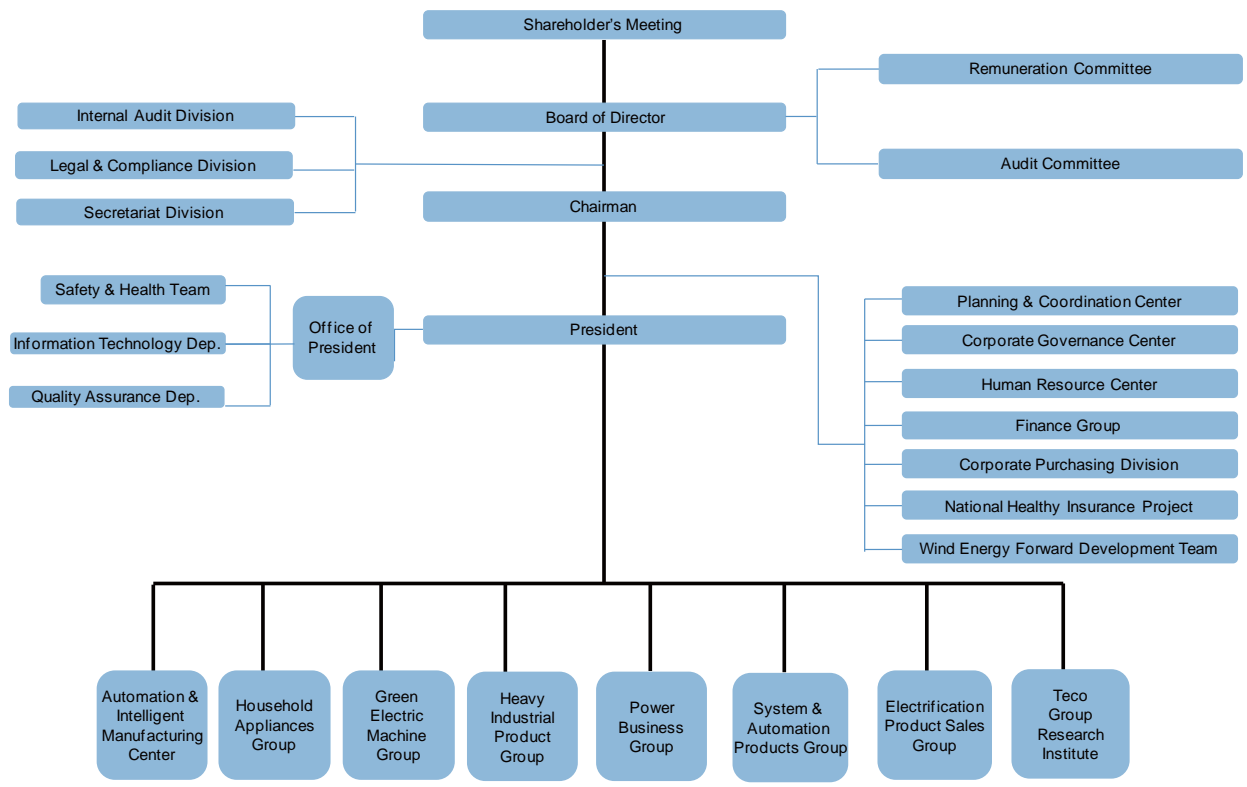


III. Corporate Governance Report

3.1 Organization

3.1.1 Organization Chart



3.1.2 Major Corporate Functions

Business Unit	Operations
Heavy Industrial Products Group	Production of medium to large-sized 3-phase motors, medium to large-sized high-efficiency motors, medium to large-sized explosion-proof motors, medium to large-sized inverter-duty motors, DC motor and medium to large-sized generators.
Green Electric Machine Group	Production of single-phase motors, vehicle-used motors, permanent magnet motors, small-sized 3-phase motors, small-sized high-efficiency motors, small-sized explosion-proof motors, small-sized inverter-duty motors, small-sized generators, die casting.
System & Automation Products Group	Sales of inverters and programmable logic controllers, servo controllers, PLC and Servo Controller. R&D, production, sales, OPS and integration of related equipments for solar power generators
Power Business	R&D, design, production, and sales of equipment and systems meant for the supply of electrical power; undertaking of projects related to power distribution and generation, alternative energy, and rail stations and airports, as well as railway power system. Air-conditioning equipment for specific environments such as clean rooms; design, construction, and management of electrical engineering systems for high-rise buildings & Internet Data Center; integration of air-conditioning and electrical engineering systems for hospitals and hotels; water pump stations and other related projects. Ultra-high pressure 161KV/69KV substations switchgears and installation projects.
Household Appliances	Production, assembly, sales, and repair of air conditioners, refrigerators, washing machines, dehumidifiers, dryers, LCD monitors, air purifiers, small appliances, DVD recorders, stereo systems, health appliances, beauty appliances, freezer storages, low-temperature caged carts, freezers, chillers for machine tools, variable-frequency water/oil cooling machine tool set, assembly-type air-conditioning box, VRF air conditioning set, Water-cooled wholly encased type/semi-encased spiral type/centrifugal icy-water machine set, cloud-end smart system, business air-cooled split-type air conditioner, water-/air-cooled window-type air conditioner, air-cooled icy-water machine, fan filter unit, air vent, industrial-use dehumidifier, freezing/cooling machine, dealership of other domestic and foreign home appliances brands
Electrification Products Sales Group	Sales of medium to large-sized 3-phase motors, medium to large-sized high-efficiency motors, medium to large-sized explosion-proof motors, medium to large-sized inverter-duty motors, DC motor, medium to large-sized generators, single-phase motors, vehicle-used motors, permanent magnet motors, small-sized 3-phase motors, small-sized high-efficiency motors, small-sized explosion-proof motors, small-sized inverter-duty motors, small-sized generators, die casting, small-sized coolant compressors. Sales of electromagnet switch, molded-case circuit breakers, electronic relays, inverters and programmable logic controllers.
Automation & Intelligent Manufacturing Center	Integration of producing resources in the company, and promote biotechnology projects improving layout of production efficiency and AIM strategy.
Teco Group Research Institute	Research and development catering to requirements of the medium-to-long term development of new products and technical support to members of the TECO group.
Power Device Production & Research Division	Production of electromagnet switch, molded-case circuit breakers, electronic relays.
Intelligent System Division	Chip-embedded cards for financial, medical, membership loyalty, surveillance, e-invoice, and public transportation services; systems integration for ITS- and RFID-based cards; non-person vending machine.

3.2 Directors and Management Team

3.2.1 Directors

April. 20, 2018

Title	Nationality/ Companies/ Registry	Name	Date Elected	Term (Years)	Date First Elected (Note)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	ROC	Tung Kuang Investment Co., Ltd.	2015.6.11	3	2000.4.21	30,341,364	1.52%	30,341,364	1.52%	0	0	0	0	Master, University of Michigan, Ann-Arbor	Chairman of Taiwan Pelican Express Co., Ltd Chairman of Motovario Chairman of TECO Holding USA	-	-	-
	ROC	Representative : Chwen-Jy, Chiu	2015.6.11	3	2006.6.15	1,741,964	0.09%	1,741,964	0.09%	16,987	0.00%	0	0					
Managing Director	ROC	Tong Ho Gloabl Investment Co., Ltd	2015.6.11	3	2000.4.21	2,240,262	0.11%	2,240,262	0.11%	0	0	0	0	Ph.D, University of Illinois	Chairman of Tecom Co., Ltd. & Shanghai TECO Electric & Machinery Co.,Ltd			
		Representative : Chao-Kai, Liu	2015.6.11	3	2000.4.21	300,000	0.02%	300,000	0.01%	122,018	0.01%	0	0					
Managing Director	ROC	Cheng-Tsung, Huang	2015.6.11	3	1991.5.8	15,279,849	0.76%	15,279,849	0.76%	2,110,934	0.11%	0	0	Fu Jen Catholic University	Chairman of Sen Yeh Construction Co., Ltd. Independent Director of Aurotek Corporation			
Managing Director	ROC	Creative Sensor Inc.	2015.6.11	3	2009.6.19	10,000,000	0.54%	10,000,000	0.50%	0	0	0	0	Master, Columbia University	Chairman of Creative Sensor Inc. , TECO Image Systems Co., Ltd. & Lien Chang Electronic Co., Ltd.	Director	Mao- Hsiung, Huang	Father & Son
	Japan	Representative: Yu-Ren, Huang	2015.6.11	3	2012.6.15	234,623	0.01%	234,623	0.01%	0	0	0	0					
Managing & Independent Director	ROC	Chien-Yuan, Lin	2015.6.11	2	2015.6.11	0	0	0	0	8,000	0%	0	0	Ph.D, University of Washington	Supervisor of Advanced Lithium Electrochemistry & Proffesor& Dean of Chinese Culture University			
Independent Director	ROC	Jing-Shown, Wu	2015.6.11	3	2013.6.21	0	0	0	0	0	0.	0	0	Ph.D, Cornell University	Honor of Distinguished Professor, National Taiwan University			
Independent Director	ROC	Ting-Wong, Cheng	2016.6.16	2	2016.6.16	0	0	0	0	0	0	0	0	Ph.D & Master, University of Missouri	Managing Director & Independent Director, Asia Pacific Telecom Independent Director, SuperAlloy International			
Director	ROC	Mao-Hsiung, Huang	2015.6.11	3	1972.5.12	18,486,633	0.92%	18,486,633	0.92%	5,839,071	0.29%	0	0	Master, University of Pennsylvania	Chairman of Independent Century Development Corporation, Teco Elektrik Turkey AS., Australia Pte Limited,	Managi ng Director	Yu-Ren, Huang	Father & Son

Title	Nationality/ Companies Registry	Name	Date Elected	Term (Years)	Date First Elected (Note)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director	ROC	Po-Chih, Huang	2015.6.11	3	1988.3.28	21,614,831	1.08%	11,614,831	0.58%	150,988	0.01%	10,079,600	0.5	Master, University of Tokyo	Supervisor of Tecom Co., Ltd.,			
Director	ROC	Hsien- Sheng , Kuo	2015.6.11	3	1982.3.27	9,126,238	0.46%	9,126,238	0.46%	1,573,020	0.08%	0	0	Tamkang University	Chairman of Nantou Bus Lines Co., Ltd.			
Director	Japan	Yaskawa Electric Corporation.	2015.6.11	3	2006.6.15	29,541,089	1.48%	29,541,089	1.48%	0	0	0	0	Keio University	Corporate Senior Vice President of YASKAWA Electric Corporation Director of Yatec Engineering Corp.	-	-	-
	Japan	Representative : Hiroyuki Ougi	2015.6.11	3	2013.6.18	0	0	0	0	0	0	0	0					
Director	ROC	Kuang Yuan Industrial Co., Ltd.	2015.6.11	3	2009.6.19	22,033,919	1.10%	22,033,919	1.10%	0	0	0	0	Ph.D.,Northwest n University, US	Chairman of Global Strategic Venture Independent Director of Topkey Corporation, WUS Printed Circuit	-	-	-
	ROC	Representative: Shih- Chien, Yang	2012.6.11	3	2009.6.19	0	0	0	0	0	0	0	0					
Director	ROC	Tung Kuang Investment Co., Ltd.	2015.6.11	3	2000.4.21	30,341,364	1.52%	30,341,364	1.52%	0	0	0	0	Master, University of Houston	Chairman of TECO (Vietnam) Electric & Machinery Co.,Ltd., Wuxi TECO Precision Mechatronics Co., Ltd	-	-	-
	ROC	Representative : Hong-Hsiang, Lin	2015.6.11	3	2012.6.15	2,161,893	0.11%	2,116,893	0.11%	0	800,000	0.04%	0					
Director	ROC	Lien Chang Electronic Co., Ltd.	2015.6.11	3	2009.6.19	4,173,000	0.21%	4,173,000	0.21%	0	0	0	0	Master, National Taiwan University	Independent Director of Fareast Land Development Director of Yubantec Consultant of Chinese National Association of Industry and Commerce, Taiwan	-	-	-
	ROC	Representative: Ming-Feng, Yeh	2015.6.11	3	2015.6.11	0	0	0	0	0	0	0	0					
Director	ROC	Mao Yang Co., Ltd.	2015.6.11	3	1994.4.28	5,000,893	0.25%	10,000,000	0.50%	0	0	0	0	Mingshin University of Science & Technology	Chairman of Hong Tong Co., Ltd.	-	-	-
	ROC	Representative: Yung-Hsiang, Chang	2015.6.11	3	2006.9.6	0	0	0	0	0	0	0	0					

Data for Directors

Name	Criteria	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria(Note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company		1	2	3	4	5	6	7	8	9	10	
Tung Kuang Investment Co., Ltd. Representative : Chwen-Jy, Chiu			V				V	V	V	V	V	V	V		0
Tong Ho Gloabl Investment Co., Ltd Representative : Chao-Kai, Liu			V		V		V	V	V	V	V	V	V		0
Cheng-Tsung, Huang			V		V		V	V	V	V	V	V	V		1
Creative Sensor Inc. Representative: Yu-Ren, Huang			V				V		V		V		V		0
Chien-Yuan, Lin	V		V		V	V	V	V	V	V	V	V	V		2
Jing-Shown, Wu	V		V		V	V	V	V	V	V	V	V	V		0
Ting-Wong, Cheng	V		V	V	V	V	V	V	V	V	V	V	V		2
Mao-Hsiung, Huang			V		V			V	V	V		V	V		0
Po-Chih, Huang			V		V			V	V	V	V	V	V		0
Hsien- Sheng, Kuo			V		V	V	V	V	V	V	V	V	V		0
Yaskawa Electric Corporation. Representative : Hiroyuki Ougi			V		V		V	V	V	V	V	V	V		0
Kuang Yuan Industrial Co., Ltd. Representative: Shih- Chien, Yang			V		V		V	V	V	V	V	V	V		2
Tung Kuang Investment Co., Ltd. Representative: Hong-Hsiang, Lin			V				V	V	V	V	V	V	V		0
Lien Chang Electronic Co., Ltd. Representative: Ming-Feng, Yeh			V	V	V		V	V	V	V	V	V	V		1
Mao Yang Co., Ltd. Representative: Yung-Hsiang, Chang			V		V	V	V	V	V	V	V	V	V		0

Note: Please tick the corresponding boxes if directors or supervisors have been any of the following during the two years prior to being elected or during the term of office.

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of the Company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the fifth degree of kinship, of any of the persons in the preceding three subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings.
6. Not a director, supervisor, officer, or shareholder holding 5% or more of the share, of a specified company or institution that has a financial or business relationship with the Company.
7. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof.
8. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
9. Not been a person of any conditions defined in Article 30 of the Company Law.
10. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

3.2.2 Management Team

April 20, 2018

Title	Nationality	Name	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
President (Note 1)	ROC	Chwen-Jy, Chiu	2005.6.1	1,741,964	0.09%	16,987	0.001%	0	-	Master, University of Michigan, Ann-Arbor	Chairman of Motovario S.p.A	-	-	-
Vice President	ROC	George Lien	2001.8.1	783,130	0.04%	0	-	0	-	Master, Stevens Institute of Technology	Chairman of Teco Electric & Machinery Pte Ltd	-	-	-
Assistant Vice President	ROC	Hong-Hsiang, Lin	1998.8.21	2,161,893	0.11%	800,000	0.04%	0	-	Master, University of Houston	Chairman of Wuxi TECO Precision Mechatronics Co., Ltd	-	-	-
Assistant Vice President	ROC	Steven Chiang	2011.12.25	0	-	0	-	0	-	Ph.D, University of Florida	Chairman of TAIAN-JAYA Electric Sdn. Bhd.	-	-	-
Assistant Vice President	ROC	Pin Chang	2015.8.12	20,376	0.00%	0	-	0	-	National Tsing Hua University	Chairman of Hubbell-Taian Co.,Ltd	-	-	-
Assistant Vice President	ROC	K.R. Chen	2016.8.12	37,558	0.00%	955	0.00%	0		Chung Yuan Christian University	Director of Tianjin TECO Technology Co.,Ltd			
Assistant Vice President	ROC	S.C. Lin	2017.1.1	1,193,245	0.06%	40,434	0.00%	0		National Taiwan University	Chairman of Teco Electro Devices Co., Ltd.			
Assistant Vice President	ROC	Kevin Yeh	2017.1.1	0	-	0	-	0		Boston University	Director of TECO Electric Europe LTD			
Assistant Vice President	ROC	Albert Peng	2017.1.1	0	-	0	-	0		Master, University of Pittsburgh	Director of A-Ok Technical Co., Ltd.			
Assistant Vice President	ROC	Fei-Yuan, Kao	2017.1.1	30,589	0.00%	305	0.00%	0		Master, National Central University	Director & President of Wuxi Teco Precision Mechatronics Co., Ltd			

Note 1: To implement the spirit of cooperate governance, chairman will no longer hold the office of President of TECO. Vice Presiednt, George Lien serves as acting President.

3.2.3 Remuneration of Directors, President and Vice President

Remuneration of Directors (Including Independent Directors)

December 31, 2017 / Unit: NT\$ thousands

Code	Title	Name	Remuneration								Relevant remuneration received by directors who are also employees						Ratio of total compensation (A+B+C+D+E+F+G) to net income(%)	Compensation paid to directors from an invested company other than the company's subsidiary									
			Base Compensation(A)		Severance Pay(B)		Bonus to Directors(C)		Allowances(D)		Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Profit Sharing- Employee Bonus (G)												
			The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements			The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements					
1	Chairman	Tung Kuang Investment Co., Ltd. Representative : Chwen-Jy, Chiu																									
2	Managing Director	Tong Ho Global Investment Co., Ltd Representative : Chao-Kai, Liu																									
3	Managing Director	Cheng-Tsung, Huang																									
4	Managing Director	Creative Sensor Inc. Representative: Yu-REN, Huang																									
5	Managing & Independent Director	Chien-Yuan, Lin																									
6	Independent Director	Jing-Shown, Wu																									
7	Independent Director	Ting-Wong, Cheng																									
8	Director	Miao-Hsiung, Huang																									
9	Director	Po-Chih, Huang																									
10	Director	Hsien- Sheng, Kuo																									
11	Director	Yaskawa Electric Corporation. Representative : Hiroyuki Ougi																									
12	Director	Kuang Yuan Industrial Co., Ltd. Representative: Shih- Chien, Yang																									
13	Director	TongKuang Investment Co.Ltd Representative: Hong-Hsiang, Lin																									
14	Director	Lien Chang Electronic Co., Ltd. Representative: Ming-Feng, Yeh																									
15	Director	Mao Yang Co., Ltd. Representative: Yung-Hsiang, Chang																									

Bracket	Name of Directors(Note 1)			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements (I)	The company	Companies in the consolidated financial statements (J)
Under NT\$ 2,000,000	5,6,7	5,6,7		
NT\$2,000,000 ~ Under NT\$5,000,000			5,6,7	5,6,7
NT\$5,000,000 ~ Under NT\$10,000,000	8,9, 10,11,12,13,14,15	8,9, 10,11,12,13,14,15	9,10,11,12,13,14,15	9,10,11,12,13,14,15
NT\$10,000,000 ~ Under NT\$15,000,000	1,2,3,4	1,2,3,4	1,2,3,4,8	1,2,3,4,8
NT\$15,000,000 ~ Under NT\$30,000,000				
NT\$30,000,000 ~ Under NT\$50,000,000				
NT\$50,000,000 ~ Under NT\$100,000,000				
Over NT\$100,000,000				
Number of Directors	15	15	15	15

Note 1: Shown by code of Directors in the previous table

Compensation of President and Vice President

December 31, 2017 / Unit: NT\$ thousands

Code	Title	Name	Salary (A)		Severance Pay (B)		Bonuses and Allowances (C)		Profit Sharing- Employee Bonus (D)				Ratio of total compensation (A+B+C+D) to net income(%)	Ratio of total compensation (A+B+C+D) to net income(%)	Compensation paid to the president and vice president from an invested company other than the company's subsidiary
			The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements				
									Cash	Stock	Cash	Stock			
1	President	Chwen-Jy, Chiu	Total 26,524	Total 26,524	Total 1,759	Total 1,759	Total 30,150	Total 31,607	Total 16,376	-	Total 22,462	-	2.62%	2.66%	Yes
2	Vice President	George Lien													
3	Executive Consultant	Hong-Hsiang, Lin													
4	Assistant Vice President	S.C Lin													
5	Assistant Vice President	Steven Chiang													
6	Assistant Vice President	Pin Chang													
7	Assistant Vice President	K.R Chen													
8	Assistant Vice President	Albert Peng													
9	Assistant Vice President	Fei-Yuan, Kao													
10	Assistant Vice President	Kevin Yeh													

Bracket	Name of President and Vice President (Note 1)	
	The company	Companies in the consolidated financial statements
Under NT\$ 2,000,000		
NT\$2,000,000 ~ under NT\$5,000,000	8	8
NT\$5,000,000 ~ under NT\$10,000,000	2、3、4、5、6、7、9、10	2、3、4、5、6、7、9、10
NT\$10,000,000 ~ under NT\$15,000,000		
NT\$15,000,000 ~ under NT\$30,000,000	1	1
NT\$30,000,000 ~ under NT\$50,000,000		
NT\$50,000,000 ~ under NT\$100,000,000		
Over NT\$100,000,000		
Number of Executives	10	10

Note 1: Shown by code of Executives in the previous table

Employee Bonus to Executive Officers

2017.12.31/ Unit: NT\$ thousand

	Title	Name	Employee Bonus - in Stock (Fair Market Value)	Employee Bonus - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	President	Chwen-Jy, Chiu	-	Total 22,462	Total 22,462	0.73
	Vice President	George Lien				
	Executive Consultant	Hong-Hsiang, Lin				
	Assistant Vice President	S.C Lin				
	Assistant Vice President	Steven Chiang				
	Assistant Vice President	Pin Chang				
	Assistant Vice President	K.R Chen				
	Assistant Vice President	Albert Peng				

3.2.4 Comparison of Remuneration for Directors, Presidents and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, Presidents and Vice Presidents

Unit: NT\$ thousand

Year	Total remuneration paid to directors, presidents and vice presidents	Ratio of total remuneration paid to directors, presidents and vice presidents to net income (%)
2017	204,026	6.66
2016	193,236	5.55

The company's compensations are set according to levels offered by peers for the same positions, responsibilities of the positions, and their contribution to the company in achieving its business goal. The determination of compensations is based on the company's guidelines for performance and compensations, which take into account the company's overall business performance, achievement of an employee's personal performance goal, and his/her contribution to the corporate performance, in order to reach reasonable levels of compensation. Year-end bonus is paid out according to a fixed share of net profits, which can only be changed by a resolution of the board of directors.

3.3 Implementation of Corporate Governance

3.3.1 Board of Directors

A total of 6 meetings of the board of directors were held in 2017, director attendance was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance rate (%)	Remarks
Chairman	Tung Kuang Investment Co., Ltd. Representative: Chwen-Jy, Chiu	6	0	100 %	
Managing Director	Tong Ho Gloabl Investment Co., Ltd Representative : Chao-Kai, Liu	6	0	100%	
Managing Director	Cheng-Tsung, Huang	3	3	50%	
Managing Director	Creative Sensor Co., Ltd. Representative: Yu-Ren Huang	5	1	83%	
Managing & Independent Director	Chien-Yuan, Lin	6	0	100%	
Independent Director	Jing-Shown, Wu	6	0	100%	
Independent Director	Ting-Wong, Cheng	6	0	100%	
Director	Mao-Hsiung, Huang	6	0	100%	
Director	Po-Chih, Huang	5	1	83%	
Director	Hsien- Sheng, Kuo	4	2	67%	
Director	Yaskawa Electric Corporation. Representative : Hiroyuki Ougi	4	2	67%	
Director	Kuang Yuan Industrial Co., Ltd. Representative: Shih- Chien, Yang	5	1	83%	
Director	Tung Kuang Investment Co., Ltd. Representative: Hong-Hsiang, Lin	6	0	100%	
Director	Lien Chang Electronic Co., Ltd. Representative : Ming-Feng, Yeh	6	0	100%	
Director	Mao Yang Co., Ltd. Representative: Yung-Hsiang, Chang	6	0	100%	

Other mentionable items:

1.If there is the following situation referred to the operation of Board of Director, the date of Board meeting, period, contents of the case, opinion of all Independent Director, and company's respond toward Independent Director should be narrated.

(1) Article 14-3 of Securities and Exchange Act: Please refer to the page about Audit Committee

(2) The resolution about the objection or reservations of Independent Director which was record or written proclamation: None

2.The implementation of Directors' avoidance of motions in conflict of interest:

i. 24-15 Board Meeting: 2017.3.24

Director's Name: Yu-Ren Huang (Managing Director), Po-Chih Huang (Director), Ming-Feng, Yeh (Director)

Contents of the case: Donation to "TECO Technology Foundation" for various events in 2016.

Reason for avoidance of conflict of interest and the status of voting: Since the aforementioned managing director also serves as director, they left the meeting and abstained from taking part in the voting. Other directors passed the case without objection.

Director's name: Chwen-Jy, Chiu (Chairman), Chao-Kai, Liu (Managing Director), Hong-Hsiang, Lin (Director)

Contents of the case: Plan to supply affiliates and oversea subsidiaries with endorsement guarantee

Reason for avoidance of conflict of interest and participation in voting: Chwen-Jy Chiu is the director of An-Tai International Investment Co., Ltd., GD TECO Taiwan Co., Ltd., TECO Electric Europe Limited, TECO International Investment Co., Ltd., chairman of Sankyo Co, Ltd., supervisor of TG TECO Vacuum Insulated Glass Corporation,

chairman of Asia Innovative Technology (Xiamen) Co., Ltd., Director of Qingdao TECO Precision Mechatronics Co., Ltd., chairman of Motovario S.p.A., abstained from the discussion and voting for the case based upon interest conflict, and presided over by independent director, Ting-Wong, Cheng. Chao-Kai, Liu is the director of TECO International Investment Co., Ltd., Asia Innovative Technology (Xiamen) Co., Ltd., Qingdao TECO Precision Mechatronics Co., Ltd., Motovario S.p.A, abstained from the discussion and voting for the case based upon interest conflict. Yu-Ren, Huang is director of Sankyo Co, Ltd., Mao-Hsiung, Huang is chairman of An-Tai International Investment Co., Ltd., TECO International Investment Co., Ltd., president of Sankyo Co, Ltd., director of TG TECO Vacuum Insulated Glass Corporation, director of Asia Innovative Technology (Xiamen) Co., Ltd. Ming-Feng, Yeh is director of TECO International Investment Co., Ltd. Hong-Hsiang, Lin is director of TECO Electric Europe Limited, Motovario S.p.A, abstained from the discussion and voting for the case based upon interest conflict

Resolution: The case was approved by a meeting of the board of directors, presided over by independent director, Ting-Wong, Cheng, who consulted other attending directors, none whom objected the case.

Director's name: Chwen-Jy, Chiu (Chairman), Chao-Kai, Liu (Managing Director), Cheng-Tsung, Huang (Managing Director), Mao-Hsiung, Huang (Director), Hong-Hsiang, Lin (Director)

Contents of the case: Provision of loans among the company and affiliates

Reason for avoidance of conflict of interest and participation in voting: Chwen-Jy Chiu is the director of TECO Westinghouse Motor Company, chairman of Motovario S.p.A, chairman of Asia Innovative Technology (Xiamen) Co., Ltd., director of UVG Investment Co.Ltd., director of TNL, director of Qingdao TECO Precision Mechatronics Co., Ltd., director of Tong-An Assets Management & Development Co., Ltd., abstained from the discussion and voting for the case based upon interest conflict, and presided over by independent director, Ting-Wong, Cheng. Chao-Kai, Liu is the managing director of TECO Westinghouse Motor Company, director of Motovario S.p.A, chairman of Tai-An Technology (Wuxi) Co., Ltd., director of Asia Innovative Technology (Xiamen) Co., Ltd., chairman of UVG Investment Co.,Ltd., director of TNL, director of Qingdao TECO Precision Mechatronics Co., Ltd. Cheng-Tsung, Huang is the managing director of Tong-An Assets Management & Development Co., Ltd. Mao-Hsiung, Huang is the director of TECO Westinghouse Motor Company, director of Asia Innovative Technology (Xiamen) Co., Ltd., director of Tong-An Assets Management & Development Co., Ltd, abstained from the discussion and voting for the case based upon interest conflict.

Resolution: The case was approved by a meeting of the board of directors, presided over by independent director, Ting-Wong, Cheng, who consulted other attending directors, none whom objected the case.

Director's name: Mao-Hsiung, Huang (Director), Ting-Wong, Cheng (Independent Director)

Contents of the case: Plan to divest long term shareholding of the company

Reason for avoidance of conflict of interest and participation in voting: Mao-Hsiung, Huang is the director of momo.com Inc. Ting-Wong Cheng is independent director of Asia Pacific Telecom. The above directors were abstained from the discussion and voting for the case based upon interest conflict.

Resolution: The case was approved by a meeting of the board of directors, presided by chairman, who consulted other attending directors, none whom objected the case.

ii. 24-17 Board Meeting: 2017.6.16

Director's Name: Chwen-Jy, Chiu (Chairman), Mao-Hsiung, Huang (Director)

Contents of the case: Discussion of Capital increase to repay loans for TG TECO Vacuum Insulated Glass Corporation with Endorsement guarantee.

Reason for avoidance of conflict of interest and participation in voting: Chwen-Jy, Chiu is the supervisor of TG TECO Vacuum Insulated Glass Corporation, abstained from the discussion and voting for the case based upon interest conflict, and presided over by independent director, Ting-Wong, Cheng. Mao-Hsiung, Huang is the director of TG TECO Vacuum Insulated Glass Corporation, abstained from the discussion and voting for the case based upon interest conflict.

Resolution: The case was approved by a meeting of the board of directors, presided by chairman, who consulted other

attending directors, none whom objected the case.

iii. 24-18 Board Meeting: 2017.8.11

Director's Name: Hong-Hsiang, Lin (Director)

Contents of the case:

Reason for avoidance of conflict of interest and the status of voting: Hong-Hsiang, Lin is the chairman of TEKV (Teco (Vietnam) Electric & Machinery Co., Ltd.), and abstained from the discussion and voting for the case based upon interest conflict.

Resolution: The case was approved by a meeting of the board of directors, presided by chairman, who consulted other attending directors, none whom objected the case.

3. Measures taken to strengthen the functionality of the Board:

(1) The composition of board members is full of diversification

- i. In line with the global trend for corporate governance and the development of issues cared by the local society, the company's board of directors resolved to formulate the company's "practical guidelines for corporate governance" on March 25, 2008. According the guidelines, the company set the policy diversifying the makeup of the board of directors. 2014 shareholders' meeting passed revised " Articles of Incorporation " and " Rules Governing Election of Directors," calling for the adoption of nomination system for the candidates for the election of directors (including independent directors) and strengthening of information transparency for screening the nomination for directors, so as to safeguard the interests of shareholders and strengthen corporate-governance system.
- ii. In response to the expiration of a term and re-election of board of director in 2018, TECO did the preliminary review for the qualification and experience of candidates nominated by shareholders and board of director based upon Article 30 in Company Act. The resolution of board of director approved "Review of candidates' qualification for directors and independent directors". The company announced the result for shareholders' reference, and the competent directors will be elected in annual general meeting on June 15, 2018.

(2) Enhance the authority of Functional Committee and Independent Director

- i. Audit Committee and Remuneration Committee were established under board of directors in 2012 and 2011 respectively to assist Board of Director in supervision. Audit Committee is composed of 3 independence directors. Remuneration Committee is composed of independent directors and related experts assigned by board of director, totally 3 people. The articles of committees are approved by board of director and committees regularly report to Board of Director about their activities and resolutions.
- ii. Based on the decree of the Financial Supervisory Commission (FSC No. 1060027112, July 28, 2017), the board of directors passed the fifth edition of the company's "practical guidelines for corporate governance" on Nov. 13, 2017, with major revisions including (1) addition of "evaluation of the effectiveness of internal control system" to the responsibilities of the audit committee with the result to be submitted to the board of directors for discussion; (2) attendance of the board of directors by at least one independent director in person or authorization for attendance by other independent director on his/her behalf; (3) explanation of reasons at shareholders' meeting for nominating candidates for independent directors who have been on the position for three terms.
- iii. Based on the decree of Taiwan Stock Exchange (TSE No. 1060018313, Sept. 27, 2017), the board of directors passed on Nov. 13, 2017 revised "regulations on the organization of the audit committee, with major revisions including (1) when the audit committee is engaged in discussion or voting, other attendees should leave the venue; (2) independent directors should explain the contents of related interests, should they occur, and abstain from discussion and voting or representing other independent directors in voting, if their interests are at odds with the company's interest; (3) minutes should record in detail the names of independent directors with related interests, explanation of the contents of related interests, reason for abstention or no abstention, and the status of abstention; (4) entire process of audit committee should be recorded either in audio or video form as reference of proof.

(3) Enhance information transparency

- i. In line with policy of the Financial Supervisory Commission mandating certain enterprises to compile corporate social responsibility report and the requirement of the criteria for the second corporate-governance evaluation, the board of directors resolved to formulate the company's "Corporate Social Responsibilities Best Practice Principles" on March 20, 2015, in reference to the revised exemplary " Corporate Social Responsibilities Best Practice

Principles" publicized by Taiwan Stock Exchange on November 7, 2014. The board of directors resolved on Dec. 23, 2016 to revise the company's "practical guidelines for corporate social responsibility," in line with the instruction of Taiwan Stock Exchange (letter No. 1050014103, July 28, 2016) and in reference to revision of 2015 edition of principles on corporate governance, passed by OECD meeting in Ankara, Turkey, in Sept. 2015.

- ii. The board of directors resolved on Dec. 23, 2016 to formulate the company's "operational procedure for applying to suspend and resume stock trading," in line with revised "handling procedure for verification and publication of major messages of listed companies" (Taiwan Stock Exchange letter No. 1041803064, July 13, 2015), on top of revising the company's "internal control system" accordingly. The board of directors resolved on Dec. 23, 2016 to revise the company's "operational procedure for applying to suspend and resume stock trading," in line with the instruction of Taiwan Stock Exchange (letter No. 1050016280, Aug. 19, 2016 and letter No. 1050004677, March 25, 2016). The revision calls for the company to post major messages "two hours before the starting of next trading session" and adjustment of the time for applying to suspend stock trading.
- iii. The board of directors resolved on Aug. 14, 2014 to formulate "guidelines for integrity-oriented management," in order to build a corporate culture based on integrity-oriented management and strengthen corporate governance, according to corporate-governance norms and the instruction of Taiwan Stock Exchange (letter No. 0990026534). The board of directors resolved on Dec. 23, 2016 to revise the "guidelines for integrity-oriented management," calling for formulation of the company's policy, as well as precautionary program, in pushing integrity-oriented management and designation of specialized unit for supervision and execution, on top of formulating "measures for handling reports on illegal, unethical, and dishonest behaviors." The move was in line with the effort of the Financial Supervisory Commission in pushing blueprint of corporate governance, which called for the establishment of a specialized unit, overseen by the board of directors directly, to formulate integrity-oriented management policy and precautionary program, in addition to the supervision of execution, as shown in the notification of Taiwan Stock Exchange (letter No. 1030022825, Nov. 7, 2014).
- iv. According to the norms for corporate governance, the board of directors approved on Dec. 22, 2014 the company's "measures for the selection and evaluation of certified public accounts," according to which review of the independence and performance of CPAs must be carried out regularly, in order to strengthen corporate governance.

(4) Directors' obligation and duty for faithful attention

- i. In order to materialize corporate governance, set specific performance goal for enhancing the functions and operating efficiency of the board of directors. In line with article 37 of the "practical guidelines for corporate governance of listed companies on the centralized and OTC markets," the board of directors resolved on Nov. 13, 2015 to formulate the company's "measures for evaluating the performance of the board of directors." Accordingly, at the end of a fiscal year, the secretariat of the board of directors would collect information on the activities of the board of directors, issue questionnaires for self evaluation to be filled by directors, and record the results for submission to the board of directors for review and improvement.
- ii. To ensure compliance of the behaviors of directors and managerial staffers with ethical standards, strengthen corporate governance, and abide with the stipulation of the "Personal Information Protection Act" calling for legal compliance in the publication of personal information, as well as the regulation of the "Securities and Exchange Act" regarding the independence of directors and supervisors, in reference to the exemplary contents of the revised "formulation of guidelines for ethical behaviors by listed companies on the centralized and the OTC markets," publicized by the Taiwan Stock Exchange on Jan. 28, 2015, the board of directors resolved on March 20, 2015 to revise the company's "guidelines for the ethical behaviors of directors and managerial staffers."
- iii. Every year, the company arranges courses for study by directors regulators, helping them access related information, so as to uphold their core value and professional edge and capability. In fiscal 2016, all directors (including independent directors) completed sufficient hours of study, according to "key points for pushing study by directors and supervisors of companies listed on the centralized and the OTC markets."
- iv. According to article 39 of the "practical guidelines for corporate governance," take out liabilities insurance for directors covering their obligation for compensations associated with the execution of their duties during their term, so as to lower and diversify risk of major loss for the company and shareholders arising from mistakes or negligence of directors. Major contents of the liabilities insurance for directors, including insured amount, coverage, and premium, were reported to the board of directors on March 26, 2018.

3.3.2 Audit Committee

The Company set up “Audit Committee” on June 15, 2012 to replace the original supervisor system. The committee consists of independent directors (three seats), who select one among them as the convener and chairman of its meeting, and functions according to the company’s “organizational charter of audit committee,” with the scope of its auditing covering the company’s financial statement, the company’s auditing and accounting policy and procedure, the company’s internal-control system, major transactions in assets or derivatives, raising or issuance of securities, appointment and dismissal of, along with compensations for, certified public accountant(s), and appointment and dismissal of financial, accounting, and internal-auditing managers.

A total of 8 meetings of the Audit Committee were held in 2017, and the Audit Committee attendance was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance rate (%)	Remarks
Convener & Chairman	Ting-Wong, Cheng	8	0	100%	
Member	Jing-Shown, Wu	8	0	100 %	
Member	Chien-Yuan, Lin	8	0	100%	
Other mentionable items:					
1. If there is the following situation referred to the operation of Audit Committee, the date of Audit Committee meeting, period, contents of the case, opinion of all members, and company’s respond toward Audit Committee members should be narrated					
i. Items specified in article 14-5 of Securities and Exchange Act: Please see the following charts					
ii. Other items resolved by the audit committee member with support of two thirds of directors but without approval of the auditing committee.: None					
Board Meeting	Contents of the case and follow-up	Article 14-5 of Securities and Exchange Act	Other items resolved by the audit committee member with support of two thirds of directors but without approval of the auditing committee		
24-15 Board Meeting 2016.3.24	Discussion about business report, individual financial statements and consolidated financial statements	v			
	Discussion about disposition of net income	v			
	Discussion about CPA’s independence and performance	v			
	Discussion about remuneration of CPA	v			
	Internal audit report and self assesment of internal control	v			
	Case of 2017 Due Date Quota of Financial Institution	v			
	Plan to keep supplying subsidiaries and overseas affiliates with endorsement guarantee	v			
	Lending of capital of the company and affiliates	v			
	Plan to terminate of GDR	v			
	Plan to divest long term equity investment	v			
Plan to amend Acquisition or Disposal of Assets	v				
The Resolution of Audit Committee (2017.3.17): Passed by all members					
How the company handle opinion of Audit Committee: Passed by all attendee directors					

24-17 Board Meeting 2017.6.17	Discussion of joint venture with Mahindra from India	v	
	Plan to take part in capital increased by cash and repayment of TG TECO Vacuum Insulated Glass Corporation	v	
	Plan to issue 1 st unsecured corporate bond in 2017	v	
	The Resolution of Audit Committee (2017.6.13): Passed by all members		
	How the company handle opinion of Audit Committee: Discussion of joint venture with Mahindra from India Joint venture attached conditions 1. Both sides hold 50% shareholdings, or invite third party to join; 2. Joint venture should be overseas, and apply to foreign law. The others are passed by all attendee directors		
24-18 Board Meeting 2017.8.11	Discussion about the financial statements of second quarter	v	
	Divest the shareholding of Nano Bit Tech	v	
	Discussion about construction in Binh Dong Province Vietnam and TECO Technology (Vietnam) Co., Ltd.	v	
	Plan to increase the unsecured credit limit with financial institutions		
	Plan to adjust credit line between financial institution	v	
	The Resolution of Audit Committee (2017.6.28, 2017.8.7): Passed by all members		
How the company handle opinion of Audit Committee: Passed by all attendee directors			
24-19 Boarding Meeting 2017.11.13	Plan to found a green energy joint venture with Shin Kong Group	v	
	Plan to amend Corporate Governance Best Practice Principles	v	
	Discussion about endorsements and guarantees and approval for joint bidding with Chunghwa Post Co.,Ltd	v	
	The Resolution of Audit Committee (2017.11.7, 2017.11.13): Passed by all members		
How the company handle opinion of Audit Committee: Passed by all attendee directors			
24-20 Boarding Meeting 2017.12.22	Discussion about CPA's independence and performance	v	
	Discussion about remuneration of CPA	v	
	Internal audit report and self assesment of internal control		
	The Resolution of Audit Committee (2017.12.15): Passed by all members		
How the company handle opinion of Audit Committee: Passed by all attendee directors			
<p>2. The avoidance of Independent Director due to interest conflict 24-15 Board Meeting: 2017.3.24 Director's Name: Ting-Wong Cheng (Independent Director) Contents of the case: Plan to divest long term shareholding of the company Reason for avoidance of conflict of interest and participation in voting: Mao-Hsiung, Huang is the director of momo.com Inc. Ting-Wong Cheng is independent director of Asia Pacific Telecom. The above directors were abstained from the</p>			

discussion and voting for the case based upon interest conflict.
 Resolution: The case was approved by a meeting of the board of directors, presided by chairman, who consulted other attending directors, none whom objected the case.

3. The communication between independent director, internal audit chief and CPA

(1) Communications method of independent directors with internal auditing chief and certified public accountants: The company has put in place direct contact channel for independent directors to communicate with internal auditing chief and certified public accounts. In line with the regulation of the regulator, the company audits its finance and business status regularly and communicates directly with administrative unit and governing unit.

i. The company's internal auditing chief delivers internal auditing report at the quarterly meeting of the auditing committee, covering status of the execution of auditing operation and improvement and tracking, as well as effect, of the audited defects. In addition to delivery of written auditing report to independent directors monthly, internal auditing chief also makes specific business reports on the suggestion of any independent director.

ii. After completing the auditing of the semiannual and annual financial statements, the company's contracted certified public account reports the result of the auditing or checking of the financial statements of the company and its subsidiaries, both domestic and overseas ones, at the auditing committee, as well as other legally required communications items.

(2) Independent Director and internal audit chief have good communication, and independent directors have no suggestions. Communication issues are showed as follows.

Audit Committee	Issue
2-15 2017.3.17	Report for 2016 Internal Audit 2016 Internal Audit Self Evaluation (Announcement of Internal Control)
2-16 2017.5.5	Report for 2017 1Q Internal Audit
2-19 2017.8.7	Report for 2017 2Q Internal Audit
2-22 2016.12.15	Report for 2017 3Q Internal Audit Audit Project for 2018

(3) Independent Director and CPA have good communication, and independent directors have no suggestions. Summary of communication issues are showed as follows.

Audit Committee	Issue
2-15 2017.3.17	Report for 2016 consolidate and individual financial statements and audit result of internal control The effect resulted from updated IFRS, regulations and tax law
2-19 2017.8.7	Report for 2017 1H consolidate financial statement and suggestion toward internal control The effect resulted from important accounting estimate and updated tax law

3.3.3 Corporate Governance Execution Status and Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”

Items	Implementation status			Discrepancy with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies “ and reasons
	Yes	No	Summaried Explanation	
A. Whether the company has formulated and publicized “Corporate Governance Best Practice Principles”, according to “Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies”	V		The company’s 21th board of directors already approved the company’s “Corporate Governance Best Practice Principles” at its 13th meeting (March 25, 2008) and also made four amendments by Boeard of directos from 2013 to 2016, which has been posted on the Market Observation Post System and the company’s website.	Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies “
B. The company’s shareholding structure and shareholders’ equity a. Whether the company has formulated and implemented internal procedure for handling suggestions,	V		a. The company has installed stock-affairs unit, which handles shareholders’ suggestions or disputes, among others.	a. Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM

Items	Implementation status			Discrepancy with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies “ and reasons Listed Companies”.
	Yes	No	Summaried Explanation	
<p>questions, disputes, and litigation of shareholders.</p> <p>b. Whether the company has got hold of the list of major shareholders and their ultimate controllers.</p> <p>c. Whether the company has established and implemented risk-management and firewall mechanism pertaining to affiliates.</p> <p>d. Whether the company has formulated internal norms forbidding the company’s insiders to take advantage of unpublicized information in trading in securities.</p>			<p>b. The company has got hold of the list of major shareholders and their ultimate controllers, which is updated regularly.</p> <p>c. The company has distinct relationship of rights and obligations with affiliates, in terms of personnel, assets, and financial management, and regularly audits the accounting and internal control system of affiliates, on top of putting in place adequate risk-management mechanism and firewall.</p> <p>d. The company has formulated internal norms forbidding insiders to take advantage of unpublicized information in trading in securities.</p>	<p>b. Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”.</p> <p>c. Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”.</p> <p>d. Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”.</p>
<p>C. Composition and duties of the board of directors</p> <p>a. Whether the board of directors has formulated and achieved diversification for the composition of its membership.</p> <p>b. Whether the company has installed on its own various functional committees other than the compensations committee and the auditing committee.</p>			<p>a. In line with the policy of membership diversification for the board of directors, as stipulated in the "practical guidelines for corporate governance." Include but not restrict the following 2 standards:</p> <p>i. Basic condition: sex, age, nationality and culture</p> <p>ii. Professional knowledge and skill: professional background (such as law, accounting, industry, finance, marketing and technology), professional skill and industrial experience. There is one female director and two Japanese director sitting on the company's 24th board of directors, which has 15 seats (including three for independent directors), with a three-year term, which can be continued via reelection. Members of the board of directors are all outstanding figures in industry and academia, with abundant experience in corporate governance and industrial technologies, as well as expertise in money, finance, accounting, and law.</p> <p>b. The company already approved the institution of the “compensations committee” at the 13th meeting of the 22th board of directors (Aug. 22, 2011) and the “audit committee” at the first meeting of the 23th board of directors (June 15, 2012). To improve the quality of corporate governance, the company will increase the other function committee based upon the inspection and evaluation.</p>	<p>a. Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”</p> <p>b. Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”</p>

Items	Implementation status			Discrepancy with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies “ and reasons
	Yes	No	Summaried Explanation	
c. Whether the company has formulated measures and methods for the evaluation of the performance of the board of directors and carryout regular performance evaluation every year.	V		<p>c. According to its organizational charter, the company's salary and compensations committee convenes regularly to evaluate the performance of the board of directors every year. In order to materialize corporate governance and clearly delineate performance objective, for enhancing the function and operating efficiency of the board of directors, the board of directors resolved to formulate the company's "measures for evaluating the performance of the board of directors" on November 13, 2015, in line with the stipulation of article 37 of "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies" At the end of every year, the secretariat of the board of directors would collect information on the activities of the board of directors and issue questionnaires for self evaluation before recording the evaluation results and reporting them to the board of directors for review and improvement. 2015 Evaluation Report was submitted in BOD meeting on March 21 2016 and March 24 2017. All items are well performed and the company's BOD operated well in 2015 and 2016.</p> <p>In 2017, the company entrusted the Taiwan Institute of Ethical Business and Forensics in evaluating the performance of the board of directors (including functional committees under the jurisdiction of the board of directors, such as audit committee and compensation committee), via the methods of data review, questionnaire, and interviews. Evaluation dimensions include: participation in the meetings of the board of directors (attendance rate/activeness in participating in discussion), professional competence (continuing study), legal compliance (conformance to regulation in reporting share transfer/assistance for the company in legal compliance), communal participation (attendance rate for corporate events/assistance for the company in upholding the company's relationship with stakeholders). The evaluation report, which was submitted to the board of directors on March 26, 2018, points out that operation of the meetings of the board of directions and functional committees was smooth and communication channel among members was not blocked, and members identified with corporate culture and management concept in 2017. Suggestion for improvement: the management team can consider including report on the global market and industrial</p>	c. Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”

Items	Implementation status			Discrepancy with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies “ and reasons
	Yes	No	Summaried Explanation	
d. Whether the company has regularly evaluated the independence of certified public accountants.			<p>trend for the company's products at the meetings of the board of directors, so as to give directors an opportunity in accessing information on business management environment, in addition to reviewing and analyzing failures in the execution of resolutions, so as to improve the effectiveness of decision making.</p> <p>d. The 23rd board of directors also approved at its 19th meeting Dec. 22, 2014) the company’s “measures for the selection and evaluation of certified public accounts,” calling for regular review of the independence and adequacy of certified public accountants. The company's financial and accounting units evaluated CPAs Wu, Yu-Lung and Chou, Chien-Hung of PwC Taiwan according to the CPA evaluation scale and ascertained their conformance to the company's evaluation standards, in terms of independence and suitability, proving their qualification to become the company's contracted CPA, finding which was approved by the 24th board of directors at the fifth meeting (Mar. 24, 2017) and the 20th meeting (Dec. 22, 2017)</p>	d. Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”
D. Does the listed company assign a department for corporate governance or a staff in charge of related issues (include but not restrict providing directors and supervisors with information to conduct business, holding board meeting, AGM, registration and updated registration for the company, composing meeting minutes for board meeting and AGM based upon the regulation	V		<p>In line with article 3-1 of "practical guidelines for corporate governance," the company set up "corporate governance center" in July 2015, and provide directors data and information on latest legal development for the execution of their duties, to help them in legal compliance. The operation situation is showed as follow, and was reported to board of director.</p> <p>i. Arrangement of the meetings of the board of directors according to law/regulation: Notify all directors seven days in advance and provide related data, to facilitate their understanding of items on the agenda; remind directors avoiding interest of conflict, should the items be related to their interests or the interests of legal entities they represent; distribute minutes for the meeting within 20 days.</p> <p>ii. Arrangement of shareholders' meeting according to law/regulation: Register date for shareholders' meeting by legal deadline, produce and submit notice, manual, and minutes of the meeting by deadline, and change corporate registration after revision of corporate charter or election of directors and supervisors.</p> <p>iii. Based upon “Regulations Governing the Board Performance Evaluation,” board secretary collects the information related activities of the board, distributing the</p>	Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies “

Items	Implementation status			Discrepancy with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies “ and reasons
	Yes	No	Summaried Explanation	
			<p>questionnaire to collect self evaluation of the board of directors, turning in to the board to review and improve at the end of the year. And commission outside independent institutions or experts/scholars to carry out the evaluation at least once every three years.</p> <p>iv. Oversee the establishment of "administrative platform for corporate governance," in order to integrate and track various corporate-governance indicators and have a firm grip of the progress of corporate governance. Starting from the company's vision for corporate governance and based on the evaluation indicators of the "corporate governance evaluation," drafted by the Taiwan Stock Exchange, the platform reviews regularly, alongside various related units, various corporate-governance items, sets various corporate-governance goals, and tracks the execution, as well as results, of various corporate-governance items by units in charge, so as to sustain performance.</p> <p>v. Handle related issue about investor relations: investor relations team provides AGM information, material information announcement, financial statements, presentation material about finance and operation, information about domestic and overseas conferences.</p>	
E. Whether the company has established communications channel for stakeholders (include but not restrict shareholders, employees, customers and suppliers) and dedicated sector for stakeholders on its website, in addition to responding properly to key issues on corporate social responsibility concerned by stakeholders.	V		<p>The company has high regard for issues concerned by stakeholders and channels for communication with them, keeping smooth communications with shareholders, employees, customers, suppliers, local communities, NGOs, and government units, via regular or irregular publication of messages or direct communication with stakeholders, so as to respect and uphold their legal rights (note 3). There is a section on the company's website for identification of and communication with stakeholders, in addition to designation of staffers in responding to questions by stakeholders on key issues of corporate social responsibilities.</p> <p>http://tecocsr.teco.com.tw/page1.php?gid=11</p>	Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies “
F. Whether the company has entrusted professional stock-affairs agent to handle shareholder' meeting.	V		<p>The company has entrusted professional stock-affairs agent to handle shareholders' meeting.</p>	Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies“
G. Information publication a. Whether the company has installed website for publication of information on	V		<p>a. The company institutes website for disclosing the status of finance and corporate governance. The address of the corporate website:</p>	a. Compliance with “Corporate Governance Best-Practice Principles

Items	Implementation status			Discrepancy with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies “ and reasons
	Yes	No	Summaried Explanation	
<p>finance, business, and corporate governance.</p> <p>b. Whether the company has publicized information via other methods (such as installation of English-language website, designations of persons in charge of collection and publication of company information, materialization of the system of spokesman, and posting of the process of investors’ conference on the company website).</p>			<p>www.teco.com.tw</p> <p>b. The company institutes English-language website (http://www.teco.com.tw/en_version/index.asp), designates specific persons for the collection and disclosure of corporate information, and implements spokesperson’s system.</p>	<p>for TWSE/GTSM Listed Companies“</p> <p>b. Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies“</p>
<p>H. Whether the company has other information conducive to understanding the status of corporate governance (including, but not limited to, staffers’ interests, concern for staffers, investor relationship, supplier relationship, stakeholders’ rights, advanced study of directors and supervisors, execution of risk-management policy and criteria for risk assessment, execution of customer policy, and taking out of liabilities insurance for directors, and supervisors.</p>	V		<p>a. The company has formed labor union, which convenes regulation and communication with the management, so as to uphold the interest of employees. Regarding investor relationship, the company has established a specialized unit for regular disclosure of the company’s key business information, thereby enhancing transparency of corporate information, as well as feedback mechanism allowing investors to express their opinions on corporate development. The company also actively takes part in investors’ conference, informing investors of the company’s current operational status and development plan.</p> <p>b. Attendance of directors in the meetings of board of directors is good and the percentage of attendance on person is about 88.89% in 2017.</p> <p>c. In 2017, the company’s directors undertook 93 hours of advanced study, and managerial staffers 57 hours.</p> <p>d. The company has taken out liabilities insurance for directors and supervisors since 1999 to decrease and diversify the risk resulted from wrong decision or remissness of the board. The insurance amount (US\$10 millions), range (whole board members), net premium rates and insurance period were reported in 24-15 Board meeting on March 26 2018.</p>	<p>Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies“</p>
<p>I. Please illustrate the improvement based upon Corporate Governance Evaluation Result released by Taiwan Stock Exchange.</p>	V		<p>1. The company was granted top 5% evaluation in corporate-governance evaluation for three years running since fiscal 2015.</p> <p>2. Regarding Procedure for Acquisition or Disposal of Assets, the company has stipulated standard procedure and improving project to regulate subsidiaries, because of difference between domestic and overseas regulation.</p> <p>3. To implement corporate governance, the</p>	<p>Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”</p>

Items	Implementation status			Discrepancy with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies “ and reasons
	Yes	No	Summaried Explanation	
			company announced that Chairman Chiu will no longer hold the office of general manager, and vice general manager, George Lien serves as acting general manager. 4. To improve the quality of corporate governance, the company will increase the other function committee based upon the practice.	

Note 1 Implement the policy of diversification in the board

Name Name	Basic Condition and Value		Back-ground	Knowledge and Skill							
	Sex	Nationality	Education	Judg-ment for operation	Analytical Skills for accounting and finance	Mana-gement	Crisis Mana-gement	Industry know-ledge	Inter-national outlook	Lead-Ing Ability	Decision Making
Tung Kuang Investment Co., Ltd. Representative: Chwen-Jy, Chiu	F	Taiwan	Accounting	v	v	v	v	v	v	v	v
Tong Ho Gloabl Investment Co., Ltd Representative : Chao-Kai, Liu	M	Taiwan	Electronic Engineering	v	v	v	v	v	v	v	v
Cheng-Tsung, Huang	M	Taiwan	Economy	v	v	v	v	v	v	v	v
Creative Sensor Co., Ltd. Representative: Yu-Ren Huang	M	Japan	Electronic Engineering	v	v	v	v	v	v	v	v
Chien-Yuan, Lin	M	Taiwan	Civil Engineering	v	v	v	v	v	v	v	v
Jing-Shown, Wu	M	Taiwan	Electronic Engineering	v	v	v	v	v	v	v	v
Ting-Wong, Cheng	M	Taiwan	Accounting	v	v	v	v	v	v	v	v
Mao-Hsiung, Huang	M	Taiwan	Economy	v	v	v	v	v	v	v	v
Po-Chih, Huang	M	Taiwan	Engineering	v	v	v	v	v	v	v	v
Hsien- Sheng, Kuo	M	Taiwan	Language	v	v	v	v	v	v	v	v
Yaskawa Electric Corporation. Representative : Hiroyuki Ougi	M	Japan	Electronic Engineering	v	v	v	v	v	v	v	v
Kuang Yuan Industrial Co., Ltd. Representative: Shih- Chien, Yang	M	Taiwan	Electronic Engineering	v	v	v	v	v	v	v	v
Tung Kuang Investment Co., Ltd. Representative: Hong-Hsiang, Lin	M	Taiwan	Mechanical Engineering	v	v	v	v	v	v	v	v
Lien Chang Electronic Co., Ltd. Representative : Ming-Feng, Yeh		Taiwan	Economy	v	v	v	v	v	v	v	v
Mao Yang Co., Ltd. Representative: Yung-Hsiang, Chang	M	Taiwan	Industrial Management	v	v	v	v	v	v	v	v

Note 2 Evaluation for CPA

A. Requirement of Independence			
	Item	Result	Comply with the standard
1	Do certified public accountants, their spouses, or minor children have relationship of investment or financial-interest sharing with the company?	No	v
2	Whether certified public accountants, their spouses, or minor children have borrowing or loaning relationship with the company? It doesn't cover cases involving financial institutions as clients for normal dealings.	No	v
3	Whether certified public accounts or members of auditing service panel serve as the company's directors, managing staffers, or other positions with significant influence on the audited cases at present or recent two years?	No	v
4	Whether certified public accountants or members of auditing service panel undertake promotion or brokerage of stocks or other securities floated by the company?	No	v
5	Whether certified public accountants or members of auditing service panel represent the company in defending cases involving the company and third parties or other disputes?	No	v
6	Whether certified public accounts or members of auditing service panel are spouses, direct blood relatives, direct relatives by marriage, or relatives within second-degree kinship of the company's directors, managerial staffers, or employees with significant influence on audited cases?	No	v
7	Whether there are certified public accountants relieving joint practice within one year who now serve as the company's directors, managerial staffers, or other positions with significant influence on audited cases?	No	v
8	Whether certified public accountants or members of auditing service panel receive major gifts or preferential treatments from the company's directors, managerial staffers, or major shareholders?	No	v
9	Whether certified public accountants are hired by clients or persons under investigation for regular jobs, reception of fixed pays, or service of directors or supervisors?	No	v
Operation of Independence			
	Item	Result	Comply with the standard
1	Whether certified public accounts can maintain independence in substance and form for audition, perusal, recheck, or special inspection of financial statements before offering opinions?	Yes	v
2	Whether members of auditing service panel, other certified public accountants with joint practice or shareholders of legal firms, legal firms, affiliates of legal firms, or allied legal firms can keep independence with the company?	Yes	v
3	Whether certified public accountants carry out professional service in upright and rigorous manner?	Yes	v
4	Whether certified public accountants can keep fair and objective stance, avoiding influence of prejudice, conflicting interest, or relationship of interest on professional judgment?	Yes	v

Note 3 Issues which stakeholders focus and communication channel

Stakeholder	Issue	Communication Channel
Stockholder	Operation of Company Financial Transparency Risk Management Corporate Governance Environment Protection	<ul style="list-style-type: none"> • MOPS • AGM, at least once per year • Attending conference • Visit of institutional investor • Investor relations/service email box, prompt feedback by designated person
Employee	Strategy and Operation of Company Labour Relations Employee Rights Education and Career Environment of Workplace Opinion Express and Communication	<ul style="list-style-type: none"> • Employee Management Meeting, once per season • Staff Regular Meeting, once per season • Conference with executive manager, once semi-annual • Occupational Safety and Health Committee, once per season • Employees' Welfare Committee • Magazine, once every 2 months • Survey for staffs' satisfaction, once per year

Stakeholder	Issue	Communication Channel
		<ul style="list-style-type: none"> Proposals to improve
Customer	Indication of Product and Service Health and Safety of Customer Sales and Communication Survey for customers' satisfaction Green Product	<ul style="list-style-type: none"> Customer Service Dedicated Phone Line, on irregular basis Conference for agents, 1-4 times per year and irregular visit After Service and Track, after every service, and phone interview Website and Media, irregular update Satisfaction Questionnaire, 1-4 times per year
Supplier	Green Supply Chain Evaluation of Suppliers' Human Right Operating Result Order Management Quality Management Production Technology	<ul style="list-style-type: none"> Evaluation of Supplier, irregular Assessment of Supplier, once per season Counselling for Supplier, irregular Contact Procurement, irregular E- Procurement, irregular
Community	Safety and Health of Occupation Environment Management Participation in Society's Activities Volunteer Service	<ul style="list-style-type: none"> Service Center in Industrial Zone, irregular Joint Defense in Industrial Zone, oner per season Email Box for Communication, irregular Volunteer Work, irregular
NGO	Environment Protection Charity Standard of Working Condition	<ul style="list-style-type: none"> Disclose of non financial information, irregular Participation of Meeting, irregular Co-organizer of Activities, irregular
Government	Comply with Regulation Safety and Health of Occupation Decrease Greenhouse Gas Environment Management Energy Usage	Take part in conference and public hearing hosted by government irregularly

3.3.4 Compensations Committee

(1) Information on Members of Compensations Committee

Status	Conditions Name	Whether or not possess over five years of working experience and following professional qualifications			Conformance to independency (note 2)								Number of part-time positions on the compensations committees of other companies	Note	
		Instructors or higher position in the fields of commerce, law, finance, accounting or other related departments at universities	Judges, prosecutors, lawyers, certified public accountants, or other related professionals or technicians with government licenses	Working experience in commerce, law, finance, accounting, or other related fields	1	2	3	4	5	6	7	8			
Independent Director	Chien-Yuan, Lin	v			v	v	v	v	v	v	v	v	v	0	-
New Independent Director	Ting-Wong, Cheng	v	v	v	v	v	v	v	v	v	v	v	v	2	-
Other	Charles Kau			v	v	v	v	v	v	v	v	v	v	0	-

Note 1: Status would be filled as Director, Independent Director or Other..

Note 2: For members conforming the following conditions during the two years before the appointment or the term of the position, please give a check mark "✓" in the black space under the code of various conditions:

- (1) Not an employee of the company or its affiliates
- (2) Not a director or supervisor of the company or its affiliates, excluding independent director set up by the parent company and subsidiary based upon Company Law or local regulations.
- (3) Not a shareholder owning over 1% stake in the company, in the names of himself/herself, the spouse, offspring before the age of majority, or others, or not one of the top-10 natural-person shareholders
- (4) Not spouse or relatives within second kinship or relatives of direct lineage within third kinship of the aforementioned three kinds of persons
- (5) Not director, supervisor, or employee of institutional shareholder owning over 5% stake in the company directly, or director, supervisor, or employee of the top-five institutional shareholders
- (6) Not director, supervisor, manager, or shareholder with over 5% stake of specific company or institution with financial or business dealing with the company
- (7) Not professionals providing commercial, legal, financial, and accounting services or consulting to the company or its affiliates; not owner, partner, director, manager, or spouse of such person of firms of sole proprietorship or partnership, companies, or institutions providing aforementioned services or consulting to the company and its affiliates.
- (8) Without cases mentioned in various clauses of Article 30 of Company Law

(2) Information on Members of Compensations Committee

A. There are three members in Compensations Committee

B. The term of the current committee: June 11, 2015 to June 10, 2018. The committee has met two times (A) in the recent year. The attendance and qualifications of committee members follow:

Title	Name	Number of attendance (B)	Number of attendance via proxy	Actual attendance rate (%) (B/A) (note)	Note
Chairman	Chien-Yuan, Lin	2	0	100%	
Member	Chien-Yuan, Lin	2	0	100%	
Member	Charles Kau	1	1	50%	

Other items needing registration:

- In case the board of directors declines or modifies the suggestions of the compensations committee, specify the date, number, contents, and resolutions of the meeting of the board and its handling of the opinions of the compensations committee: None.
- If a member opposes or has reservation, on record or in written form, about the resolutions of the compensations committee: None

3.3.5 Social Responsibility

Fulfillment of social responsibility: The company’s system, measures, and fulfillment for events related to social responsibility, including environmental protection, communal participation, social contribution, social services, public benefits, consumer rights, human rights, and security and hygienic.

Items	Implement Status			Difference with “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Company” and reasons
	Yes	No	Summaried Explanation	
<p>A. Implementation of corporate governance</p> <p>a. Whether the company has formulated social responsibility policy or system and reviewed the implementation result.</p> <p>b. Whether the company has held education and training on social responsibility regularly.</p> <p>c. Whether the company has instituted unit for pushing fulfillment of corporate social responsibility, either on full- or part-time basis, in addition to having the board of directors authorize ranking management to handle the issue before reporting the outcome to the board of directors.</p> <p>d. Whether the company has formulated sound compensations policy and integrated the evaluation system for staffer performance and corporate social responsibility policy, in addition to putting in place a clear and effective system of incentives and penalties.</p>	V		<p>a. The company has clear policy for corporate social responsibility, and reviewed and improved its CSR performance in various aspects when compling its CSR report. In addition, performance in key talent cultivation and training and development of green products was reviewed quarterly, and related to salary of manager.</p> <p>b. The company constantly gets hold of information on courses on corporate social responsibility and conducts training on environment, vocational safety and related laws/regulations every year, in addition to providing timely related training for members of the corporate responsibility committee and panel, in order to achieve consensus among staffers and the vision of corporate sustainability.</p> <p>c. The company has instituted corporate social responsibility committee. President is the chairman, assistant vice presidents are members, directly subordinated by CSR working group. Corporate social responsibility committee is chaired by chairman, which oversees a panel responsible for handling CSR-related affairs, including performance evaluation, compilation and publication of annual CSR report, and irregular reporting to the board of directors on the execution and tracking of corporate social responsibility.</p> <p>d. In order to provide protection of reasonable compensations to staffers, the company’s compensations policy calls for provision of reasonable and competitive compensations, not below minimum wage regulated by the Authority and linkage of staffer performance with incentives, as stipulated in the “performance-evaluation measures” and “measures for management and assistance of staffer performance.” To materialize linkage between performance evaluation and corporate social responsibility, the company has formulated “measures or implementation of goal management,” which list talent and system and forward-looking deployment as key performance-evaluation criteria, in line with the mission of upholding human value and achieving corporate sustainability.</p>	No difference

Items	Implement Status			Difference with “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Company” and reasons
	Yes	No	Summaried Explanation	
<p>B. Environment for sustainable development</p> <p>a. Status for the dedication of the company to enhancing the utilization efficiency of various resources and utilizing recycled materials in lowering the impact on the environment;</p> <p>b. Status of the company in establishing proper environmental-management system according to its industrial features;</p> <p>c. Whether the company has noticed the effect of climate change on its business activities, conducted check on greenhouse gases, and formulated strategy on energy conservation and carbon/greenhouse gases abatement.</p>	V		<p>a. Develop IE3/IE4 high-efficiency motor, inverter, air conditioners and home appliances with first-grade energy performance, and achieve energy conservation in production process via adoption of high-efficiency motor and energy-saving lighting. Reduce consumption of resources by developing compact motors, use for silicon-steel scraps and renewed materials from scrap steel for the casting of motor cases, reducing packages for transportation, and recycling and reuse of containers. Develop and use environment-friendly refrigerants, such as R600a and R32 for refrigerators and air conditioners, slashing greenhouse-gas emission from the effusion of refrigerants during the stages of the manufacturing, and disposal of products. Lower impact on environment in efforts in various aspects.</p> <p>b. Set up Environment management system based on ISO 14001 and passed the certification.</p> <p>c. On the issue of climate change, in adherence to the vision of “energy conservation, emissions reduction, intelligence and automation,” the company has been developing wind-power products and high energy-efficient products, in the hope of maximizing its contribution to energy conservation and carbon abatement. Various factories have also been improving their manufacturing process, taking into account energy conservation and carbon abatement. In addition, the company started to have external party check its greenhouse-gases emission in 2012, to assure the accuracy of data, as the basis for the effort of energy conservation and carbon abatement, whose outcome is disclosed in the annual CSR report.</p>	No difference
<p>C. Upholding of public benefits</p> <p>a. Whether the company has formulated relevant management policy and procedure, according to related laws/regulations and international convention on human rights.</p> <p>b. Whether the company has instituted mechanism and channel for complaints by staffers and handled the complaints properly.</p>	V		<p>a. Posting of employee work rules, performance evaluation measures, rules for employee leave on corporate poster. To demonstrate its emphasis on and executive power for human right, formulate “Declaration of TECO Corp. on Human-Right Policy” and post it on the company's website. In addition, require suppliers to sign “commitment to human right and environmental sustainability,” along with contracts, to contribute to the cause of human right jointly.</p> <p>b. The company has set up an “opinion mailbox” for employees to communicate directly with the management and obtain rapid services from the company. As for employee reward and discipline, formulate procedure on the handling of</p>	No Difference

Items	Implement Status			Difference with “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Company” and reasons
	Yes	No	Summaried Explanation	
<p>c. Whether the company has provided staffers safe and healthy working environment and held regular safety and health education for staffers.</p> <p>d. Whether the company has established mechanism for regular communications with staffers and inform, in a reasonable manner, staffers possible material influence which may be caused by changes in its operation.</p> <p>e. Whether the company has established effective cultivation plan for staffers in developing capabilities essential for their career.</p>			<p>employee reward and discipline, mandating objective investigation and fact finding before any discipline and the setup of personnel evaluation committee to assist in cases of major disciplines. Moreover, establish dedicated e-mail (HRI@teco.com.tw) as a channel for filing complaints, to ward off irregularities or unfair treatments at workplace, and dedicated e-mail (HRP@teco.com.tw) as a channel for consulting and reporting of workplace violence, to prevent such violence and illegal damage. Formulate "measures on reporting and handling of sexual harassments," to handle complaints of sexual harassments at workplace filed by staffers, so as to uphold a safe and friendly working environment.</p> <p>c. In compliance with the requirement of laws/regulations related to vocational hygiene and safety, carry out safety and hygiene education, disaster-prevention training, and health management, needed by employees in their works. To safeguard safety of employees at workplace, conduct safety protection of equipment and install personal-safety gear according to standard norm, on top of safety inspection and supervision by managerial staffers in charge. In addition, general manager conducts occupational safety committee- labor represents 1/3, and reviews every management and training every quarter.</p> <p>d. In accordance with the measures for labor-management meeting, the company holds labor-management meeting regularly to exchange opinions and solve problems via consultation. For listening to the opinions of staffers, the chairman and managerial staffers at various levels hold seminars irregularly to understand the work status of staffers and learn their suggestions for the company. As for the company's business performance, the headquarters convene quarterly meeting, wherein the chairman would explain the company's business performance in the quarter and the management policy. In addition, the chairman would meet with cadres of the labor union twice a year, to exchange opinions for achieving a win-win outcome for management and labor.</p> <p>e. Cultivate the expertise of staffers along the dual lines of professional jobs and management jobs and combine the training with staffers' individual development plan (IDP) for follow-up tracking and confirmation. Provide complete and plural training to staffers to improve their expertise and expand their knowledge and experience. Carry out performance evaluation every half year, when staffers and their direct superiors would talk for full communication on their personal career</p>	

Items	Implement Status			Difference with “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Company” and reasons
	Yes	No	Summaried Explanation	
<p>f. Whether the company has formulated consumer-right protection policy and complaint procedure on the flow of R&D, procurement, production, operation, and service.</p> <p>g. Whether the company has complied with related laws/regulations and international norms in the marketing and labeling of products and services.</p> <p>h. Whether the company has checked the track record of prospective suppliers on anti-environment and –society behaviors.</p> <p>i. Whether the contracts between the company and major suppliers include a clause empowering the company to terminate or revoke the contracts, in case the suppliers involve in behaviors which run counter to the company’s CSR policy and have marked adverse influence on environment and society.</p>			<p>development plan. In addition, the company will continue the endeavor for institutionalizing the promotional channel and the system of job rotation, so as to augment and diversify staffers’ capabilities and putting in place a complete career development channel. In addition, it embraces institutionalized promotion channel and the system of job rotation, to help staffers develop plural capabilities. The institution of a complete career development route is an objective of the company.</p> <p>f. The company adheres to ISO 9001/ISO/TS 16949 in various work flows, on a process-oriented basis, in contrast to the customer orientation for marketing, including presales, sales management, and after-sales service, which, along with payback to customers, constitutes a cyclic system, materializing a complete customer service system.</p> <p>g. The company acquires certification of products’ safety, reliability, and functionality according to the following standards: CE, IEEE, CNS, CQC., etc. Product fact conform with related regulation.</p> <p>h. The company demands suppliers to fill in the questionnaire produced by the company, which includes their practice in the human rights and environment.</p> <p>i. Note 41 in “Basic Engagement of Transaction with Supplier”</p>	
D. Whether the company has disclosed essential and reliable CSR-related information on its website and the Market Observation Post System.	V		The company has instituted “CSR section” on its website for disclosure of related information, so that interested parties can understand the operation and result of TECO’s corporate social responsibility. TECO also has third party certify its CSR report from 2012.	No difference
E. Describe the operation of company’s Corporate Social Responsibility Best Practice Principles, should it exist, and its difference with “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies.” No difference				
F. Other key information conducive to the understanding of the company’s CSR-related affairs: (1) Via the function of the TECO Technology Foundation, the company supports the humanistic aspect of Taiwan with its technological expertise, encourages sci-tech innovation, and holds “Green Tech” international contest, to highlight the “Corporate social responsibility” spirit and encourages young students to engage in sci-tech R&D on energy conservation and carbon abatement. During 24 consecutive, TECO Award (1994-2017), there are 132 winners from Electric Machinery/ Information/ Communication, Machinery/ Energy/ Environment, Chemical/ Material, Biology/ Medical professionals/ Agriculture, four “science “category and one “human culture”. In order to consolidate the humanistic power of Taiwan, the company pushes “creativity education,” to innovate and update teaching model of schools’ teaches.				

Items	Implement Status			Difference with “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Company” and reasons
	Yes	No	Summaried Explanation	
<p>also provide school children in remote area with high quality learning opportunities resources. The “heritage education” rallies various parties to make contributions for the expense of the event, with the aim of recruiting teachers for the program as TECO’s staffers and helping tribal children learn related technologies. 1,500 aboriginal teachers and students from 11 tribes benefited from the program.</p> <p>(2) Other related information is contained in the CSR report, which has been posted on TECO’s website. http://tecocrs.teco.com.tw/</p>				
<p>G. In case the company’s report on products or corporate social responsibility has passed the certification of related certification bodies, describe the inspection standards: The company’s 2016 CSR report was certified by PricewaterhouseCoopers according to ISAE 3000 and GRI G4 guideline on global sustainability report.</p>				

3.3.6 Adherence to the Ethical Corporate Management and Measures

The company executes ethical corporate management based on “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies”

Items	Implementation Status			Difference with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summaried Explanation	
<p>A. Formulate policy and program for ethical corporate management</p> <p>a. Whether the company has explicitly express the policy and methods of ethical corporate management in its charter and outbound documents and whether the board of directors and management have fulfilled the commitment to the policy of ethical corporate management</p> <p>b. Whether the company has program preventing unethic behaviors with the principle of ethical corporate management, in addition to specifying and executing operating procedure, behavioral guidelines, penalties for violation of regulations and complaint system.</p> <p>c. Whether the company has adopted precautionary measures against business activities with higher risk of violating the principle of ethical corporate management, as specified in item 2 of article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies”</p>	V		<p>a. The company has yet to formulate “Ethical Corporate Management Best Practice Principles” on August 14 in 2014, announced and carried out “The Principle of Antitrust” on October 1 in 2015, amended “Rules of Ethical Conduct to Directors and Managers” on March 20 in 2015. The company’s directors and management have been cautiously fulfilling their duties in compliance with the obligation of attention of a prudent administrator.</p> <p>b. The company has formulated “behavioral guidelines,” strictly forbidding staffers to accept without permission of superiors gifts worth more than NT\$3,000 from other firms or individuals with business dealings with the company. They can also pass the gifts to the general-affairs unit for keeping before donating them for charity under the Company’s name.</p> <p>c. The company’s legal division screens contracts and prevents violation of law in signing contracts, while the audit office irregularly checks and continuously tracks status of improvement.</p>	No major difference
<p>B. Materialize ethical corporate management</p> <p>a. Whether the company has evaluated the track record on the integrity of business partners and whether the contracts with</p>			<p>a. The company’s legal division reviews contracts signed by company for outbound business activities, to avoid dealing with those violating the principle of integrity of</p>	No major difference

Items	Implementation Status			Difference with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies"
	Yes	No	Summaried Explanation	
<p>business partners include an article on behavioral integrity.</p> <p>b. Whether the company has instituted unit pushing ethical corporate management, either on a full-time or part-time basis, which is under the jurisdiction of the board of directors and reports to the latter regularly.</p> <p>c. Whether the company has formulated policy preventing conflict of interest and provided, as well as faithfully executed, proper channel for complaints.</p> <p>d. Whether the company has instituted effective accounting system and internal control system for the materialization of the policy of ethical corporate management, which is audited regularly by in-house auditing unit or certified public account under its entrustment.</p> <p>e. Whether the company had held internal or external education and training regularly on ethical corporate management.</p>			<p>management on record.</p> <p>b. The company sets up a legal division office, under the direct jurisdiction of the board of directors, in charge of the formulation and implementation of the policy of integrity-oriented management and would be supervised by an auditing unit before being reported to the board of directors regularly. Auditing unit audited related operation in August 2016, and reported to the board on December 23 in 2016.</p> <p>c. The company has formulated "behavioral guidelines," demanding all staffers not to take benefits and sacrifice the company's interests for personal benefits. When discovering violation of integrity-related regulations, one can make compliant or report, according to the company's "measures for handling reports on illegal, unethical, or dishonest behaviors."</p> <p>d. To assure the materialization of ethical corporate management, the company has instituted effective accounting system and internal-control system, with in-house auditors checking their compliance regularly.</p> <p>e. The company holds education and training on ethical corporate management regularly.</p>	
<p>C. Status of the company's reporting system:</p> <p>a. Whether the company has formulated concrete reporting and rewarding system, as well as convenient reporting channel, in addition to designation of specific person handling the reporting.</p> <p>b. Whether the company has instituted standard operating procedure for handling reported items and related confidentiality mechanism.</p> <p>c. Whether the company has adopted measures to protect informants from improper treatment.</p>	V		<p>a. As part of the company's reporting system, the company has formulated "behavioral guidelines," containing ethical norms for staffers, and has instituted reporting e-mail address HRI@teco.com.tw, with the human-resources center responsible for handling reported items, in conjunction with the audit division and the legal division office.</p> <p>b. The "behavioral guidelines" specify, in article 17, reporting methods and flow, and in article 16, confidentiality mechanism for informants.</p> <p>c. The guidelines also specify, in article 16, protection mechanism for informants.</p>	No major difference
<p>D. Intensifying information disclosure</p> <p>a. Whether the company has disclosed its "Ethical Corporate Management Best Practices Principles" on its website and the implementation effect.</p>	V		<p>a. The company has disclosed information related to "Ethical Corporate Management Best Practice Principles" on website, and disclosed the operation situation in year book and CSR Report.</p>	No major difference

Items	Implementation Status			Difference with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies"
	Yes	No	Summaried Explanation	
E. Should the company formulate own ethical corporate management principles according to "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Company," specify its execution and difference with the principles: The company has already formulated its own ethical corporate management principles and disclosed on the Company's website. There is no major difference between its execution and principles.				
F. Other key information conducive to the understanding of the company's ethical corporate management (such as review and revision to the company's ethical corporate management): The company materializes ethical corporate management via compliance with Company Law, Securities Exchange Act, and regulations and laws governing listed firms, in addition to forbidding unethical behaviors in business dealings.				

3.3.7 Corporate Governance Guidelines and Regulations

The company has instituted "Corporate Governance Best Practice Principles". The document could be accessed "Corporate Governance" on Market Observation Post System (<http://mops.twse.com.tw>) conforming to related regulations.

3.3.8 Other Important Information Regarding Corporate Governance

A. The important information regarding corporate governance has been disclosed on Market Observation Post System (<http://newmops.twse.com.tw>) conforming to related regulations.

B. Advanced studies for directors and supervisors in 2017:

Title	Name	Date	Organizer	Training Course	Time
Chairman	Tung Kuang Investment Co., Ltd. Representative : Chwen-Jy, Chiu	2017.8.11	Chunghwa Corporate Governance Association	How can directors and supervisors supervise the company in keeping good risk management for information security, so as to strengthen corporate governance	3 hrs
		2017.12.22	Taiwan Institute of Director	New platform trend for corporate governance, momentum driving corporate transformation	3 hrs
Managing Director	Tong Kuang Investment Co., Ltd Representative : Chao-Kai, Liu	2017.8.11	Chunghwa Corporate Governance Association	How can directors and supervisors supervise the company in keeping good risk management for information security, so as to strengthen corporate governance	3 hrs
		2017.12.22	Taiwan Institute of Director	New platform trend for corporate governance, momentum driving corporate transformation	3 hrs
Managing Director	Cheng-Tsung, Huang	2017.8.11	Chunghwa Corporate Governance Association	How can directors and supervisors supervise the company in keeping good risk management for information security, so as to strengthen corporate governance	3 hrs
		2017.12.22	Taiwan Institute of Director	New platform trend for corporate governance, momentum driving corporate transformation	3 hrs

Title	Name	Date	Organizer	Training Course	Time
Managing Director	Creative Sensor Inc. Representative: Yu-Ren, Huang	2017.12.6	Chunghwa Corporate Governance Association	Antitrust- Fair Trade Act	3 hrs
		2017.12.22	Taiwan Institute of Director	New platform trend for corporate governance, momentum driving corporate transformation	3 hrs
Managing & Independent Director	Chien-Yuan, Lin	2017.8.11	Chunghwa Corporate Governance Association	How can directors and supervisors supervise the company in keeping good risk management for information security, so as to strengthen corporate governance	3 hrs
		2017.12.22	Taiwan Institute of Director	New platform trend for corporate governance, momentum driving corporate transformation	3 hrs
Independent Director	Jing-Shown, Wu	2017.8.11	Chunghwa Corporate Governance Association	How can directors and supervisors supervise the company in keeping good risk management for information security, so as to strengthen corporate governance	3 hrs
		2017.12.22	Taiwan Institute of Director	New platform trend for corporate governance, momentum driving corporate transformation	3 hrs
Independent Director	Ting-Wong, Cheng	2017.8.11	Chunghwa Corporate Governance Association	How can directors and supervisors supervise the company in keeping good risk management for information security, so as to strengthen corporate governance	3 hrs
		2017.12.22	Taiwan Institute of Director	New platform trend for corporate governance, momentum driving corporate transformation	3 hrs
Director	Mao-Hsiung, Huang	2017.8.8	Securities & Futures Institute	Advanced practical-affairs seminars for directors (including independent directors) and supervisors [corporate governance and securities laws/regulations]	3 hrs
		2017.8.11	Chunghwa Corporate Governance Association	How can directors and supervisors supervise the company in keeping good risk management for information security, so as to strengthen corporate governance	3hrs
		2017.12.22	Taiwan Institute of Director	New platform trend for corporate governance, momentum driving corporate transformation	3 hrs
Director	Po-Chih, Huang	2017.8.11	Chunghwa Corporate Governance Association	How can directors and supervisors supervise the company in keeping good risk management for information security, so as to strengthen corporate governance	3 hrs
		2017.12.22	Taiwan Institute of Director	New platform trend for corporate governance, momentum driving corporate transformation	3 hrs
Director	Hisen- Sheng, Kuo	2017.8.11	Chunghwa Corporate Governance Association	How can directors and supervisors supervise the company in keeping good risk management for information security, so as to strengthen corporate governance	3 hrs
		2017.12.22	Taiwan Institute of Director	New platform trend for corporate governance, momentum driving corporate transformation	3 hrs

Title	Name	Date	Organizer	Training Course	Time
Director	Yaskawa Electric Corporation Representative : Ogi Hiroyuki	2017.8.11	Chunghwa Corpporate Governance Association	How can directors and supervisors supervise the company in keeping good risk management for information security, so as to strengthen corporate governance	3 hrs
		2017.12.22	Taiwan Institute of Director	New platform trend for corporate governance, momentum driving corporate transformation	3 hrs
Director	Kuang Yuan Industrial Co., Ltd. Representative: Shih-Chien, Yang	2017.11.10	Chunghwa Corpporate Governance Association	On corporate risks, from product liabilities to corporate governance	3 hrs
		2017.12.22	Taiwan Institute of Director	New platform trend for corporate governance, momentum driving corporate transformation	3 hrs
Director	Tung Kuang Investment Co., Ltd. Representative : Hong-Hsiang, Lin	2017.8.11	Chunghwa Corpporate Governance Association	How can directors and supervisors supervise the company in keeping good risk management for information security, so as to strengthen corporate governance	3 hrs
		2017.12.22	Taiwan Institute of Director	New platform trend for corporate governance, momentum driving corporate transformation	3 hrs
Director	Lien Chang Electronic Co., Ltd. Representative: Ming-Feng, Yeh	2017.5.11	Chinese National Association of Industry and Commerce	Trend of Risk Management and Practice	3 hrs
		2017.5.19	Chinese National Association of Industry and Commerce	Upholding of shareholders' interests and equal treatment for shareholders, from the angle of corporate-governance evaluation	3hrs
Director	Mao Yang Co., Ltd. Representative: Yung-Hsiang, Chang	2017.8.11	Chunghwa Corpporate Governance Association	How can directors and supervisors supervise the company in keeping good risk management for information security, so as to strengthen corporate governance	3 hrs
		2017.12.22	Taiwan Institute of Director	New platform trend for corporate governance, momentum driving corporate transformation	3 hrs

C. Advanced studies for managing staffers in 2017:

Title	Name	Date	Organizer	Traning course	Time
President	Chwen-Jy, Chiu	2017.8.11	Chunghwa Corpporate Governance Association	How can directors and supervisors supervise the company in keeping good risk management for information security, so as to strengthen corporate governance	3 hrs
		2017.12.22	Taiwan Institute of Director	New platform trend for corporate governance, momentum driving corporate transformation	3 hrs
Vice President	George Lien	2017.8.11	Chunghwa Corpporate Governance Association	How can directors and supervisors supervise the company in keeping good risk management for information security, so as to strengthen corporate governance	3 hrs
		2017.12.22	Taiwan Institute of Director	New platform trend for corporate governance, momentum driving corporate transformation	3 hrs
Executive Consultant	Hong-Hsiang, Lin	2017.8.11	Chunghwa Corpporate Governance Association	How can directors and supervisors supervise the company in keeping good risk management for information security, so as to strengthen corporate governance	3 hrs
		2017.12.22	Taiwan Institute of Director	New platform trend for corporate governance, momentum driving corporate transformation	3 hrs
Assistant Vice President	Steven Chiang	2017.8.11	Chunghwa Corpporate Governance Association	How can directors and supervisors supervise the company in keeping good risk management for information security, so as to strengthen corporate governance	3 hrs
		2017.12.22	Taiwan Institute of Director	New platform trend for corporate governance, momentum driving corporate transformation	3 hrs
Assistant Vice President	Pin Chang	2017.8.11	Chunghwa Corpporate Governance Association	How can directors and supervisors supervise the company in keeping good risk management for information security, so as to strengthen corporate governance	3 hrs
		2017.12.22	Taiwan Institute of Director	New platform trend for corporate governance, momentum driving corporate transformation	3 hrs
Assistant Vice President	S. C. Lin	2017.8.11	Chunghwa Corpporate Governance Association	How can directors and supervisors supervise the company in keeping good risk management for information security, so as to strengthen corporate governance	3 hrs
		2017.12.22	Taiwan Institute of Director	New platform trend for corporate governance, momentum driving corporate transformation	3 hrs
Assistant Vice President	Kevin Yeh	2017.8.11	Chunghwa Corpporate Governance Association	How can directors and supervisors supervise the company in keeping good risk management for information security, so as to strengthen corporate governance	3 hrs
		2017.12.22	Taiwan Institute of Director	New platform trend for corporate governance, momentum driving corporate transformation	3 hrs

Title	Name	Date	Organizer	Traning course	Time
Assistant Vice President	Albert Peng	2017.8.11	Chunghwa Corporate Governance Association	How can directors and supervisors supervise the company in keeping good risk management for information security, so as to strengthen corporate governance	3 hrs
		2017.12.22	Taiwan Institute of Director	New platform trend for corporate governance, momentum driving corporate transformation	3 hrs
Assistant Vice President	Fei-Yuan, Kao	2017.8.11	Chunghwa Corporate Governance Association	How can directors and supervisors supervise the company in keeping good risk management for information security, so as to strengthen corporate governance	3 hrs
		2017.12.22	Taiwan Institute of Director	New platform trend for corporate governance, momentum driving corporate transformation	3 hrs

D. The situation of resignation in the Company: None

Title	Name	Appointment Date	Discharge Date	Reason
President	Chwen-Jy, Chiu	2005.6.1	2018.4.25	Stop doubleing as president and chairman

Note1 Chairman will no longer hold the office of general manager of TECO. Vice president, George Lien serves as acting general manager.

3.3.9 Internal Control System

Please refer to page 50 of the Chinese annual report.

3.3.10 In the recent year and up to the publication of the annual report, legal penalties for the company and internal staffers, penalties of internal staffers by the company for violation of internal control system and regulation, major defects and improvement status

None

3.3.11 Major Resolutions of Shareholders' Meeting and Board Meetings

A. Major Resolutions of Shareholders' Meeting and Board Meetings in the recent two years

2016/03/24	<p>(1)The board of directors resolved to convene 2017 shareholders' meeting on June 16, 2017.</p> <p>(2) The Board of Directors resolved 2016 financial statements with consolidated sales revenue NT\$49,923,836 thousand, EPS 1.76, and plans to pay cash dividend NT\$0.88 per share with the total amount NT\$ 1,762,370 thousand. The related financial reports material would be submitted to 2017 shareholders' meeting.</p> <p>(3) The board of directors approved employees' compensation of NT\$ 283,999 thousand and directors' remuneration of NT\$125,333 thousand in 2016. The above amount will be distributed through cash. There is no difference from the expense amounts in 2016 recognized by the board of directors.</p>
------------	---

	(4) Board of Directors resolved to terminate the GDRs program and deposit contracts. The Chairman is authorized by the Board to deal with the relevant matters relating to the termination of GDRs and depository contracts.
2017/05/12	The board of directors acknowledged the financial statement for the first three months of 2017, showing consolidated sales revenue of NT\$11,916,183 thousand and after-tax net profit of NT\$0.27 per share.
2017/06/16	Important resolutions in Annual Shareholders' Meeting (1) Acknowledged 2016 business report and financial statement. (2) Acknowledged 2016 earnings allocation, amounting to NT\$0.88 per share for cash dividend payment. (3) Approved to amend Procedure for Acquisition or Disposal of Assets
2017/06/16	The board of directors set the "ex-dividend base date" on July 11, 2017, paying out cash dividend of NT\$1,762,370 thousand, or NT\$0.88 per share, and setting the dividend payout date on July 31, 2017.
2017/06/16	The board of directors resolved to the 1st issue of domestic unsecured corporate bonds in 2017. Face value: NT\$ 1 million dollars Total amount of the issue: Total par value up to NT\$ 2 billion dollars. Use of the funds raised by the offering and utilization plan: Loan repayment. Chairman or his appointed person were both authorized to deal based on market status.
2017/08/11	The board of directors acknowledged the financial statement for the first half of 2017, showing consolidated sales revenue of NT\$24,989,428 thousand and after-tax net profit of NT\$0.82 per share.
2017/11/13	The board of directors acknowledged the financial statement for the first nine months of 2017, showing consolidated sales revenue of NT\$37,667,308 thousand and after-tax net profit of NT\$1.25 per share.
2017/11/13	The board of directors resolved to add endorsements/guarantees of 4,010,000 thousand dollars due to bid jointly with manufacturers to participate in major construction projects. Terms/conditions and date of release of the Company's endorsement/guarantee obligations: Fail to get the construction project case or after the successful bade project has completed and then closed the relevant business.
2018/03/26	(1)The board of directors resolved to convene 2018 shareholders' meeting on June 15, 2018. (2)The Board of Directors resolved 2017 financial statements with consolidated sales revenue NT\$50,942,521 thousand, EPS 1.56, and plans to pay cash dividend NT\$0.86 per share with the total amount NT\$ 1,722,316 thousand. The related financial reports material would be submitted to 2018 shareholders' meeting. (3) The board of directors approved employees' compensation of NT\$ 250,553 thousand and directors' remuneration of NT\$111,357 thousand in 2017. The above amount will be distributed through cash. There is no difference from the expense amounts in 2017 recognized by the board of directors.

B. Implementation of Resolutions made in Annual Shareholders' Meeting on June 16, 2017.

Number	Resolution	Implementation
1	Acknowledged of the 2016 Business Report and Financial Statements	※ The proposal was approved by the participating Shareholders with 87.74% approved percentage.
2	Acknowledged of cash dividend payout of NT\$0.88 per share for the distribution of 2016 profits.	1. The proposal was approved by the participating Shareholders with 88.25% approved percentage. 2. Ex-Dividend Trading Date: 2017/07/11. Cash Dividend Payout date: 2017/07/31.
3	Approved to amend Procedure for Acquisition or Disposal of Assets	※ The proposal was approved by the participating Shareholders with 88.26% approved percentage.

3.3.12 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors

None

3.3.13 Resignation or Dismissal of Personnel Involved in Preparation of Financial Reports

None

3.4 Information on CPA fee

3.4.1 Accountant Information

Name of accounting firm	CPA names		Auditing period	Note
Pricewaterhouse Coopers, Taiwan	Wu, Yu-Lung	Chou, Chien-Hung	2017	

3.4.2 Table of Brackets for CPA Fees

Fee brackets		Fee item	Auditing fee	Non-auditing fee (Note)	Total
1	Lower than NT\$2 M.			√	√
2	NT\$2-4 M.				
3	NT\$4-6 M.				
4	NT\$6-8 M.				
5	NT\$8-10 M.				
6	NT\$10 M. and higher		√		√

Note: NT\$1,050,000 of non-auditing public expense, including certification expense for auditing business income tax return and English-language translation fee for financial report and consolidated financial report.

3.4.3 Non-inspection fees for CPAs, accounting firms, and its affiliates account for over one quarter of inspection fee: Nil

3.4.4 Replacement of accounting firm and auditing fee for the replacement year is lower than amount in the year prior to the replacement: Nil

3.4.5 Auditing fee decreases by over 15% from the previous year: Nil

3.5 Information on replacement of CPA: Not applicable

3.6 Information on service of the company's chairman, president, and financial or accounting managers at the accounting firm or its affiliates: Nil

3.7 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

3.7.1 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Unit: Share

Title	Name	2017		Apr. 30, 2018	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Tong Kuang Investment Co., Ltd. Representative: Chwen-Jy, Chiu	0	(1,807,912)	0	0
		0	0	0	0
Managing Director	Tong Ho Gloabal Investment Co., Ltd. Representative : Chao-Kai, Liu	0	(435,000)	0	40,000
		0	0	0	0
Managing Director	Cheng-Tsung, Huang	0	(300)	0	0
Managing Director	Creative Sensor Inc. Representative: Yu-Ren, Huang	0	0	0	0
		0	0	0	0
Managing & Independent Director	Chien-Yuan, Lin	0	0	0	0
Independent Director	Jing-Shown, Wu	0	0	0	0
Independent Director	Ting-Wong, Cheng	0	0	0	0
Director	Mao-Hsiung, Huang	0	0	0	0
Director	Po-Chih, Huang	0	0	(10,000,000)	0
Director	Hisen Sheng, Kuo	0	0	0	0
Director	Yaskawa Electric Corporation Representative : Hiroyuki Ougi	0	0	0	0
		0	0	0	0
Director	Kuang Yuan Industrial Co., Ltd. Representative: Shih-Chien, Yang	0	(3,960,000)	0	0
		0	0	0	0
Director	Tong Kuang Investment Co., Ltd. Representative: Hong-Hsiang, Lin	0	(1,807,912)	0	0
		0	0	0	0
Director	Lien Chang Electronic Co., Ltd. Representative: Ming-Feng, Yeh	0	0	0	0
		0	0	0	0
Director	Mao Yang Co., Ltd. Representative: Yung-Hsiang, Chang	0	0	4,999,107	0
		0	0	0	0
President	Chwen-Jy, Chiu	0	0	0	0
Vice President	George Lien	0	0	0	0
Executive Consultant	Hong-Hsiang, Lin	(43,000)	0	0	0
Management	S. C. Lin	0	0	0	0

Title	Name	2017		Apr. 30, 2018	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Management	Steven Chiang	0	0	0	0
Management	Pin Chang	(6,000)	0	0	0
Management	K.R. Chen	0	0	0	0
Management	Kevin Yeh	0	0	0	0
Management	Albert Peng	0	0	0	0
Management	Fei-Yuan, Kao	0	0	0	0
Major Shareholder	None	N/A	N/A	N/A	N/A

Note 1: The shareholder whose shareholding is above 10% should be noted as major shareholder, and listed respectively.

Note 2 :Shares transfer or share pledged with related parties should fill the following charts

3.7.2 Shares Transfer with Related Parties

Name	Reason of Transfer	Date of Transaction	Transferee	Relationship between Transferee and the Company, Directors, Supervisors and Shareholders with more than 10% shareholding	Shares	Transaction Price (NTD)
Po-Chih, Huang	Disposition	2018.3.6	YINGE Int. Inv. Co.,Ltd.	Director holds it under the name of third party	10,000,000	26.45

3.7.3 Shares Pledged with Related Parties

Name	Reason of Pledge	Date of Transaction	Transferee	Relationship between Transferee and the Company, Directors, Supervisors and Shareholders with more than 10% shareholding	Shares	Shares holding %	Shares Pledged %	Pledged Amount
Not Applicable								

3.8 Information Disclosing the Relationship between any of the Company's Top Ten Shareholders

April 30, 2018

Name	Shareholding		Spouse & Minor		Shareholding by Nominee Arrangement		The relationship between any of the Company's Top Ten Share holders		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Silchester International Investors International Value Equity Trust	86,669,000	4.33%	0	-	0	-	None	-	-
Silchester International Investors International Value Equity Group Trust	47,029,000	2.35%	0	-	0	-	None	-	-
J.P. MORGAN SECURITIES LTD	40,189,617	2.01%	0	-	0	-	None	-	-
Edgbaston Asian Equity Trust	35,584,000	1.78%	0	-	0	-	None	-	-
WGI Emerging Markets Smaller Companies Fund, LLC	34,961,000	1.75%	0	-	0	-	None	-	-
VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	31,694,000	1.58%	0	-	0	-	None	-	-
Silchester International Investors International Value Equity Taxable Trust	31,045,000	1.55%	0	-	0	-	None	-	-
Tong Kuang Investment Co., Ltd.	30,341,364	1.52%	0	-	0	-	None	-	-
M&G Global Emerging Markets Fund a sub fund of M&G Investment Funds	30,303,000	1.51%	0	-	0	-	None	-	-
Yaskawa Electric Corporation	29,541,089	1.48%	0	-	0	-	None	-	-

3.9 Long-Term Investments Ownership

December 31, 2017

Investee	Ownership by TECO		Direct / Indirect Ownership by Directors, Supervisors and Management		Total Investment	
	Shares	%	Shares	%	Shares	%
Tong Dai Co., Ltd.	5,290,800	92.63%	0	0.00%	5,290,800	92.63%
Teco Nanotech Co., Ltd.	21,502,098	86.01%	205,000	0.82%	21,707,098	86.83%
TECO International Investment Co., Ltd.	55,003,366	100.00%	0	0.00%	55,003,366	100.00%
TECO Holding, USA	1,680	100.00%	0	0.00%	1,680	100.00%
TECO Electric & Machinery Pte Ltd. Singapore	7,200,000	90.00%	800,000	10.00%	8,000,000	100.00%
TECO Electric Europe Ltd.	4,500,000	100.00%	0	0.00%	4,500,000	100.00%
Tong An Assets Management & Development Co., Ltd.	434,148,995	100.00%	0	0.00%	434,148,995	100.00%
Appliance (HK) Ltd.	1,499,999	99.99%	0	0.00%	1,499,999	99.99%
Tong An Investment Co., Ltd.	434,148,995	99.60%	1,670,084	0.40%	435,819,079	100.00%
TECO Electro Devices Co., Ltd.	15,386,949	62.57%	371,324	1.51%	15,758,273	64.08%
Tecnos International Consultant Co., Ltd.	5,324,583	57.52%	1,402,134	16.02%	6,726,717	73.54%
Tong Tai Jung Co., Ltd.	3,960,000	60.00%	0	0.00%	3,960,000	60.00%
UVG Investment Co., Ltd.	195,416,844	100.00%	0	0.00%	195,416,844	100.00%
Information Technology Total Services Co., Ltd.	12,123,248	60.62%	2,135,250	10.68%	14,258,498	71.30%
Tesen Electric & Machinery Co., Ltd.	20,000,000	100.00%	0	0.00%	20,000,000	100.00%
GD TECO Taiwan Co., Ltd.	15,000,000	100.00%	0	0.00%	15,000,000	100.00%
Taitec Technology CO.,LTD.	950,000	95.00%	0	0.00%	950,000	95.00%
Yatec Engineering Corp.	7,799,996	64.95%	0	0.00%	7,799,996	64.95%
Taian (Subic) Electric Co., Inc.	17,131,155	76.70%	0	0.00%	17,131,155	76.70%
Taian (Malaysia) Electric Sdn. Bhd.	13,113,235	66.85%	1,961,934	10.00%	15,075,169	76.85%
An Tai International Investment Co., Ltd.	23,941,302	100.00%	0	0.00%	23,941,302	100.00%
Micropac (BVI)	14,883,591	100.00%	0	0.00%	14,883,591	100.00%
Taian-Etacom Technology Co., Ltd.	7,033,000	84.73%	0	0.00%	7,033,000	84.73%
Taian Electric Co., Ltd.	100,000	100.00%	0	0.00%	100,000	100.00%
Tecom	400,602,050	63.52%	0	0.00%	400,602,050	63.52%
E-Joy International Co., Ltd.	9,500,000	93.60%	500,000	4.93%	10,000,000	98.53%
A-Ok Technical Co., Ltd.	1,950,000	86.67%	0	0.00%	1,950,000	86.67%
TECO Technology (Vietnam) Co., Ltd.	13,772,799	100.00%	0	0.00%	13,772,799	100.00%
TECO (Philippines) 3C & Appliances, Inc.	2,604,000	60.00%	0	0.00%	2,604,000	60.00%
An-Sheng Travel Co., Ltd.	480,000	16.00%	2,400,000	80.00%	2,880,000	96.00%
Taiwan Pelican Express Co., Ltd.	24,121,700	25.27%	6,570,940	6.88%	30,692,640	32.15%
Kuenling machinery refrigerating Co., LTD.	15,218,642	19.98%	0	0.00%	15,218,642	19.98%
YASKAWA TECO MOTOR ENGINEERING CO.	2,800	70.00%	0	0.00%	2,800	70.00%
Eagle Holding Co.	1	100.00%	0	0.00%	1	100.00%
Century Development	91,243,692	28.67%	73,736,289	24.08%	164,979,981	52.75%

3.10 Procedure of Material Information: The company has stipulated Rules of Anti Insider Transaction in internal control system, and announced to the employees.