketing Team of Electronic Chemical Products, Sales Department

Customer service hotline for residential development projects

Customer service hotline: 0800-258-600

Unit in charge: Real Estate Development Department

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Facebook of Terroir of TFC



e-book of

Publication of the Manual of Fertilization

In "Manual of Fertilization of TFC Fertilizer Products for Major Crops", there are recommended methods for rationalization of fertilization of 83 kinds of crops for farmers free of charge. This manual is also available at TFC's official website for the public to download.

Corporate Image Publication

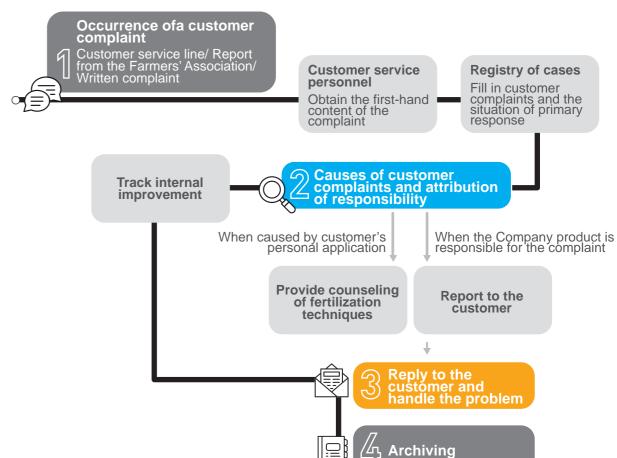
- · TFC Quarterly is a domestic publication that has been published for 57 years. It records abundant knowledge of fertilization and cultivation. It is a publication full of agricultural knowledge highly valued by the farmers' associations and farmers.
- Since October 2017, TFC has issued Terroir of TFC, a semiannual corporate magazine, and provided it to all public libraries in Taiwan, college libraries, township and city offices, Farmers' Association and Fishermen's Association. The content of this publication introduced a two-way interactive communication mode and interviews of fishermen and farmers to cover their stories, serving as an interactive platform for farmers and fishermen to exchange experiences. In addition, gardening section is added to enable agriculture to step into the daily life of every family.

TFC has set "Customer Relationship Management Rules" and "Business Management

Handling Customer Complaints

Guidelines" as the basis for customer complaint handling procedures, striving to improve the quality of the production unit within a time limit to prevent similar cases from happening again. With our effort in the conducting and strengthening customer relationship management, cases of customer grievance are maintained at a very low number. In 2020, there were no cases of customer complaints.

Procedures of handling customer complaints





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6-3 Supplier Management and Procurement

Material Topics

Importance

Supplier Environmental Assessment, Supplier Social Assessment

GRI

103-1, 103-2, 103-3, 204-1, 308-1, 308-2, 414-1, 414-2

Supplier chain management is an important part to the TFC. We and our suppliers jointly establish a friendly industrial environment to achieve the win-win goal of environmental sustainability and economic efficiency



Policies

We are committed to setting up a sound suppliers management system and building a good partnership with our suppliers while forming a value supply chain for sustainable management, caring for the environment and business ethics compliance



Resources

Implement related plans in accordance with the latest supplier management system



Short-term Goals

- The mineral sources are from non-conflict mineral suppliers to fulfill our corporate social responsibility.
- To increase the number of the suppliers' self-evaluation of CSR for annual purchase amount exceeding NTD 10 million
- To promote the signing of Supplier Corporate Social Responsibility Commitment





Within the organization: Taiwan Fertilizer Group
 Outside the organization: Suppliers, contractors, OEM factories

Commitments



We are committed to working closely with our suppliers to implement the supply chain management system which ensures compliance with CSR aspects including corporate governance, business ethics, the environment, human rights, labor benefits and workplace safety for the symbiosis and co-prosperity

Responsibility



The Trading Department of TFC's Head Office is responsible for the procurement.

Long-term Goals



- To revise Supplier Management Guidelines and add supplier CSR assessment
- To add contract content into the CSR clause, requiring our suppliers to protect human rights and focus on labor rights
- To conduct field visits to major suppliers to learn about the suppliers' implementation of environmental and social assessment

Specific actions taken and performance in 2020

Management

Approach

- · In 2020, all the imported phosphate ore and potassium chloride are 100% conflict-free
- · In 2020, the results of the suppliers self-assessment showed that 97% of them are excellent suppliers
- · In 2020, TFC did not receive any lawsuit against any supplier due to environment, labor, human rights, social impacts and other violations





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Supply chain management is an important part of TFC's management policy. Through the diversified development of the Group's internal supply chain, TFC creates its unique value in the market. In addition, we strengthen the external supply chain management system through our internal system experience and gradually introduce the CSR spirit to further form a corporate value chain of sustainable growth with our suppliers to lead the simultaneous leap of the industries in Taiwan.

The supply chain is divided into the external supply chain and internal supply chain. The external supply chain mainly focuses on fertilizers, chemical products and electronic chemical products while the internal supply chain focuses on real estate development and the supply and marketing of health care products, striving to construct a sound and complete quality management and supplier management system.

Management of Internal Supply Chain

TFC has branched out to different business units with its wholly-owned subsidiary companies to develop an internal supply chain of Health Care, Real Estate Development and so on. TFC serves as the provider of upstream raw materials and products to its subsidiaries for sale or management, and substantial control is generated through the Group system. From the front-end R&D to the end sales problems, every detailed step is strictly controlled to ensure safety and quality of the products.

Upstream Midstream and downstream Skin care Scale collagen products, health Taiwan Yes Sold products - Sold Deep Ocean ☐ Water Co.. Ltd. production and sales Functional water -Deep ocean **Taiwan** water - Sold Sold **Fertilizer** Commercial real **Taifer Chemicals** estate - For lease $\not\subseteq$ International Inc. commercial real estate management

Management of External Suppliers

In TFC's value chain of the chemical industry, TFC plays a role in the midstream of the production and supply. Due to the scarcity of natural resources in Taiwan, the raw materials for fertilizer production almost completely rely on imports. After purchasing fertilizer making materials from foreign suppliers, the production factory conducts production and makes compound fertilizer products such as nitric acid, superphosphate, sulfuric acid, sulfaminic acid, nitrophosphate or phosphorus compound fertilizers. Among them, the fertilizer products are sold to agricultural users while chemical raw material products are sold to downstream customers (for industrial users) for the production of terminal petrochemical products. The raw materials imported by TFC for fertilizer production, such as liquid ammonia, are also directly sold to industrial users.

TFC's Value Chain of Chemical Industry

Upstream,raw,materials,

anhydrous ammonia, urea, potassium chloride, potassium sulfate, phosphorus, sulfur

Midstreamproducts

nitric acid, superphosphate, sulfuric acid, ammonium sulfate, sulfaminic acid, melamine, nitrophosphate or phosphorus compound fertilizers

Downstream application

Agricultural users: farmers' association, fertilizer

manufacturers and farmers.

electronics industry, food industry, power protection industry, chemical industry,

steel industry

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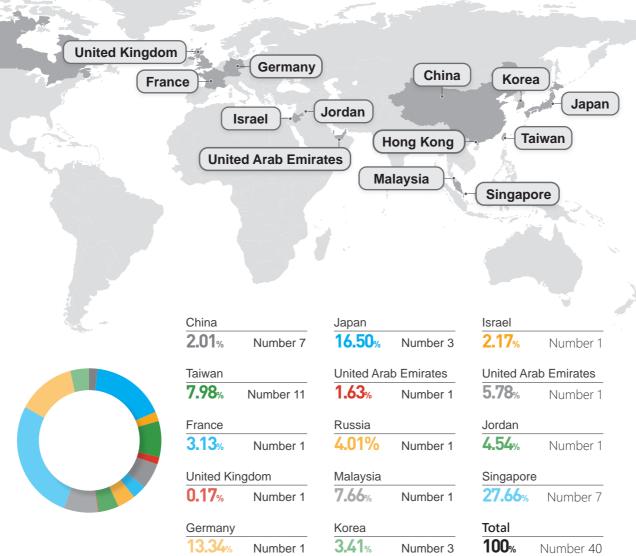
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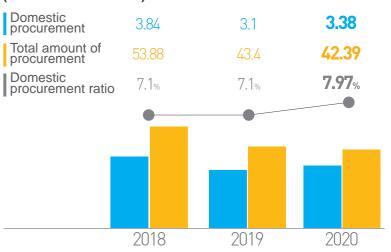
Global Distribution of External Raw Material Suppliers and Purchase Percentage in 2020



Local Procurement

Raw materials for fertilizer production are mostly natural minerals and natural gas derivatives that Taiwan lacks. Therefore, these types of raw materials have to be purchased overseas. TFC totally purchased approximately NTD4.239 billion of raw materials for Fertilizer Chemical Business in 2020, of which NTD 209 million was used to purchase raw materials produced in Taiwan or local manufacturers and NTD 129 million was used to purchase fertilizer packaging bags manufactured in Taiwan. The suppliers of the fertilizer bags are mostly manufacturers in Yulin, Changhua and other central and southern counties and cities. In all procurement operations, products made in Taiwan are purchased with priority to support the development of SMEs in Taiwan. TFC also works hand in hand with local enterprises and assists with the creation of local jobs opportunities to take care of the livelihood of families in Taiwan.

TFC's Ratio of Local Procurement (Unit: NTD 100 million)



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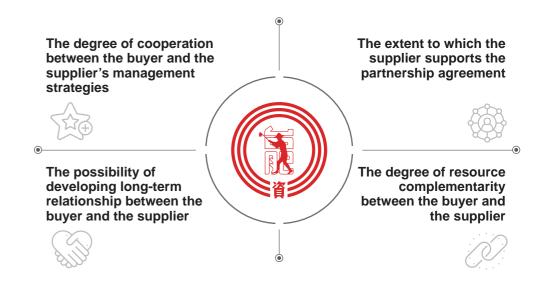


The upstream raw materials we need, such as anhydrous ammonia, urea, potassium chloride and phosphate ore must rely on imports. Most of our upstream suppliers are long-term partners, and the supply quality and reputation of these suppliers are good. In terms of our downstream customers, we maintain long-term and stable business cooperation relationship with our fertilizer, chemicals and electronic grade chemicals customers.

In order to completely implement the external supplier management system, we have developed "Supplier Management Rules", "Guidelines on New Bulk Raw Material Suppliers Review" and "Table of Supplier Evaluation and Selection" to regulate the development, selection and assessment of suppliers to ensure stable quality of materials and safety of material sources. In addition, we also encourage the supply chain to work on positive development concerning issues of environmental protection and human rights together, forming a supply chain with sustainable development.

Supplier selection and evaluation criteria mainly include contract compliance capability, price, quality and safety, supplemented by the following items for the selection of suppliers that share consistent sustainable development goals and concepts with TFC as the basis for our evaluation and selection. In addition, we also urge our suppliers to follow local laws and regulations concerning corporate governance, environmental protection, labor and human rights and so on in the process of providing services while working on sustainable management and obeying business ethics and at the same time fulfilling their corporate social responsibility concerning issues of environmental protection, safety and health during production process and social human rights to provide high quality products and services.

Table of Supplier Evaluation Criteria and Selection and TFC's CSR Evaluation Standards



To reach the goal of sustainable development and to ensure that the suppliers can comply with the laws and regulations, meet social standards and positively respond to environmental protection and social related issues and to bear the corporate social responsibility as well as to make continuous improvement in the process of providing products and services, we have promoted the signing of Supplier Social Responsibility Commitment with our suppliers since 2020 and have made it one of the criteria for new supplier selection.



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Promotion of Supplier Self-assessment

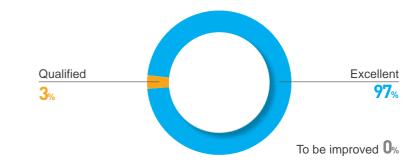
In 2020, TFC continued to promote the supplier self-assessment to track potential risks for further control. Analysis is made based on the suppliers' self-assessment results. Suppliers are divided into three levels, including "excellent", "qualified" and "to be improved" based on the evaluation scores. A total of 35 suppliers were introduced this year. The results showed that all the suppliers scored 85 points and more, and the ratio of qualified suppliers of TFC reached 100%.

TFC has conducted the self-assessment questionnaire of supplier CSR status ever year. The results of supplier assessment scored better than the passing score in every aspect, including the environmental aspect, labor rights, human rights, social aspects and product liability aspect.

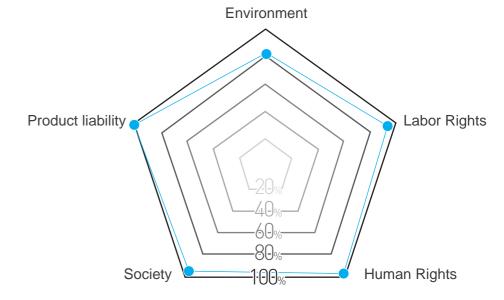
In 2020, TFC did not receive any complaint cases of its suppliers concerning violations in terms of environment, labors, human rights or social impacts.

We continue to implement CSR supplier management assessment and set short-, medium- and long-term management goals. In the future, we will also continue to promote and establish a comprehensive supplier management approach to urge our suppliers to implement CSR related sustainability issues together to create sustainable growth and a win-win-win situation.

Supplier information disclosure classification



Scores of Supplier Information Disclosure in all Aspects





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Contractors Selection Principles

In the selection of contractors, in addition to require them to observe various government regulations, it is also necessary for them to comply with labor, environment and human rights and other conditions to ensure that partners involved in the supply chain have healthy and safe working environment and are treated with respect and enjoy human dignity. All the operational activities have to incorporate environmental protection awareness and comply with business ethics to jointly enhance and leverage the overall value of the supply chain.

Selection criteria of suppliers (conditions specified in the bidding documents)



Occupational Safety and Health Act, Labor Inspection Act, Labor Standards Act and other safety and health related regulations. Compliance with Air Pollution Control Act, Water Pollution Control Act, Noise Control Act, Waste Disposal Act, and other environmental protection related laws and regulations.



Special attention should be paid to the living, boarding, and medical care provided to the employees. Provide labor insurance for employed workers and shall be liable for all occupational accidents and casualties. For employees that are not eligible for labor insurance, occupational injury insurance shall be provided.



To provide employed workers with safety and health education and training necessary for the prevention of disasters or accidents when performing their work in accordance with the rules of occupational safety and health education training.



Before signing or during the validity period of the contract, our supplier shall never give any property to our employees. If the supplier violates this provision, TFC may terminate the contract and cancel all kinds of transactions between TFC and the supplier or cancel supplier's right to cooperate with TFC permanently.



A OEM Management

To ensure the quality and safety of our products, we handle quality management operations in accordance with "Operation Directions for Outsourcing Manufacturers' Audit and Quality Management". The Production Department" is responsible for the inspection operations. TFC has 3 OEMs in total, and they mainly assist with the production of some fertilizer items. In 2020, we conducted an audit in the 3 OEMs, and all OEMs passed the audit.

TFC's OEM Management

The selection of OEMs.



Choose excellent manufacturers with a good reputation. Currently, we have 3 OEMs.

The control of raw materials

Require manufacturers to provide complete product formula, the whole composition of raw materials specifications (including supplier information), raw material efficacy and related certification, which clearly details the quality requirements and the control method of raw materials and provide inspection reports or affidavit to avoid violations of the relevant laws and regulations or any fact that causes a consumer hazard.



Processiaudity

and control specifications need to be ensured.



Product_sspecifications

Develop clear product "specifications" (standards or instructions) establish quality requirements, control points, control and inspection methods and acceptance criteria. Samples of each batch should be sent to Quality Assurance and Health Department for inspection to ensure the quality of each batch.



-Audit₁team

The Production Department sends employees to receive ISO-related internal audit or lead auditor training, and establishes human resources database of auditors in order to conduct audits exactly.



The audits are categorized into first, regular and occasional ones. The frequency of audit should be at least once a year.



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6-4 Promotion of Sustainable Agricultural Education

The sustainable use of land is closely related to agricultural sustainable environment. As the leader in Taiwan's fertilizer industry, TFC is well aware of the importance and urgency of promoting education of sustainable agriculture. When conducting education in different places, we not only help farmers obtain professional knowledge of crops cultivation but also hope to help farmers make use of excellent and proper agricultural materials on the basis of agronomy so that under the premise of saving costs, time and effort while protecting the environment, the reduction of fertilizer use is achieved to protect the agricultural environment and to reach the goal of producing safe and high-quality crops.

Spreading the Concept of Rationalized Fertilization

TFC frequently organizes rationalized fertilization workshopsin rural villages and towns to promote the so-called "rationalization of fertilization", which is to adjust the amount of fertilizer, items, fertilization methods and fertilization time in accordance with different cultivated land conditions and crop types. In other words, it is "to apply right amount of fertilizer at the right time".

In addition, the farmers were also taught to use the "Soil Data Supply Inquiry Platform" established by the Agricultural Research Institute, Council of Agriculture to inquire about soil survey conditions of farmland of different lot numbers. TFC will also provide a set of complete agricultural technique service such as the timing for rational fertilization and pest and disease consultation based on the nature of the soil and characteristics of the major crops.





The Demonstration Farm for Fertilization

In recent years, TFC has produced various high-quality fertilizers in cooperation with the transformation of farming practices, assisting farmers to smoothly transform into safe farming that is good for humans and also the environment. TFC also organizes fertilization demonstration for safe or organic farming on the demonstration farms in agricultural towns across the country, transforming knowledge learned in class into practical operations in the fields. In 2020, TFC held 210 sessions of safe or organic farming on the demonstration farms throughout Taiwan.

Free Soil Testing to Help Improve Soil Productivity

Every year, TFC provides free soil acidity and electric conductivity testing for farmers. After the soil is tested, suitable materials for suitable crops are recommended to farmers based on the characteristics of the acid or alkaline soil to improve soil quality, or assistance is provided in finding other factors that affect crop growth. In 2020, TFC conducted soil fertility testing for farmers at 90 locations in total.



TFC applied the new organic fertilizer to the grape demonstration fields, enabling increased yield and better color. Please check the following for more information of the effectiveness of demonstration fields.

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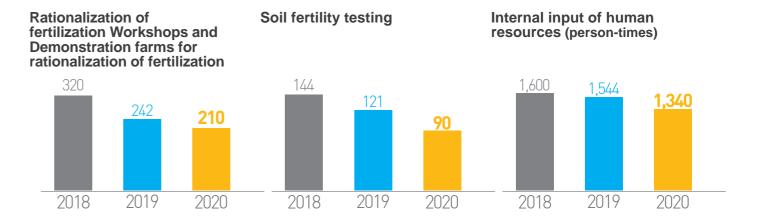


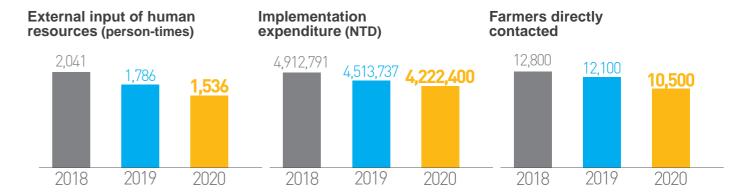
Contributions and Results of Rational Fertilization

Over the years, TFC has been committed to promoting rational fertilization education and fertilization demonstration farms, investing human resources and expenses every year and fruitful results were achieved. According to statistics, in the past three years, a total of approximately 4,484 people and over 35,000 farmers have participated in the promotion activities, and the expenses invested reached NTD 13,648,928 with fruitful results of a total of 772 sessions of fertilization workshops and demonstration farms.

TFC launched Potassium sulfate nitrophosphate compound fertilizers of King Won and Baulijia in 2019 and 2020 respectively. Both fertilizers use potassium sulfate as the raw materials for the potassic fertilizer. The sulfur element is a minor element necessary for plants, and when applied to soil, it would be easily absorbed by plants and thus contains less chlorine residue compared to other fertilizers using potassium chloride as the raw material. Therefore, the impact on soil conductivity and pH value can be reduced, which further enables advancement toward the goal of sustainable use of agricultural soil in Taiwan.

The Impacts of Rationalization of Fertilization Workshops and Demonstration Farms for Rationalization of Fertilization





Benefits

- \cdot Change farmers' concept of fertilization to reduce fertilizer use
- \cdot Promote the concept of organic agriculture
- Enhance the acceptance of new fertilizers and increase willingness to use them



Note: The number of sessions held was influenced by the epidemic of COVID-19 in 2020.

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GRI: 203-1

TFC Group and TFC Foundation Public Welfare Contributions

implementation funds amounted to NTD 7,505,902, an increase of NTD423,071 compared to 2019.

Since the establishment of TFC Foundation in 2007, it has always adhered to the principle of promoting sustainable development of agriculture to jointly improve the quality of life of people in Taiwan, take care of farmers and the disadvantaged, and fulfill its corporate social responsibility. In the future, TFC Foundation will continue to work with TFC for the agricultural development and education.

In 2020, TFC Group and TFC Foundation jointly participated in charitable donations, arts and cultural activities promotion, sports promotion, agricultural product subscription and industrial exchanges.

In terms of charitable donations and sponsorship, we sponsored the 2020 Pink Walk held by Formosa Cancer Foundation, the 2020 National Outstanding Mothers Awards for Mothers and Children with mental or physical disabilities held by Taiwan Disability-Free Association, New Taipei City Disabled Sports Federation and so on. In terms of sports promotion, we sponsored the 2020 Junior/Youth Table Tennis Tournament held by Taiwan Table Tennis Association, Lohas Cup Table Tennis Championship, 2020 Citizens Sports Games, Hualien and so on. For the subscription of agricultural products, we cooperated with the government's selling policies of agricultural products and subscribed custard apples, cabbages, watermelons, dragon fruit, bananas, pomelos and so on. For the promotion of arts and cultural events, we sponsored the 9th National Open Baduk Championship in Yulin County in 2020, Singing for You-Brilliant Years held by Chengsheng Broadcasting Corp. (Taitung). As for industrial exchanges, we sponsored 2020 Taiwan Chemical Industry Forum held by TCIA (Taiwan Chemical Industry Association), 67th TwIChE Annual Meeting of Taiwan Institute of Chemical Engineers, 2020 Year-End Harvest Press Conference of traceable soybeans produced and marketed by Central Taiwan Agricultural Cooperative, 2020 Annual Conference of the Taiwan Agricultural Association Union, the Soil and Water Conservation Burau's Special Exhibition of the 10th Anniversary of Youth Rural Up, etc. The

gg Foundation Scholarship and Agriculture Forum

TFC Foundation has been caring for agriculture and the disadvantaged groups for years silently. We have organized 5 awarding ceremonies since the establishment of the scholarships in 2017. As of 2020, there were a total of 154 students who received the scholarship from the foundation, with a total of more than NTD 2,520,000 issued. It is hoped to encourage young students to think comprehensively about the structural challenges of agricultural management in Taiwan and contribute to the development of the future of Taiwan's agriculture.



TFC Foundation co-organized the Rural Migration Competition organized by the Executive Yuan and sponsored the Youth Rural Aerobic Exercise- 10 Years on Rural Up to encourage the youths to go into the rural areas.



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TFC donated the corporate publication, Terroir of TFC, to the Homeless of Taiwan (an organization helping the homeless) for charity sale.



TFC donated tubs of popcorn and NTD 300,000 to the "Xin Chuan Used Bookstore" (an organization helping poor children).

Public Contribution of TFC Group

Industrial exchanges Donation to charities 4.07% 45.79% Amount (NTD): 199,018 Amount (NTD): 2,238,000 No. of cases: 5 No. of cases: 14 **Total** Sports promotion 4,887,226(NTD) 7.37% No. of cases Amount (NTD): 360,000 No. of cases: 3 Agricultural product subscription Promotion of arts and cultural activities 8.18% Amount (NTD): 1,690,208 Amount (NTD): 400,000 No. of cases: 7 No. of cases: 3

TFC Foundation Donations

Merit scholarship Industrial exchanges 38.95% 30.00% Amount (NTD): 1,020,000 Amount (NTD): 785,496 No. of cases: 34 No. of cases: 4 **Total** Agricultural product subscription 2,618,676(NTD) 0.69% No. of cases Amount (NTD): 18,000 No. of cases: 2 Promotion of arts and cultural activities Donation to charities 7.63% **22.73**% Amount (NTD): 595,150 Amount (NTD): 200,030 No. of cases: 1 No. of cases: 5



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Appendix



Creation of Harmony and Common Prosperity of the Community

GRI: 413-1, 413-2

TFC upholds the belief of developing a good relationship with the surrounding environment and communities. We are pursuing symbiosis with the environment in the industrial use of land. We are seeking an interactive model with the communities in the commercial and residential use of land. While developing, TFC complies with all the laws and regulations and fully communicates with stakeholders to reduce the impact of development on the environment and the communities.

100% Impact Assessment of TFC's Business Units

At the beginning of planning the industrial use of the current production factories of Taichung Factory, Miaoli Factory and Hualian Factory, public exhibitions and explanation sessions were held in accordance with the provisions. In addition, local residents or groups also submitted written comments during the period of exhibition in public, and after the approval from the Urban Planning Commission, the industrial use of the factories could then start. We conducted the environmental impact identification when Taichung Factory was constructed. After the conservation measures were drafted and the environmental impact assessment (EIA) was submitted, we held public briefings to collect comments from local residents and stakeholders. The construction did not start until the EIA was reviewed and approved by the Environmental Impact Assessment Review Committee. The percentage of the implementation of local community engagement, impact assessment and development plan of TFC's business units reached 100%.



Transformation and Utilization of Land of Old Factories

TFC used to have six production factories in Taiwan. With the industrial transformation and urban expansion, Taichung Factory has been reintegrated into the base for fertilizer and chemical production and logistics, while Miaoli Factory becomes the agricultural biotechnology R&D base and Hualien Factory has been transformed into the production and R&D base for deep ocean water. Property Management Department, C2 Preparatory Office and Real Estate Development Department are responsible for the land development operations of old Nangang, Hsinchu, Kaohsiung and Hualien factories, and the operations would cooperate with the surrounding urban development and planning. Besides, public hearings, symposiums and public exhibitions were also held in accordance with the law to listen to the expectation and opinions of the community residents, so as to reposition the transformation and utilization of the old factories.

In the development process, through the overall planning and design, the urban space has public facilities like park and parking lots to enhance urban living environment and quality and reshape the urban landscape. In addition, the business activities after development will also boost local economic development and create local employment opportunities. In the process of land assets revitalization, we share the development benefits with the local residents and share the mutual benefits to create a win-win situation.



The original Hsinchu Factory is changed into technology and business district designated for the "Hsinchu Science and Technology Business District" to develop commercial real estate in phrases to cooperate with the government's overall plan. The first TFC ONE was accomplished in 2017 and was awarded the 2020 Outstanding Intelligent Building Award by the Ministry of the Interior.

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Taipei (Old Nankang Factory)

2020 Real Estate Development Projects

To cooperate with the government's overall planning, it was changed into residential and commercial area designated for the "Nankang Economic-Trade Park Project", and the development of congregate housing has been completed. Currently, the development of international tourist hotels and office buildings is still ongoing.

Old Hsinchu Factory

- · The original Hsinchu Factory is changed into technology and business district designated for the "Hsinchu Science and Technology Business District" to cooperate with the government's overall plan. Hsinchu Factory completed the demolition operation in 2016 and currently it is under two phases of urban land rezoning; the reassigning in the first phase has been completed. Currently we cooperate with the "Hsinchu Science Park Project X" with the local government and the industry demands in the market and develop real estate for business use in different phases, transforming it into a "Composite Technology Business Park".
- Hsinchu TFC One Building, TFC's first commercial office building was completed in 2017. Currently, the building is in operation, and the situation of investment promotion is quite good. In 2020, the office occupancy rate reached 100%, attracting major domestic and foreign hi-tech companies to station in this building.

Old Kaohsiung Factory

The original Kaohsiung Factory is changed into specific area designated for "Kaohsiung Multi-functional Commerce & Trade Park". Kaohsiung Factory completed the demolition operation in 2016. It will undergo urban land readjustment by Kaohsiung City and is scheduled to be developed into a commercial and office area in the future.

Old Hualien Factory

The land development for Hualien Factory focuses on the d-park. The services and functions include a tourism factory and the development of deep ocean water related industries.

Old Keelung Factory

After the completion of Taichung Factory, Keelung Factory was transformed into the backup production factory. The quantity of production will depend on market demand. We will refer to the market condition and come up with the medium- and long-term land reuse projects.





TFC cooperates with the government's urban planning and conducts land development in the old Nangang Factory area and has completed the development of collective housing. We are currently developing commercial real estate such as tourist hotels and office buildings.



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Appendix



Appendix 1: Warranty Statement







INDEPENDENT ASSURANCE OPINION STATEMENT

Taiwan Fertilizer Co., Ltd. 2020 Corporate Social Responsibility Report

The British Standards Institution is independent to Taiwan Fartilizer Co., Ltd. (hereafter referred to as TFC in this statement) and has no financial interest in the operation of TFC other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been pregared for the stakeholders of TFC only for the purpose of assuring its statements reliating to its opporate social responsibility (CSR), more particularly described in the Scope below. It was not prepared for any other purpose. The British Standard's Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards institution of information presented to it by TFC. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to TFC only.

Scope

The scope of engagement agreed upon with TFC includes the followings:

- 1. The assurance scope is consistent with the description of Tawan Ferbilizer Co., Ltd. 2020 Corporate Social
- The evaluation of the nature and extent of the TFC's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only

Opinion Statement

We conclude that the Taiwan Fertilizer Co., Ltd. 2020 Corporate Social Responsibility Report provides a fair view of the TFC CSR programmes and performances during 2020. The CSR report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the formation and data provided by the TFC and the sample taken. We believe that the 2020 economic, social and environmental performance information are fairly represented. The CSR performance information disclosed in the report demonstrate TFC's efforts recognized by its stakeholders.

Our work was carried out by a team of CSR report assurors in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to gravide sufficient evidence that TFC's description of their approach to AA1000AS v3 and their self-deciaration in accordance with GRI Standards: Core option were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following

- a review of issues raised by external parties that could be relevant to TFC's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact
 with external stakeholders.
- 2 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of inclusivity. Materiality, Responsiveness and impact as described in the Ab1000AP (2018).

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness and Impact of AA1000AP (2018) and GRI Standards is set out below:

inclusivity

This report has reflected a fact that TFC has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for economic, social and environmental information in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the TFC's inclusivity issues.

Materiality

TFC publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of TFC and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the TFC's management and performance. In our professional opinion the report covers the TFC's material issues.

esponsiveness

TFC has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for TFC is developed and continually provides the apportunity to further enhance TFC's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the TFC's responsiveness issues.

Impac

TFC has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. TFC has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within the organization. In our professional opinion the report covers the TFC's impact issues.

GRI Sustainability Reporting Standards (GRI Standards)

TFC provided us with their self-declaration of in accordance with GRI Standards: Core option (For each material topic covered by a topic-specific GRI Standard, comply with all reporting requirements for at least opic-specific disclosure). Based on our review, we confirm that social responsibility, and sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the TFC's social responsibility and sustainability topics.

ssurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

Responsibility

2021-06-10

The CSR report is the responsibility of the TFC's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance feam was composed of Lead auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.



For and on behalf of BSI:

Peter Pu, Managing Director BSI Taiwan

Statement No: SRA-TW-2020001

...making excellence a habit

Convert Headquarters' 2nd Floor, No. 37, 15-110 Rd. occito First, Toloni 114, Trimon. R.O.C.

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Category / Topic : • Core O Comprehensive

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Appendix 2 : GRI Standards Comparison Table

GRI 102 : GENERAL DISCLOSURES 2016

outogot, y topic t	e O Comprehensive
Related CSR Section	Page number(s)
Overview of the company	P.06
Overview of the company	P.09
Overview of the company	P.08
Overview of the company	P.08
Overview of the company	P.06
Overview of the company	P.09
Overview of the company , 2.1 Business management	P.06,24
5.1 The Hire of Employees	P.65
6.3 Supplier Management and Procurement	P.95
About this Report	P.02
2.3 Risk management	P.31
1.3 External organization participation and support for and compliance with international initiatives	P.22
1.3 External organization participation and support for and compliance with international initiatives	P.22
Message from the Chairman	P.04
2.3 Risk management	P.31
	Related CSR Section Overview of the company Overview

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	Category / Topic : ● Core O	Comprehensive
GRI Standards diclosure	Related CSR Section	Page number(s)
Ethics and integrity		
• 102-16 Values, principles, standards, and norms of behavior	Overview of the Company , 2.2 Corporate governance	P.07,26
o 102-17 Mechanisms for advice and concerns about ethics	2.2 Corporate governance	P.26
Governance		
• 102-18 Governance structure	1.2 Interaction with and management of stakeholders > 2.2 Corporate governance	P.15,26
o 102-19 Delegating authority	1.2 Interaction with and management of stakeholders > 2.2 Corporate governance	P.15,26
o 102-20 Executive-level responsibility for economic, environmental, and social topics	1.2 Interaction with and management of stakeholders	P.15
o 102-21 Consulting stakeholders on economic, environmental, and social topics	1.2 Interaction with and management of stakeholders	P.15
o 102-22 Composition of the highest governance body and its committees	2.2 Corporate governance	P.26
o 102-23 Chair of the highest governance body	2.2 Corporate governance	P.26
o 102-24 Nominating and selecting the highest governance body	2.2 Corporate governance	P.26
o 102-26 Role of highest governance body in setting purpose, values, and strategy	1.1 CSR Development Visions and Organization Structure	P.12
o 102-29 Identifying and managing economic, environmental, and social impacts	2.3 Risk management	P.31
o 102-30 Effectiveness of risk management processes	2.3 Risk management	P.31
o 102-31 Review of economic, environmental, and social topics	1.2 Interaction with and management of stakeholders, 2.3 Risk management	P.15,31
o 102-32 Highest governance body's role in sustainability reporting	1.1 CSR Development Visions and Organization Structure	P.12
o 102-33 Communicating critical concerns	1.1 CSR Development Visions and Organization Structure, 1.2 Interaction with and management of stakeholders, 2.2 Corporate governance, Items that have to be discussed by the Board of Directors follow the prescription of Taiwan Fertilizer Corporation Rules of Procedure for Board of Directors Meetings stipulated in accordance with the Regulations Governing Procedures for Board of Directors Meetings of Public Companies	P.12,15,26
o 102-35 Remuneration policies	2.2 Corporate governance	P.26
o 102-36 Process for determining remuneration	2.2 Corporate governance	P.26

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Category / Topic : • Core O Comprehensive Page number(s) GRI Standards diclosure Related CSR Section Interaction with stakeholders • 102-40 List of stakeholder groups 1.2 Interaction with and management of stakeholders P.15 • 102-41 Collective bargaining agreements 5.5 Labor-management Communication P.77 • 102-42 Identifying and selecting stakeholders 1.2 Interaction with and management of stakeholders P.15 • 102-43 Approach to stakeholder engagement 1.2 Interaction with and management of stakeholders P.15 • 102-44 Key topics and concerns raised 1.2 Interaction with and management of stakeholders P.15 Report profile • 102-45 Entities included in the consolidated financial statements About this Report P.02 • 102-46 Defining report content and topic Boundaries 1.2 Interaction with and management of stakeholders P.15 • 102-47 List of material topics 1.2 Interaction with and management of stakeholders P.15 • 102-48 Restatements of information About this Report P.02 • 102-49 Changes in reporting There was no major changes in the scope of disclosure in 2020 P.03 • 102-50 Reporting period About this Report P.02 P.02 • 102-51 Date of most recent report About this Report • 102-52 Reporting cycle About this Report P.02 • 102-53 Contact point for questions regarding the report About this Report P.02 • 102-54 Claims of reporting in accordance with the GRI Standards About this Report P.02 102-55 GRI content index Appendix 2 P.108 About this Report, Appendix 1 P.02,107 102-56 External assurance

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GRI topic-specific disclosure * Material topic

Category / Topic	GRI Star	ndards diclosure	Related CSR Section	Page number(s)
200 Economic				
*GRI 201	103-1 E	Explanation of the material topic and its Boundary	2.1 Business management	P.24
Economic performance 2016	103-2 T	The management approach and its components	2.1 Business management	P.24
	103-3 E	Evaluation of the management approach	2.1 Business management	P.24
	201-1 D	Direct economic value generated and distributed	2.1 Business management	P.25
	201-3 D	Defined benefit plan obligations and other retirement plans	5.3 The Remuneration System and Benefits	P.72
GRI 202	202-1 R	Ratios of standard entry level wage by gender compared to ocal minimum wage	5.3 The Remuneration System and Benefits	P.72
Market presence 2016		Proportion of senior management hired from the local community	5.1 The Hire of Employees	P.64
GRI 203 Indirect economic impacts 2016	203-1 Ir	nfrastructure investments and services supported	6.4 Promotion of Sustainable Agricultural Education 6.5 Implementation of Corporate Social Responsibility	P.101,103
GRI 204 Procurement practices 2016		Proportion of spending on local suppliers	6.3 Supplier Management and Procurement	P.95
GRI 205	205-2 C	Communication and training about anti-corruption policies and procedures	2.2 Corporate governance	P.26
Anti-corruption 2016		Confirmed incidents of corruption and actions taken	No corruption incidents occurred in TFC in 2020	-
GRI 206 Anti-competitive behavior 2016		Legal actions for anti-competitive behavior, anti-trust, and nonopoly practices	External organization participation and support for and compliance with international initiatives	P.22
300 Environme	ental			
GRI 301	301-1 N	Materials used by weight or volume	4.4 Raw Material Management	P.60
Materials 2016	301-2 R	Recycled input materials used	4.4 Raw Material Management	P.60

* Material topic

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Category / Topic	GRI Standards diclosure	Related CSR Section	Page number(s)
300 Environ	mental		
*GRI 302	103-1 Explanation of the material topic and its Boundary	Chapter 4 Energy Conservation, Environmental Protection and Environmental Management	P.52
Energy 2016	103-2 The management approach and its components	Chapter 4 Energy Conservation, Environmental Protection and Environmental Management	P.52
	103-3 Evaluation of the management approach	Chapter 4 Energy Conservation, Environmental Protection and Environmental Management	P.52
	302-1 Energy consumption within the organization	4.2 Energy Resource Management	P.54
	302-3 Energy intensity	4.2 Energy Resource Management	P.54
	302-4 Reduction of energy consumption	4.2 Energy Resource Management	P.54
	302-5 Reductions in energy requirements of products and services	4.2 Energy Resource Management	P.54
*GRI 303	103-1 Explanation of the material topic and its Boundary	Chapter 4 Energy Conservation, Environmental Protection and Environmental Management	P.52
Water and effluents 2018	103-2 The management approach and its components	Chapter 4 Energy Conservation, Environmental Protection and Environmental Management	P.52
	103-3 Evaluation of the management approach	Chapter 4 Energy Conservation, Environmental Protection and Environmental Management	P.52
	303-1 Interactions with water as a shared resource	4.2 Energy Resource Management	P.54
	303-2 Management of water discharge-related impacts	4.2 Energy Resource Management	P.54
	303-3 Water withdrawal	4.2 Energy Resource Management	P.54
	303-4 Water discharge	4.2 Energy Resource Management	P.54
	303-5 Water consumption	4.2 Energy Resource Management	P.54
*GRI 305	103-1 Explanation of the material topic and its Boundary	Chapter 4 Energy Conservation, Environmental Protection and Environmental Management	P.52
Emissions 2016	103-2 The management approach and its components	Chapter 4 Energy Conservation, Environmental Protection and Environmental Management	P.52
	103-3 Evaluation of the management approach	Chapter 4 Energy Conservation, Environmental Protection and Environmental Management	P.52
	305-1 Direct (Scope 1) GHG emissions	4.3 Greenhouse Gas Management	P.58
	305-2 Energy indirect (Scope 2) GHG emissions	4.3 Greenhouse Gas Management	P.58
	305-4 GHG emissions intensity	4.3 Greenhouse Gas Management	P.58
	305-5 Reduction of GHG emissions	4.3 Greenhouse Gas Management	P.58
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	4.3 Greenhouse Gas Management	P.58

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		*	Material topic
Category / Topic	GRI Standards diclosure	Related CSR Section	Page number(s)
300 Environm	ental		
*GRI 306	103-1 Explanation of the material topic and its Boundary	Chapter 4 Energy Conservation, Environmental Protection and Environmental Management	P.52
Waste 2020	103-2 The management approach and its components	Chapter 4 Energy Conservation, Environmental Protection and Environmental Management	P.52
	103-3 Evaluation of the management approach	Chapter 4 Energy Conservation, Environmental Protection and Environmental Management	P.52
	306-1 Waste generation and significant waste-related impacts	4.5 Effluents and Waste Management	P.61
	306-2 Management of significant waste-related impacts	4.5 Effluents and Waste Management	P.61
	306-3 Waste generated	2.4 Legal compliance	P.37
	306-4 Waste diverted from disposal	4.5 Effluents and Waste Management	P.61
	306-5 Waste directed to disposal	4.5 Effluents and Waste Management	P.61
*GRI 307 Environmental	103-1 Explanation of the material topic and its Boundary	2.4 Legal compliance	P.37
compliance 2016	103-2 The management approach and its components	2.4 Legal compliance	P.37
	103-3 Evaluation of the management approach	2.4 Legal compliance	P.37
	307-1 Non-compliance with environmental laws and regulations	2.4 Legal compliance	P.37
*GRI 308 Supplier	103-1 Explanation of the material topic and its Boundary	6.3 Supplier Management and Procurement	P.95
environmental assessment 2016	103-2 The management approach and its components	6.3 Supplier Management and Procurement	P.95
	103-3 Evaluation of the management approach	6.3 Supplier Management and Procurement	P.95
	308-2 Negative environmental impacts in the supply chain and actions taken	6.3 Supplier Management and Procurement	P.95
400 Social			
GRI 401	401-1 New employee hires and employee turnover	5.1 The Hire of Employees	P.64
Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.3 The Remuneration System and Benefits	P.72
	401-3 Parental leave	5.4 An Equal and Friendly Workplace of Happiness	P.75

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Category / Topic	GRI Standards diclosure	Related CSR Section	Page number(s
400 Social			
GRI 402 Labor/management relations 2016	402-1 Minimum notice periods regarding operational changes	TFC handled it in accordance with article 16 of the labor standards act	-
*GRI 403	103-1 Explanation of the material topic and its Boundary	5.6 A Healthy and Safe Working Environment	P.79
Occupational Health and Safety 2018	103-2 The management approach and its components	5.6 A Healthy and Safe Working Environment	P.79
	103-3 Evaluation of the management approach	5.6 A Healthy and Safe Working Environment	P.79
	403-1 Occupational health and safety management system	5.6 A Healthy and Safe Working Environment	P.79
	403-2 Hazard identification, risk assessment, and incident investigation	5.6 A Healthy and Safe Working Environment	P.79
	403-3 Occupational health services	5.6 A Healthy and Safe Working Environment	P.79
	403-4 Worker participation, consultation, and communication on occupational health and safety	5.5 Labor-management Communication	P.77
	403-5 Worker training on occupational health and safety	5.6 A Healthy and Safe Working Environment	P.79
	403-6 Promotion of worker health	5.6 A Healthy and Safe Working Environment	P.79
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.6 A Healthy and Safe Working Environment	P.79
	403-8 Workers covered by an occupational health and safety management system	5.6 A Healthy and Safe Working Environment	P.79
	403-9 Work-related injuries	5.6 A Healthy and Safe Working Environment	P.79
	403-10 Work-related ill health	5.6 A Healthy and Safe Working Environment	P.79
GRI 404	404-1 Average hours of training per year per employee	5.2 Comprehensive Personnel Cultivation and Training System	P.68
Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	5.2 Comprehensive Personnel Cultivation and Training System	P.68
	404-3 Percentage of employees receiving regular performance and career development reviews	5.2 Comprehensive Personnel Cultivation and Training System	P.68
GRI 405 Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	2.2 Corporate governance , 5.1 The Hire of Employees	P.26,64
	405-2 Ratio of basic salary and remuneration of women to men	5.3 The Remuneration System and Benefits	P.72

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			* Material topic
Category / Topic	GRI Standards diclosure	Related CSR Section	Page number(s)
400 Social			
GRI 406 Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	1.3 External organization participation and support for and compliance with international initiatives5.3 The Remuneration System and Benefits	P.22,72
GRI 407 Freedom of association and collective bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	1.3 External organization participation and support for and compliance with international initiatives	P.22
GRI 408 Child labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	External organization participation and support for and compliance with international initiatives	P.22
GRI 409 Forced or compulsory labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	External organization participation and support for and compliance with international initiatives	P.22
*GRI 413	103-1 Explanation of the material topic and its Boundary	5.6 A Healthy and Safe Working Environment	P.79
Local communities 2016	103-2 The management approach and its components	5.6 A Healthy and Safe Working Environment	P.79
	103-3 Evaluation of the management approach	5.6 A Healthy and Safe Working Environment	P.79
	Operations with local community engagement, impact assessments, and development programs	6.6 Creation of Harmony and Common Prosperity of the Community	P.105
	413-2 Operations with significant actual and potential negative impacts on local communities	6.6 Creation of Harmony and Common Prosperity of the Community	P.105
*GRI 414	103-1 Explanation of the material topic and its Boundary	6.3 Supplier Management and Procurement	P.95
Supplier social assessment 2016	103-2 The management approach and its components	6.3 Supplier Management and Procurement	P.95
	103-3 Evaluation of the management approach	6.3 Supplier Management and Procurement	P.95
	414-2 Negative social impacts in the supply chain and actions taken	6.3 Supplier Management and Procurement	P.95
*GRI 416	103-1 Explanation of the material topic and its Boundary	Chapter 6 Co-creation of Value and Common Prosperity	P.89
Customer health and safety 2016	103-2 The management approach and its components	Chapter 6 Co-creation of Value and Common Prosperity	P.89
	103-3 Evaluation of the management approach	Chapter 6 Co-creation of Value and Common Prosperity	P.89
	416-1 Assessment of the health and safety impacts of product and service categories	6.1 Product Liability	P.90
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	2.4 Legal compliance	P.37

* Material topic

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Category / Topic	GRI Standards diclosure	Related CSR Section	Page number(s)
400 Social			
*GRI 417 Marketing and labeling 2016	103-1 Explanation of the material topic and its Boundary	2.4 Legal compliance	P.37
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	417-1 Requirements for product and service information and labeling	6.1 Product Liability	P.90
	417-2 Incidents of non-compliance concerning product and service information and labeling	2.4 Legal compliance , 6.1 Product Liability	P.37,90
	417-3 Incidents of non-compliance concerning marketing communications	2.4 Legal compliance , 6.1 Product Liability	P.37,90
GRI 418 Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	6.1 Product Liability	P.90
*GRI 419 Socioeconomic compliance 2016	103-1 Explanation of the material topic and its Boundary	2.4 Legal compliance	P.37
	103-2 The management approach and its components	2.4 Legal compliance	P.37
	103-3 Evaluation of the management approach	2.4 Legal compliance	P.37
	Non-compliance with laws and regulations in the social and economic area	2.4 Legal compliance	P.37
*Sustainable food	103-1 Explanation of the material topic and its Boundary	Chapter 3 Sustainable Agriculture and Circular Economy	P.40
	103-2 The management approach and its components	Chapter 3 Sustainable Agriculture and Circular Economy	P.40
	103-3 Evaluation of the management approach	Chapter 3 Sustainable Agriculture and Circular Economy	P.40
*Circular economy	103-1 Explanation of the material topic and its Boundary	3.2 Resource Circulation and Green Economy	P.47
	103-2 The management approach and its components	3.2 Resource Circulation and Green Economy	P.47
	103-3 Evaluation of the management approach	3.2 Resource Circulation and Green Economy	P.47

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Appendix



Appendix 3: Reference Table of Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies

Content of indicator	Related CSR Section	Page number(s)		
Supplements for chemical industry (1)				
Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	5.6 A Healthy and Safe Working Environment	P.79		
Supplements for chemical industry (2)				
Operations with significant actual and potential negative impacts on local communities	6.6 Creation of Harmony and Common Prosperity of the Community	P.105		
Supplements for chemical industry (3)				
Negative environmental or social impacts in the company itself and its supply chain and actions taken	6.6 Creation of Harmony and Common Prosperity of the Community	P.105		
Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies article 4				
The number of its full-time employees who are not in a managerial position, the average and medium of the salaries of the full-time employees who are not in a managerial position, and the difference of the three figures from the previous year	5.3 The Remuneration System and Benefits	P.72		
Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies article 4				
The company's governance around climate-related risks and opportunities, actual and potential climate-related impacts, how to identify, assess and manage climate-related risks, and metrics and targets used to assess and manage relevant climate-related issues	2.3 Risk management	P.31		

