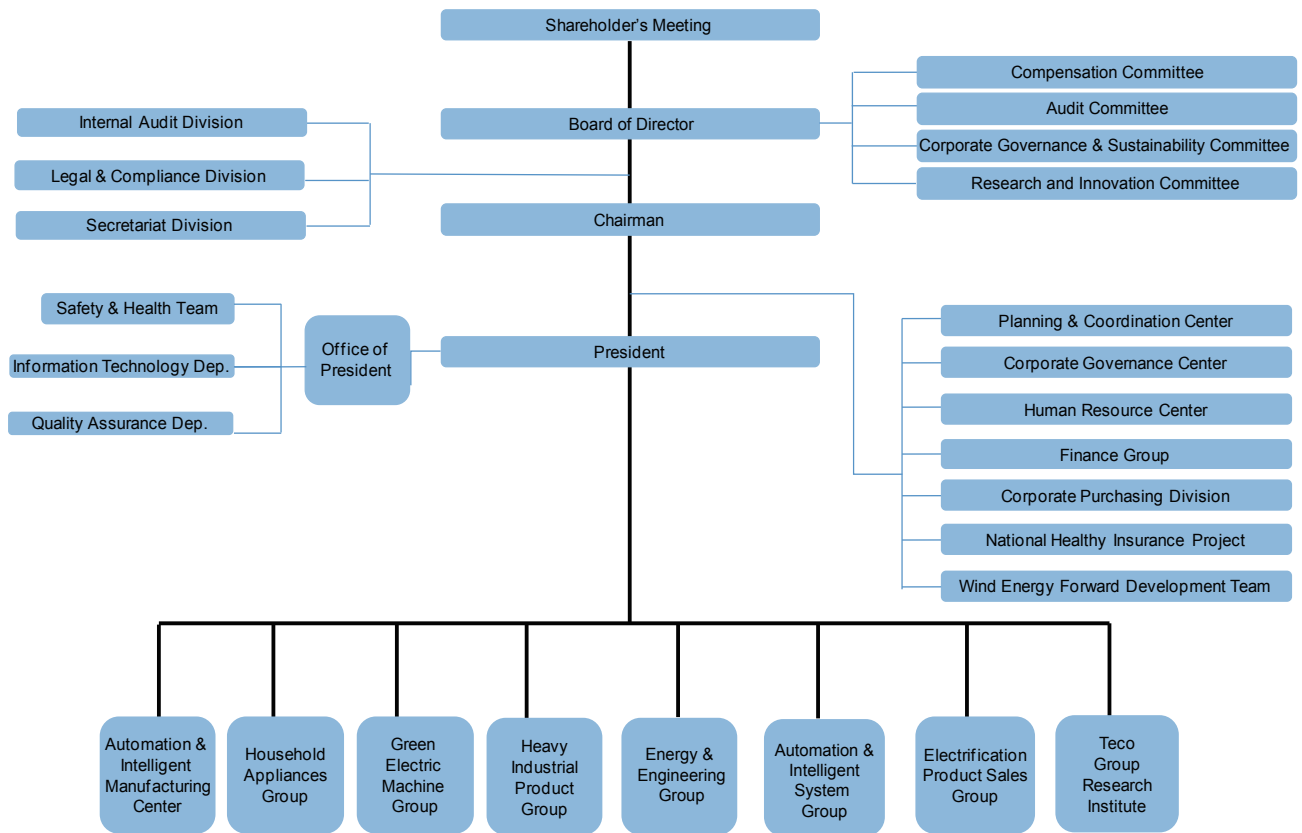


### III. Corporate Governance Report

#### 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.
Automation & Intelligent System Group	Production of inverters and programmable logic controllers, servo controllers and so on Production and sale of AGV(automated guided vehicle)
Energy & Engineering Group	Supplier of professional electric equipment and systems-related materials (R&D, design, production, and sales of equipment) Undertaking of projects related to power generation and transportation (transmission & distribution of power, power plant, alternative energy, and construction and maintenance of 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 resource/water pump stations and other related projects; Ultra-high pressure 161KV/69KV substations switchgears and installation projects; Project of smart grid and energy storage; system integration business of solar power system; Production and sale of electromagnetic switch, molded-case circuit breakers and electronic relays
Household Appliances Group	Production, assembly, sales, and repair of residential 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, inverter duty 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 packaged air conditioner, air-cooled chiller machine, fan filter unit, air vent, industrial-use dehumidifier, freezing/cooling machine, dealership of other domestic and foreign home appliances brands, as well as various types of air-conditioned products.
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 inverters and programmable logic controllers, servo controllers; Overseas sales of electromagnet switch, molded-case circuit breakers, electronic relays
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.
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. 30, 2019

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.	2018.6.15	3	2000.4.21	30,341,364	1.52%	30,341,364	1.52%	0	0	0	0	MBA, University of Michigan, Ann-Arbor	Chairman of Taiwan Pelican Express Co., Ltd Chairman of Motovario Chairman of TECO Westinghouse Motor Co., Ltd. USA	-	-	-
	ROC	Representative: Chwen-Jy, Chiu	2018.6.15	3	2006.6.15	1,741,964	0.09%	2,041,964	0.10%	16,987	0.00%	0	0			-	-	-
Managing Director	ROC	Tong Ho Gloabl Investment Co., Ltd	2018.6.15	3	2000.4.21	2,240,262	0.11%	2,240,262	0.11%	0	0	0	0	Ph.D of Electric & Engineering, University of Illinois	Chairman of Tecom Co., Ltd. & Shanghai TECO Electric & Machinery Co.,Ltd	-	-	-
		Representative: Chao-Kai, Liu	2018.6.15	3	2000.4.21	300,000	0.02%	300,000	0.01%	122,018	0.01%	0	0			-	-	-
Managing Director	ROC	Cheng-Tsung, Huang	2018.6.15	3	1991.5.8	15,279,849	0.76%	15,279,849	0.76%	2,110,934	0.11%	0	0	Bachelor of Economics, Fu Jen Catholic University	Chairman of Sen Yeh Construction Co., Ltd. Independent Director of Aurotek Corporation	-	-	-
Managing Director	ROC	Creative Sensor Inc.	2018.6.15	3	2009.6.19	10,000,000	0.54%	10,000,000	0.50%	0	0	0	0	Master of Electric & Engineering, 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	2018.6.15	3	2012.6.15	234,623	0.01%	234,623	0.01%	0	0	0	0					
Managing & Independent Director	ROC	Wei-Chi, Liu	2018.6.15	2	2018.6.15	0	0	0	0	0	0%	0	0	Ph.D of Business Administration, Northwestern University	Independent Director of Fusheng Precision Co., Ltd.	-	-	-
Independent Director	ROC	Jin-Fu, Chang	2018.6.15	3	2018.6.15	0	0	0	0	0	0.	0	0	Ph.D of Electric & Engineering and computer science, University of California, Berkeley	Independent Director of Taiwan Secom Co., Ltd.	-	-	-

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
Independent Director	ROC	Ting-Wong, Cheng	2018.6.15	2	2016.6.16	0	0	0	0	0	0	0	0	Ph.D & Master of Accountancy, University of Missouri	Independent Director of Asia Pacific Telecom And SuperAlloy Industrial Co., Ltd.	-	-	-
Director	ROC	Mao-Hsiung, Huang	2018.6.15	3	1972.5.12	18,486,633	0.92%	18,486,633	0.92%	5,839,071	0.29%	0	0	Master of Economics, University of Pennsylvania	Chairman of Century Development Corporation, Tong-An Investmet and Teco Australia Pte Limited.	Managing Director	Yu-Ren , Huang	Father & Son
Director	ROC	Yinge Int. Inv. Co.,Ltd	2018.6.15	3	2018.6.15	10,079,600	0.50%	14,454,698	0.72%	0	0	0	0	Master of Mechanical Engineering, University of Tokyo	Director of Tecom Co., Ltd.,	-	-	-
	ROC	Representative: Po-Chih, Huang	2018.6.15	3	1988.3.28	11,614,831	0.58%	7,344,746	0.37%	150,975	0.01%	14,454,698	0.72%					
Director	ROC	Hung Shun Investment Co., Ltd	2018.6.15	3	2018.6.15	304,000	0.02%	604,000	0.03%	0	0	0	0	Bachelor of Business Administration, University of Southern California	Chairman of PT Group; Chairman of South Taiwan Bus	-	-	-
	ROC	Representative: Tzu-Yi, Kuo	2018.6.15	3	2018.6.15	724,559	0.04%	724,559	0.04%	0	0	0	0					
Director	ROC	Tong-An Investment Co., Ltd.	2018.6.15	3	2018.6.15	19,540,052	0.98%	19,540,052	0.98%	0	0	0	0	Master of Business Administration, National Taiwan University of Science and Technology	Chairman of Information Technology Total Service Corp; Chairman of TECO Smart Technologies Co., Ltd.	-	-	-
	ROC	Representative : Shang-Wei, Kao	2018.6.15	3	2018.6.15	15,000	0.00%	15,000	0.00%	0	0	0	0					
Director	ROC	Kuang Yuan Industrial Co., Ltd.	2018.6.15	3	2009.6.19	22,033,919	1.10%	22,033,919	1.10%	0	0	0	0	Ph.D. of Electric & Engineering, Northwestern University, US	Chairman of Global Strategic Venture; Independent Director of Topkey Corporation & WUS Printed Circuit	-	-	-
	ROC	Representative: Shih- Chien, Yang	2018.6.15	3	2009.6.19	0	0	0	0	0	0	0	0					

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	Tung Kuang Investment Co., Ltd.	2018.6.15	3	2000.4.21	30,341,364	1.52%	30,341,364	1.52%	0	0	0	0	Master of Mechanical Engineering, University of Houston	Chairman of TECO (Vietnam) Electric & Machinery Co.,Ltd., Wuxi TECO Precision Mechatronics Co., Ltd	-	-	-
	ROC	Representative : Hong-Hsiang, Lin	2018.6.15	3	2012.6.15	2,161,893	0.11%	2,116,893	0.11%	800,000	0.04%	0	0					
Director	ROC	Yubantec & Co., Ltd.	2018.6.15	3	2018.6.15	13,200,000	0.66%	13,200,000	0.66%	0	0	0	0	Advance Course for Business Manager, Division of Financial Management, National Chengchi University	Chairman of Inotec Taiwan Co., Ltd; Vice Chairman of Yubantec & Co., Ltd.	-	-	-
	ROC	Representative: Tung-Hai, Kao	2018.6.15	3	2018.6.15	1,463	0.00%	1,463	0.00%	0	0	0	0					
Director	ROC	Yung-Hsiang, Chang	2018.6.15	3	2006.9.6	0	0.00%	600,000	0.03%	0	0	0	0	Bachelor of Industrial Engineering and Management, Minghsin University of Science and Technology	Chairman of Hong Tong Co., Ltd.	-	-	-

## 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				0
Wei-Chi, Liu	V		V		V	V	V	V	V	V	V	V	V		1
Jin-Fu, Chang	V		V		V	V	V	V	V	V	V	V	V		1
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		0
Yinge Int. Inv. Co.,Ltd Representative : Po-Chih, Huang			V		V				V	V	V	V	V		0
Hung Shun Investment Co., Ltd Representative: Tzu-Yi, Kuo			V		V	V	V	V	V	V	V	V	V		0
Tong-An Investment Co., Ltd. Representative : Shang-Wei, Kao			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
Yubantec & Co., Ltd. Representative: Tung-Hai, Kao		V	V		V	V	V	V	V	V	V	V	V		1
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 30, 2019

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
Acting President	ROC	Chao-Chih, Lien	2001.8.1	783,130	0.04%	0	0.00%	0	-	Master of Civil Engineering, Stevens Institute of Technology	Chairman of Teco Electric & Machinery Pte Ltd	-	-	-
Executive Consultant	ROC	Hong-Hsiang, Lin	1998.8.21	2,161,893	0.11%	800,000	0.04%	0	-	Master Mechanical Engineering, University of Houston	Chairman of Wuxi TECO Precision Mechatronics Co., Ltd	-	-	-
Assistant Vice President	ROC	Sheng-chyuan, Lin	2017.1.1	1,193,245	0.06%	40,434	0.00%	0	-	Bachelor of Electric & Engineering, National Taiwan University	Chairman of Teco Electro Devices Co., Ltd.	-	-	-
Assistant Vice President	ROC	Sung-Pin, Chang	2015.8.12	20,376	0.00%	0	0.00%	0	-	Bachelor of Chemical Engineering, National Tsing Hua University	Chairman of Hubbell-Taian Co., Ltd	-	-	-
Assistant Vice President	ROC	Chi-Tseng, Peng	2017.1.1	0	0.00%	0	0.00%	0	-	Master of Telecom Engineering, 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 of Mechanical Engineering, National Central University	Chairman of Wuxi Teco Co., Ltd	-	-	-
Assistant Vice President	ROC	Kevin Yeh	2017.1.1	0	0.00%	0	0.00%	0	-	Bachelor of Business Administration, Boston University	Chairman of TECO Electric Europe LTD	-	-	-
Assistant Vice President	ROC	Kuo-Min, Chen	2018.11.13	0	0.00%	0	0.00%	0	-	PH.D. of Industrial engineering and management information from Tunghai University	President of Teco Electro Devices Co., Ltd.	-	-	-
Assistant Vice President	ROC	Hank Horng	2018.1.1	0	0.00%	0	0.00%	0	-	EMBA of National Taiwan University; Master of Mechanical Engineering, National Cheng Kung University	Chairman of Taisan Electric Co., Ltd	-	-	-



### 3.2.3 Remuneration of Directors, President and Vice President

#### Remuneration of Directors (Including Independent Directors)

December 31, 2018 / Unit: NT\$ thousands

Code	Title	Name	Remuneration								Relevant remuneration received by directors who are also employees										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)		Ratio of total remuneration (A+B+C+D) to net income(%)		Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Profit Sharing- Employee Bonus (G)					Ratio of total compensation (A+B+C+D+E+F+G) to net income(%)		
			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	Cash Dividend	Stock Dividend	Cash Dividend	Stock Dividend		The company	Companies in the consolidated financial statements	
1	Chairman	Tung Kuang Investment Co., Ltd. Representative : Chwen-Jy, Chiu																						
2	Managing Director	Tong Ho Gloabl 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	Wei-Chi, Liu																						
6	Independent Director	Ting-Wong, Cheng	-	-	-	-	Total: 113,379	Total: 113,379	Total: 1,083	Total: 1,321	3.63%	3.64%	Total: 8,633	Total: 9,833	Total: 108	Total: 108	-	-	-	-	3.91%	3.96%	yes	
7	Director	Mao-Hsiung, Huang																						
8	Director	Yinge Int. Inv. Co.,Ltd Representative : Po-Chih, Huang (note 1)																						
9	Director	Kuang Yuan Industrial Co., Ltd. Representative: Shih- Chien, Yang																						
10	Director	Tong Kuang Investment Co,Ltd Representative: Hong-Hsiang, Lin																						

Code	Title	Name	Remuneration								Relevant remuneration received by directors who are also employees								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)		Ratio of total remuneration (A+B+C+D) to net income(%)		Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Profit Sharing- Employee Bonus (G)				Ratio of total compensation (A+B+C+D+E+F+G) to net income(%)					
			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	Cash Dividend	Stock Dividend		Cash Dividend	Stock Dividend	The company	Companies in the consolidated financial statements			
11	Director	Yung-Hsiang, Chang (note 3)																								
12	Independent Director	Jin-Fu, Chang																								
13	Director	Hung Shun Investment Co., Ltd Representative: Tzu-Yi, Kuo																								
14	Director	Yubantec & Co., Ltd. Representative: Tung-Hai, Kao																								
15	Director	Tong-An Investment Co., Ltd. Representative : Shang-Wei, Kao																								
16	Managing & Independent Director	Chien-Yuan, Lin (note 2)																								
17	Director	Jing-Shown, Wu (note 2)																								
18	Director	Hsien-Sheng Kuo (note 2)																								
19	Director	Yaskawa Electric Corporation Representative: Hiroyuki Ougi (note 2)																								
20	Director	Lien Chang Electronic Co., Ltd. Representative: Ming-Feng, Yeh (note 2)																								

Note 1: Following expiration of his previous term on June 14, 2018, Po-chih, Huang was reelected as a representative of Ying International Investment Co., Ltd on June 15, 2018.

Note 2: expiration of tenure on June 14, 2018

Note 3: Yung-hsiang, Chang was reelected on June 15, 2018, following the expiration of his previous term as a representative of Mao Yang Co., Ltd. on June 14, 2018.

Note 4: As there was no employee who retired in 2018, fund in the column is either provision or appropriation for retirement payment and is treated as expenses.

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	5,9,12,16,17	5,9,12,16,17	5,9,12,16	5,9,12,16
NT\$2,000,000 ~ Under NT\$5,000,000	10,11,13,14,15,20	10,11,13,14,15,20	10,11,13,14,15,17, 20	10,11,13,14,15,17, 20
NT\$5,000,000 ~ Under NT\$10,000,000	6,7,8,18,19	6,7,8,18,19	6, 8,18,19	6,8,18,19
NT\$10,000,000 ~ Under NT\$15,000,000	1,2,3,4	1,2,3,4	1,2,3,4,7	1,2,3,4,7
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	20	20	20	20

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

## Compensation of President and Vice President

December 31, 2018 / 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					The company	Companies in the consolidated financial statements
									Cash	Stock	Cash	Stock					
1	Chairman (note 1)	Chwen-Jy, Chiu	Total 22,948	Total 22,948	Total 1,480	Total 1,480	Total 25,919	Total 27,538	Total 18,648	-	Total 18,648	-	2.19%	2.24%	Yes		
2	Acting President	Chao-Chih, Lien															
3	Executive Consultant	Hong-Hsiang, Lin															
4	Assistant Vice President	Sheng-chyuan, Lin															
5	Assistant Vice President	Steven Chiang															
6	Assistant Vice President	Sung-Pin, Chang															
7	Assistant Vice President (note 2)	K.R Chen															
8	Assistant Vice President	Chi-Tseng, Peng															
9	Assistant Vice President	Fei-Yuan, Kao															
10	Assistant Vice President	Kevin Yeh															
11	Assistant Vice President (note 3)	Kuo-Min, Chen															

Bracket	Name of President and Vice President (Note 1)	
	The company	Companies in the consolidated financial statements
Under NT\$ 2,000,000	11	11
NT\$2,000,000 ~ under NT\$5,000,000	7, 8	7, 8
NT\$5,000,000 ~ under NT\$10,000,000	1, 3, 4, 5, 6, 9, 10	1, 3, 4, 5, 6, 9, 10
NT\$10,000,000 ~ under NT\$15,000,000	2	2
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 Executives	11	11

Note 1: Chairman Sophia Chiu relinquished the concurrent position as the company's president, which was taken over by vice president Chao-chih, Lien on a provisional basis on April 25, 2018, in compliance with the spirit of corporate governance.

Note 2: Assistant Vice president K. R. Chen relinquished his position on Aug. 18, 2018

Note 3: Kuio-ming, Chen assumed the position of Assistant vice president on Nov. 13, 2018

Note 4: Shown by code of Executives in the previous table

**Employee Bonus to Executive Officers**

2018.12.31/ 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	Chairman	Chwen-Jy, Chiu	-	Total 18,648	Total 18,648	0.59%
	Acting President	Chao-Chih, Lien				
	Executive Consultant	Hong-Hsiang, Lin				
	Assistant Vice President	Sheng-chyuan, Lin				
	Assistant Vice President	Steven Chiang				
	Assistant Vice President	Sung-Pin, Chang				
	Assistant Vice President	K.R Chen				
	Assistant Vice President	Chi-Tseng, Peng				
	Assistant Vice President	Fei-Yuan, Kao				
	Assistant Vice President	Kevin Yeh				
	Assistant Vice President	Kuo-Min, Chen				

**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 (%)
2018	195,254	6.20%
2017	204,026	6.60%

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 9 meetings of the board of directors were held in 2018, 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	9	0	100 %	Re-election (re-elected on 2018.6.15) Should attend 9 times
Managing Director	Tong Ho Gloabl Investment Co., Ltd Representative : Chao-Kai, Liu	9	0	100%	Re-election (re-elected on 2018.6.15) Should attend 9 times
Managing Director	Cheng-Tsung, Huang	9	0	100%	Re-election (re-elected on 2018.6.15) Should attend 9 times
Managing Director	Creative Sensor Inc. Representative: Yu-Ren, Huang	9	0	100%	Re-election (re-elected on 2018.6.15) Should attend 9 times
Managing & Independent Director	Wei-Chi, Liu	5	0	100%	Newly elected (elected on 2018.6.15) Should attend 5 times
Independent Director	Jin-Fu, Chang	5	0	100%	Newly elected (elected on 2018.6.15) Should attend 5 times
Independent Director	Ting-Wong, Cheng	9	0	100%	Re-election (re-elected on 2018.6.15) Should attend 9 times
Director	Mao-Hsiung, Huang	8	1	89%	Re-election (re-elected on 2018.6.15) Should attend 9 times
Director	Yinge Int. Inv. Co.,Ltd Representative : Po-Chih, Huang (note 1)	9	0	100%	Re-election (re-elected on 2018.6.15) Should attend 9 times
Director	Hung Shun Investment Co., Ltd Representative: Tzu-Yi, Kuo	5	0	100%	Newly elected (elected on 2018.6.15) Should attend 5 times
Director	Tong-An Investment Co., Ltd. Representative : Shang-Wei, Kao	5	0	100%	Newly elected (elected on 2018.6.15) Should attend 5 times
Director	Kuang Yuan Industrial Co., Ltd. Representative: Shih- Chien, Yang	8	1	89%	Re-election (re-elected on 2018.6.15) Should attend 9 times
Director	Tong Kuang Investment Co.,Ltd Representitive: Hong-Hsiang, Lin	8	1	89%	Re-election (re-elected on 2018.6.15) Should attend 9 times
Director	Yubantec & Co., Ltd. Representative: Tung-Hai, Kao	5	0	100%	Newly elected (elected on 2018.6.15) Should attend 5 times

Title	Name	Attendance in Person	By Proxy	Attendance rate (%)	Remarks
Director	Yung-Hsiang, Chang (note 2)	7	2	78%	Re-election (re-elected on 2018.6.15) Should attend 9 times
Managing & Independent Director	Chien-Yuan, Lin	4	0	100%	Resigned (2018.5.23) Should attend 4 times
Director	Jing-Shown, Wu	4	0	100%	Retired (re-elected on 2018.6.15) Should attend 4 times
Director	Yaskawa Electric Corporation Representative: Hiroyuki Ougi	3	1	75%	Retired (re-elected on 2018.6.15) Should attend 4 times
Director	Hsien-Sheng Kuo	2	2	50%	Retired (re-elected on 2018.6.15) Should attend 4 times
Director	Lien Chang Electronic Co., Ltd. Representative: Ming-Feng, Yeh	2	2	50%	Retired (re-elected on 2018.6.15) Should attend 4 times

Note 1: Po-chih, Huang became the company's director as a representative of Yinge International Investment Co., Ltd. on June 15, 2018.

Note 2: Yung-hsiang, Chang became the company's director as a natural person on June 15, 2018.

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. 24-21 Board Meeting: 2018.3.26

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 2018.

Reason for avoidance of conflict of interest and the status of voting: Since the aforementioned managing director and directors 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), Yu-Ren Huang (Managing Director), Mao-Hsiung, Huang (Director), Ming-Feng, Yeh (Director), Hong-Hsiang, Lin (Director)

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 International Investment Co., Ltd., president of Sankyo Co, Ltd., chairman of Asia Innovative Technology (Xiamen) 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 managing & independent director, Chien-Yuan, Lin. Chao-Kai, Liu is the director of TECO International Investment Co., Ltd., Asia Innovative Technology (Xiamen) 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., chairman of Sankyo Co, Ltd., 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 Middle East, 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 managing & independent director, Chien-Yuan, Lin, 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)

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 Asia Innovative Technology (Xiamen) Co., Ltd., director of UVG Investment Co.Ltd., director of Tong-An Assets Management & Development Co., Ltd., supervisor of Tai-An Technology (Wuxi) Co., Ltd. abstained from the discussion and voting for the case based upon interest conflict, and presided over by managing & independent director, Chien-Yuan, Lin. Chao-Kai, Liu is the director of TECO Westinghouse Motor Company, chairman of Tai-An Technology (Wuxi) Co., Ltd., director of Asia Innovative Technology (Xiamen) Co., Ltd., director of UVG Investment 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, Cheng-Tsung, Huang is the 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 managing & independent director, Chien-Yuan, Lin, who consulted other attending directors, none whom objected the case.

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

Contents of the case: Nomination of candidates for 25<sup>th</sup> term Independent Director of the company

Reason for avoidance of conflict of interest and participation in voting: Ting-Wong Cheng is current independent director of the company. The above director were abstained from the discussion and voting for the case based upon interest conflict.

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

ii. 24-22 Board Meeting: 2018.4.17

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

Contents of the case: Discussion of disposing the shares of Kuenling Machinery Refrigerating Co., Ltd. and its subsidiary.

Reason for avoidance of conflict of interest and participation in voting: Chwen-Jy, Chiu is the director of Kuenling Machinery Refrigerating Co., Ltd., abstained from the discussion and voting for the case based upon interest conflict, and presided over by managing & independent director, Chien-Yuan, Lin.

Resolution: The case was approved by a meeting of the board of directors, presided over by managing & independent director, Chien-Yuan, Lin, who consulted other attending directors, none whom objected the case.

iii. 24-23 Board Meeting: 2018.4.30

Director's Name: Chwen-Jy, Chiu (Chairman), Chao-Kai, Liu (Managing Director), Cheng-Tsung, Huang (Managing Director), Yu-Ren Huang (Managing Director), Mao-Hsiung, Huang (Director), Po-Chih, Huang (Director), Shih-Chien, Yang (Director), Yung-Hsiang, Chang (Director), Hong-Hsiang, Lin (Director), Ting-Wong, Cheng (Independent Director)

Contents of the case: Review the qualification of candidates of 25<sup>th</sup> term director and independent director.

Reason for avoidance of conflict of interest and the status of voting: Chwen-Jy, Chiu is the current chairman of board of directors and abstained from the discussion and voting for the case based upon interest conflict and presided over by managing & independent director, Chien-Yuan, Lin. Chao-Kai, Liu (Managing Director), Cheng-Tsung, Huang (Managing Director), Yu-Ren Huang (Managing Director), Mao-Hsiung, Huang (Director), Po-Chih, Huang (Director), Shih-Chien, Yang (Director), Yung-Hsiang, Chang (Director), Hong-Hsiang, Lin (Director), Ting-Wong, Cheng (Independent Director) abstained from the discussion and voting for the case based upon interest conflict.

Resolution: Except when the nominated candidate of director/independent director is a current director, he/she shall be abstained during the review. 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.

iv. 24-24 Board Meeting: 2018.5.14

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

Contents of the case: Discussion on capital increase of TEMICO Singapore

Reason for avoidance of conflict of interest and the status of voting: Chwen-Jy, Chiu is the director of TEMICO Singapore, abstained from the discussion and voting for the case based upon interest conflict and presided over by managing & independent director, Chien-Yuan, Lin. Mao-Hsiung, Huang (Director) is chairman of TEMICO Singapore, 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 managing &



independent director, Chien-Yuan, Lin, who consulted other attending directors, none whom objected the case.

- v. 25-1 Board Meeting: 2018.6.15  
Director's Name: Wei-Chi, Liu (Managing & Independent Director), Ting-Wong, Cheng (Independent Director), Jin-Fu, Chang (Independent Director)  
 Contents of the case: Discussion of the appointment of the members of the company's fourth "compensation committee."  
 Reason for avoidance of conflict of interest and the status of voting: Wei-Chi, Liu (Managing & Independent Director), Ting-Wong, Cheng (Independent Director), Jin-Fu, Chang (Independent Director) are the candidates of "compensation committee." and abstained from the discussion and voting for the case based upon interest conflict  
 Resolution: expect those who abstained from the case, 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.
- vi. 25-2 Board Meeting: 2018.7.2  
Director's Name: Chwen-Jy, Chiu (Chairman), Mao-Hsiung, Huang (Director), Cheng-Tsung, Huang (Managing Director).  
 Contents of the case: Ratification of investment and capital expenditure budget of Tong-An Assets Management & Development Co., Ltd  
 Reason for avoidance of conflict of interest and the status of voting: Chwen-Jy, Chiu is the director of Tong-An Assets Management & Development Co., Ltd and abstained from the discussion and voting for the case based upon interest conflict and presided over by managing & independent director, Wei-Chih, Liu. Mao-Hsiung, Huang (Director) is chairman of Tong-An Assets Management & Development Co., Ltd., and Cheng-Tsung, Huang (Managing Director) is a 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 managing & independent director, Wei-Chi, Liu, who consulted other attending directors, none whom objected the case.
- Director's Name: Chwen-Jy, Chiu (Chairman), Mao-Hsiung, Huang (Director), Yu-Ren Huang (Managing Director)  
 Contents of the case: Discussion of capital increase of Royal Host Taiwan  
 Reason for avoidance of conflict of interest and participation in voting: Chwen-Jy, Chiu is the director of Royal Host Taiwan., abstained from the discussion and voting for the case based upon interest conflict, and presided over by managing & independent director, Wei-Chih, Liu. Mao-Hsiung, Huang (Director) is chairman of Royal Host Taiwan, Chairman and president of Royal Host Taiwan is respectively Yu-Ren, Huang's one and two degrees of kinship, 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 managing & independent director, Wei-Chi, Liu who consulted othehr attending directors, none whom objected the case.
- Director's Name: Chwen-Jy, Chiu (Chairman), Shang-Wei, Kao (Director)  
 Contents of the case: Discussion for share issuance by ITTS for application for share listing on the over-the-counter market  
 Reason for avoidance of conflict of interest and participation in voting: Chwen-Jy, Chiu is the director of ITTS, abstained from the discussion and voting for the case based upon interest conflict, and presided over by managing & independent director, Wei-Chih, Liu. Shang-Wei, Kao (director) is the chairman of ITTS, 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 managing & independent director, Wei-Chi, Liu who consulted othehr attending directors, none whom objected the case.
- vii. 25-3 Board Meeting: 2018.8.13  
Director's Name: Chao-Kai, Liu (Managing Director)  
 Contents of the case: Discussion on equity buyback of Roteco  
 Reason for avoidance of conflict of interest and the status of voting: Chao-Kai, Liu is a director of Ropali-TECO Corporation 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.
- Director's Name: Wei-Chi, Liu (Managing & Independent Director), Ting-Wong, Cheng (Independent Director), Jin-Fu, Chang (Independent Director)  
 Contents of the case: Discussion on the adjustment of the compensations for the company's independent directors  
 Reason for avoidance of conflict of interest and the status of voting: Wei-Chi, Liu (Managing & Independent Director), Ting-Wong, Cheng (Independent Director), Jin-Fu, Chang (Independent Director) are the candidates of "compensation committee." 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.

viii. 25-4 Board Meeting: 2018.11.13

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

Contents of the case: Discussion on capital increase of TEMICO Singapore

Reason for avoidance of conflict of interest and the status of voting: Chwen-Jy, Chiu is the directors of TEMICO Singapore and abstained from the discussion and voting for the case based upon interest conflict and presided over by managing & independent director, Wei-Chi, Liu, Mao-Hsiung, Huang (Director) is the chairman of TEMICO Singapore, 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 managing & independent director, Wei-Chi, Liu who consulted othehr attending directors, none whom objected the case.

ix. 25-5 Board Meeting: 2018.12.22

Director's Name: Chwen-Jy, Chiu (Chairman), Hong-Hsiang, Lin (Director)

Contents of the case: Discussion on Jiangxi TECO's lending to Qingdao TECO

Reason for avoidance of conflict of interest and the status of voting: Chwen-Jy, Chiu is the director of Jiangxi TECO and abstained from the discussion and voting for the case based upon interest conflict and presided over by managing & independent director, Wei-Chi, Liu. Hong-Hsiang, Lin (Director) is the director of Jiangxi TECO, 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 managing & independent director, Wei-Chi, Liu who consulted othehr attending directors, none whom objected the case.

### 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 2018, 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%	Re-election (Re-elected on 2018.6.15) Should attend 8 times
Member	Wei-Chi, Liu	8	0	100 %	Newly Elected (Re-elected on 2018.6.15) Should attend 5 times
Member	Jin-Fu, Chang	8	0	100%	Newly Elected (Re-elected on 2018.6.15) Should attend 5 times
Convener & Chairman	Chien-Yuan, Lin	3	0	100%	Retired (Re-elected on 2018.6.15) Should attend 3 times
Member	Jing-Shown, Wu	3	0	100%	Retired (Re-elected on 2018.6.15) Should attend 3 times

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
24-21 Board Meeting 2018.3.26	Discussion on business report, parent company only financial statements and consolidated financial statements of 2017	v	
	Discussion on Profit distribution of 2017	v	
	Internal audit report and self assesment of internal control of 2017	v	
	Discussion on Due Date Quota of Financial Institution in 2017	v	
	Discussion on provision of loans among the company and affiliates	v	
	Adjustment of trader on derivatives and stock	v	
	The Resolution of Audit Committee (2018.3.20): A proposal on the distribution of 2017 profit was formed following inquiry of the members of the audit committee present by the chairman, which was submitted alongside the original proposal (with preference to case one) to the board of directors for resolution, with other contents of the case endorsed by all the members in attendance. How the company handle opinion of Audit Committee: Passed by all attendee directors		

24-22 Board Meeting 2018.4.17	Discussion on disposing the shares of Kuenling Machinery Refrigerating Co., Ltd. and its subsidiary.	v	
	Discussion on joint venture with Mitsui	v	
	The Resolution of Audit Committee (2018.4.17): Passed by all members		
	How the company handle opinion of Audit Committee: Passed by all attendee directors		
24-24 Board Meeting 2018.5.14	Discussion on capital increase of TEMICO Singapore	v	
	Discussion on the amendment to "Procedure of acquisition or disposal of assets".	v	
	The Resolution of Audit Committee (2018.5.7): Proposal to suspend for further study article 7-2-1 and article 11-2-1 of the company's "procedure for acquisition or disposal of assets, with other contents of the case being endorsed by all the directors present upon the inquiry by the chairman.		
	How the company handle opinion of Audit Committee: Passed by all attendee directors		
25-2 Boarding Meeting 2018.7.2	Discussion of capital increase of Royal Host Taiwan	v	
	Discussion for share issuance by ITTS for application for share listing on the over-the-counter market	v	
	The Resolution of Audit Committee (2017.7.2): Proposal of suggestion for faithful execution of its business improvement plan by Royal Host Taiwan Co., Ltd. in the case involving its capital increase, with other contents of the case approved by all the members present.		
	How the company handle opinion of Audit Committee: Passed by all attendee directors		
25-3 Boarding Meeting 2018.8.13	2017Q2 consolidated financial statements	v	
	Discussion on equity buyback of Roteco	v	
	The Resolution of Audit Committee (2018.8.8): Proposal for further study of its business model in the case involving share buyback of subsidiary Roteco in Philippines, with other contents of the case endorsed by all the members of the committee present.		
	How the company handle opinion of Audit Committee: For the case involving share buyback by Filipino subsidiary Reteco, in addition to suggestion of the authorization for decision by standing directions for cases with value under a certain amount via revision of related measures, other opinions of the audit committee were all approved by all the directors present.		
25-4 Boarding Meeting 2018.11.13	Discussion on capital increase of TEMICO Singapore	v	
	Discussion on the amendment to "Procedure of acquisition or disposal of assets".	v	
	The Resolution of Audit Committee (2018.11.7): Case involving capital increment by TEMICO Singapore was approved after inquiry of all the committee members present by the chairman, who, though, suggested the company to consider the first option of self-own in priority and intensify analysis and explanation of the third option, should it be adopted, with other contents of the case being endorsed by all the committee members present.		
	How the company handle opinion of Audit Committee: Passed by all attendee directors		
25-5 Boarding Meeting 2018.12.22	Internal audit plan for 2019	v	
	Plan to buy back shares to maintain the company's credit and shareholders' interest, as well as draft the announcement that no impact on company's capital maintainance	v	
	Discussion on Jiangxi TECO's lending to Qingdao TECO	v	
	Discussion on CPA's independence and adequacy	v	
	Discussion on remuneration of CPA	v	
	Discussion on change of accounting chief at the accounting management department of the financial and management center	v	
	The Resolution of Audit Committee (2018.4.17): 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</p> <p>i. 24-21 Board Meeting: 2018.3.26  <u>Director's name: Ting-Wong.Cheng (Independent Director)</u></p> <p>Contents of the case: Nomination of candidates for 25<sup>th</sup> term Independent Director of the company  Reason for avoidance of conflict of interest and participation in voting: Ting-Wong Cheng is current independent director of the company. The above director were abstained from the discussion and voting for the case based upon interest conflict.  Resolution: The nomination was approved by a meeting of the board of directors, presided by chairman, who consulted other attending directors, none whom objected the case.</p> <p>ii. 25-1 Board Meeting: 2018.6.15  <u>Director's Name: Wei-Chi. Liu (Managing &amp; Independent Director), Ting-Wong.Cheng (Independent Director), Jin-Fu. Chang(Independent Director)</u></p> <p>Contents of the case: Discussion of the appointment of the members of the company's fourth "compensation committee."  Reason for avoidance of conflict of interest and the status of voting: Wei-Chi, Liu (Managing &amp; Independent Director), Ting-Wong, Cheng (Independent Director), Jin-Fu, Chang(Independent Director) are the candidates of "compensation committee." and abstained from the discussion and voting for the case based upon interest conflict  Resolution: expect those who abstained from the case, 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.</p> <p>iii. 25-3 Board Meeting: 2018.8.13  <u>Director's Name: Wei-Chi. Liu (Managing &amp; Independent Director), Ting-Wong.Cheng (Independent Director), Jin-Fu. Chang(Independent Director)</u></p> <p>Contents of the case: Discussion on the adjustment of the compensations for the company's independent directors  Reason for avoidance of conflict of interest and the status of voting: Wei-Chi, Liu (Managing &amp; Independent Director), Ting-Wong, Cheng (Independent Director), Jin-Fu, Chang(Independent Director) are the candidates of "compensation committee." 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.</p>																																		
<p>3. The communication between independent director, internal audit chief and CPA</p> <p>(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 management and corporate governance unit.</p> <p>i. The company's internal auditing chief delivers internal auditing report at the quarterly meeting of the audit 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.</p> <p>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.</p> <p>(2) Independent Director and internal audit chief have good communication, and independent directors have no suggestions. Communication issues are showed as follows.</p> <table border="1"> <thead> <tr> <th>Audit Committee</th> <th>Communication Item</th> <th>Communication Result</th> </tr> </thead> <tbody> <tr> <td rowspan="2">2-23 (2018.3.20)</td> <td>Report for 2017 Internal Audit</td> <td>Notification</td> </tr> <tr> <td>2017 Internal Audit Self Evaluation (Announcement of Internal Control)</td> <td>Approval after review before submission to the board of directors for resolution</td> </tr> <tr> <td>2-25 (2018.5.7)</td> <td>Report for 2018 1Q Internal Audit</td> <td>Notification</td> </tr> <tr> <td>3-3 (2018.8.8)</td> <td>Report for 2018 2Q Internal Audit</td> <td>Notification</td> </tr> <tr> <td rowspan="2">3-5 (2018.12.17)</td> <td>Report for 2018 3Q Internal Audit</td> <td>Notification</td> </tr> <tr> <td>Audit Project for 2019</td> <td>Approval after review before submission to the board of directors for resolution</td> </tr> </tbody> </table> <p>(3) Independent Director and CPA have good communication, and independent directors have no suggestions. Summary of communication issues are showed as follows.</p> <table border="1"> <thead> <tr> <th>Audit Committee</th> <th>Communication Item</th> <th>Communication Result</th> </tr> </thead> <tbody> <tr> <td rowspan="2">2-23 (2018.3.20)</td> <td>Report for 2017 consolidate and parent company only financial statements</td> <td>Approval after review before submission to the board of directors for resolution</td> </tr> <tr> <td>The effect resulted from updated IFRS, regulations and tax law</td> <td>Notification</td> </tr> <tr> <td rowspan="2">3-3 (2018.8.8)</td> <td>Report for 2018 2Q consolidate financial statements</td> <td>Approval after review before submission to the board of directors for resolution</td> </tr> <tr> <td>Effect of the revised Income Tax Act</td> <td>Notification</td> </tr> </tbody> </table>			Audit Committee	Communication Item	Communication Result	2-23 (2018.3.20)	Report for 2017 Internal Audit	Notification	2017 Internal Audit Self Evaluation (Announcement of Internal Control)	Approval after review before submission to the board of directors for resolution	2-25 (2018.5.7)	Report for 2018 1Q Internal Audit	Notification	3-3 (2018.8.8)	Report for 2018 2Q Internal Audit	Notification	3-5 (2018.12.17)	Report for 2018 3Q Internal Audit	Notification	Audit Project for 2019	Approval after review before submission to the board of directors for resolution	Audit Committee	Communication Item	Communication Result	2-23 (2018.3.20)	Report for 2017 consolidate and parent company only financial statements	Approval after review before submission to the board of directors for resolution	The effect resulted from updated IFRS, regulations and tax law	Notification	3-3 (2018.8.8)	Report for 2018 2Q consolidate financial statements	Approval after review before submission to the board of directors for resolution	Effect of the revised Income Tax Act	Notification
Audit Committee	Communication Item	Communication Result																																
2-23 (2018.3.20)	Report for 2017 Internal Audit	Notification																																
	2017 Internal Audit Self Evaluation (Announcement of Internal Control)	Approval after review before submission to the board of directors for resolution																																
2-25 (2018.5.7)	Report for 2018 1Q Internal Audit	Notification																																
3-3 (2018.8.8)	Report for 2018 2Q Internal Audit	Notification																																
3-5 (2018.12.17)	Report for 2018 3Q Internal Audit	Notification																																
	Audit Project for 2019	Approval after review before submission to the board of directors for resolution																																
Audit Committee	Communication Item	Communication Result																																
2-23 (2018.3.20)	Report for 2017 consolidate and parent company only financial statements	Approval after review before submission to the board of directors for resolution																																
	The effect resulted from updated IFRS, regulations and tax law	Notification																																
3-3 (2018.8.8)	Report for 2018 2Q consolidate financial statements	Approval after review before submission to the board of directors for resolution																																
	Effect of the revised Income Tax Act	Notification																																

### 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, questions, disputes, and litigation of shareholders. b. Whether the company has got hold of the list of major shareholders and their ultimate controllers. c. Whether the company has established and implemented risk-management and firewall mechanism pertaining to affiliates. d. Whether the company has formulated internal norms forbidding the company’s insiders to take advantage of unpublicized information in trading in securities.	V		a. The company has installed stock-affairs unit, which handles shareholders’ suggestions or disputes, among others. b. The company has got hold of the list of major shareholders and their ultimate controllers, which is updated regularly. 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. d. The company has formulated internal norms forbidding insiders to take advantage of unpublicized information in trading in securities.	a. Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”. b. Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”. c. Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”. d. Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”.
C. Composition and duties of the board of directors a. Whether the board of directors has formulated and achieved diversification for the composition of its membership.	V		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: i. Basic condition: sex, age, nationality and culture ii. Professional knowledge and skill: professional background (such as law, accounting, industry, finance, marketing and technology), professional skill and industrial experience. The company implemented the policy of diversification. The company implemented the policy of diversification in the board (Note 1). There is one female director and one Japanese director sitting on the company's 25th board of directors, which has 15 seats (including three for independent directors), with a three-year term, which	a. 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>b. Whether the company has installed on its own various functional committees other than the compensations committee and the auditing committee.</p> <p>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.</p>			<p>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. Members of the Board attend the BOD meeting actively and attendance in person in 2018 reaches at 93.17%. The members monitored and understand the execution of business plans effectively.</p> <p>b. The company already approved the institution of the “compensations committee” at the 13<sup>th</sup> 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). In order to establish a good governance system, rationalize and strengthen management functions, fulfill corporate social responsibilities, and attain sustainable development, the 25th board of directors resolved in its third meeting (on Aug. 13, 2018) to set up "corporate governance and sustainability committee." (note 2)</p> <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. External professional independent agent or external expert team may be hired to evaluate the performance evaluation of BOD and issue external evaluation report every three years. 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</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>

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 regularly evaluated the independence of certified public accountants.			<p>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), and community 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 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>2018 Performance evaluation of BoD was conducted by secretariat division of the board of directors through internal self evaluation. Items covered by self evaluation questionnaire includes 48 items in five sections: participation in company's operation, enhancement of quality of decision made by BoD, Composition and structure of BoD, selection and continual training of directors and internal control. The evaluation report was submitted to the board meeting on March 26<sup>th</sup>, 2018. All items reached the related standard. The performance of BoD in 2018 demonstrates its sound operation.</p>	d. Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”
			<p>d. The 23<sup>rd</sup> board of directors also approved at its 19<sup>th</sup> 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 20th meeting (Dec. 22, 2017) and the 25th board of directors at the 5th meeting (Dec. 22, 2018)</p>	



Items	Implementation status			Discrepancy with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies “ and reasons
	Yes	No	Summaried Explanation	
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 also upgraded "Legal Divion" to "Legal and Compliance Division" to strengthen the concept of compliance. The two units are supervised by dedicated director-level above chiefs with the qualification of more-than three years related experience or lawyer. They are Joinly responsible for the matters related to corporate governance. The main duties are handling in a legal manner affairs related to the meetings of the board of directors and shareholders' meeting, production of minutes of the meetings of the board of directors and shareholders' meeting, assistance for directors in assuming their offices and continual traning, and undertaking continuing provision of data needed by directors in the execution of their duties, assistance for directors in legal compliance, safeguard of shareholders' benefits, and strengthening of the function of the board of directors. The implementation of corporate governance 2018 has summited to the meeting of Corporate Governance and Sustainability Committee on January 24<sup>th</sup>, 2018 as well as Bod meeting on march 26<sup>th</sup>, 2018. The report is showed as follow:</p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>iii. Based upon "Regulations Governing the Board Performance Evaluation," board secretary collects the information related activities of the board, distributing the 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.</li> <li>iv. Assistance for directors in compliance with various laws, regulations, and guidelines: Arrange study courses for directors at least twice a year and provide data irregularly</li> </ul>	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>needed by directors in the execution of their duties, conducive to their understanding of latest legal development related to the company's operation; invite certified public accountant to attend meetings of the board of directors at least twice a year to exchange opinions with directors on annual report and semiannual report, as well as the updating of IFRSs, securities laws/regulations, and tax laws/regulations.</p> <p>v. 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>vi. 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> <p>According to "Taiwan Stock exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers" the board of directors has resolved to designate a manger to be dedicated corporate-governance chief by June 30, 2019.</p> <p>According to "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies," the company's corporate governance chief will arrange courses related to execution of duties with study time meeting legal requirement.</p> <p>The company will disclose the scope of the duties of corporate-governance chief, business focuses of the year, and the status of continuing study.</p>	
E. Whether the company has established communications channel for stakeholders (include but not restrict shareholders, employees, customers and suppliers) and dedicated sector	V		The company has high regard for issues concerned by stakeholders and channels for communication with them(note 4), keeping smooth communications with shareholders, employees, customers, suppliers, local communities, NGOs, and government units, via	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	
for stakeholders on its website, in addition to responding properly to key issues on corporate social responsibility concerned by stakeholders.			regular or irregular publication of messages or direct communication with stakeholders, so as to respect and uphold their legal rights. 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. <a href="http://tecocr.teco.com.tw/page1.php?gid=11">http://tecocr.teco.com.tw/page1.php?gid=11</a>	
F. Whether the company has entrusted professional stock-affairs agent to handle shareholder' meeting.	V		The company has entrusted professional stock-affairs agent to handle shareholders' meeting.	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 finance, business, and corporate governance.  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).	V		a. The company institutes website for disclosing the status of finance and corporate governance. The address of the corporate website: <a href="http://www.teco.com.tw">www.teco.com.tw</a>  b. The company institutes English-language website ( <a href="http://www.teco.com.tw/en_version/index.asp">http://www.teco.com.tw/en_version/index.asp</a> ), According to the company's measures for news release, Collection and disclosure of company information is in the charge of designated staffer. After approval by the president, various units can notify the public relations unit for news release which will then be transferred to the spokesman for execution. According to the company's measures for information publication, spokesman should disclose company information to all investors and media at the same time in a fair manner.	a. Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”  b. Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”
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.	V		a. a. In order to safeguard employees' benefits, labor union has been established, on top of regular labor-management meeting, as a bridge of communications with employees. At quarter meeting at headquarters and weekly meeting at various plant premises, senior managers would explain to employees the company's current business performance and challenges and open commend those with extraordinary performance. b. The company set up committee of employees' welfare as early as 1964, in charge of pushing various welfare measures and planning series of measures caring for employees' families, so as help employees build a harmonious familial relationship and improve their health, so as to enhance their performance. c. The company has set up a unit dedicated to periodic disclosure the company's major business information, boosting information transparency, as well as a feedback mechanism for accepting suggestions of investors on the company's development, in addition to active participation in investor conferences, so that investors can have firm	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	
			<p>grip on the company current business status and development planning.</p> <p>d. The company's representatives visit each supplier at least twice a year. The company has been pushing the establishment of e-procurement platform, as an effective communications channel for suppliers worldwide. The business group has also formulated a uniform list of qualified sales agents.</p> <p>e. To uphold the rights of stakeholders, they can express their suggestions and complaints via telephone, fax, or e-mail, which will be handled by designated staffers, and employees are also encouraged to report violations of laws or regulations via dedicated mailbox.</p> <p>f. In 2018, all the directors of the company engaged in advanced study with hours meeting the requirement of "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies," with total study time reaching 141 hours, on top of total study time of 48 hours for managers.</p> <p>g. The company has dedicated to the establishment of a complete risk-management system, actively taking into account all the risks which may occur in the company's operation and assuring compliance by the company with related laws and regulations. Meanwhile, assure continuing effectiveness of the company's internal control system via auditing system. Various auditing tasks by the auditing unit ascertain the effectiveness of the company's internal control system, as shown in the low risks of various environmental indicators in 2018.</p> <p>h. The company has dedicated to the provision of quality products with high price-performance ratio to customers. In order to meet customer demands for products and services, the company has also endeavored to better understand their expectation for the company and its products, via multiple channels, including dedicated customer service phone lines, seminars, field visits, after-sales tracking, telephone calls, corporate website, and media, so as to lower the risks of major loss for the company and shareholders which could be caused by the mistake or negligence of directors.</p> <p>i. The company has taken out liabilities insurance for directors covering possible liabilities related to their responsibilities during their tenure since 1999. Report on the insurance, including insurance amount (US\$10 million), coverage (all the directors), premium rate, and insurance period (2018 and 2019) was delivered at the 21th meeting of the 24th board of directors and sixth meeting of the 25th board of directors.</p>

Items	Implementation status			Discrepancy with "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summaried Explanation	
I. Please illustrate the improvement based upon Corporate Governance Evaluation Result released by Taiwan Stock Exchange.	V		<p>a. The company was granted top 5% evaluation in corporate-governance evaluation for three years running since fiscal 2015.</p> <p>b. In compliance with the new version of corporate governance roadmap, "Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers", and "2019 evaluation indicators for corporate governance," the company is scheduled to complete the standard operating procedure for handling the demands by directors by June 30, 2019 and the board of directors has resolved to designate a manger to be dedicated corporate-governance chief.</p>	Compliance with "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies"

Note 1: Implement the policy of diversification in the board

Name Name	Basic Condition and Value		Back-ground  Education	Knowledge and Skill							
	Sex	Nationality		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	Business Administration	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
Wei-Chi, Liu	M	Taiwan	Business Administration	v	v	v	v		v	v	v
Jin-Fu, Chang	M	Taiwan	Electronic Engineering	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
Yinge Int. Inv. Co.,Ltd Representative : Po-Chih, Huang	M	Taiwan	Engineering	v	v	v	v	v	v	v	v
Hung Shun Investment Co., Ltd Representative: Tzu-Yi, Kuo	M	Taiwan	Business Administration	v	v	v	v		v	v	v
Tong-An Investment Co., Ltd. Representative : Shang-Wei, Kao	M	Taiwan	Management	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
Yubantec & Co., Ltd. Representative: Tung-Hai, Kao	M	Taiwan	Accounting	v	v	v	v		v	v	v
Yung-Hsiang, Chang	M	Taiwan	Industrial Management	v	v	v	v	v	v	v	v

Note 2: Information on the operation of corporate governance and sustainability committee

In order to establish a good governance system, rationalize and strengthen management function, fulfill corporate social responsibilities, and attain sustainable development, the company's 25th board of directors resolved in its third meeting (on Aug. 13, 2018) to set up "corporate governance and sustainability committee." The committee consists of more than three directors, over half of them independent directors, with convener and chairman of committee meetings being served by an independent director to be elected by committee members.

According to the company's "organization regulations for corporate governance and sustainability committee," the committee convenes at least twice a year and is in charge of reviewing the soundness of the company's corporate governance organization and system, the nomination of the candidates for directors and independent directors, supervision of the fulfillment of corporate social responsibilities and attainment of sustainable development, and strengthening of the operation and management of the units under the direct jurisdiction of the board of directors, among others.

The current corporate governance and sustainability committee consists of five members, with tenure starting from Aug. 13, 2018 through June 14, 2021. Status of attendance for the two meetings of the committee in the recent year follows:

Title	Name	Times of attendance	Attendance rate (%)	Note
Convener and chairman	Wei-Chi, Liu	2	100%	
Member	Ting-Wong, Cheng	2	100%	
Member	Jin-Fu, Chang	2	100%	
Member	Chwen-Jy, Chiu	2	100%	
Member	Mao-Hsiung, Huang	2	100%	

Other items of mandatory registration:

- In case the board of directors turns down suggestions of corporate governance and sustainability committee, specify the date and number of the meeting, contents of the case, resolutions of the board of directors, and status of the handling of the committee's opinions by the company: nil
- Opposition or reservation of members on record or in written statement against resolutions of corporate governance and sustainability committee: nil

### Note 3: 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
B. 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 4: Issues which stakeholders focus and communication channel

Stakeholder	Issue	Communication Channel	Communication Result
Shareholder	<ul style="list-style-type: none"> <li>• Business development and operation</li> <li>• Financial transparency</li> <li>• Risk management</li> <li>• Corporate governance</li> <li>• Environmental protection</li> </ul>	<ul style="list-style-type: none"> <li>• Market Observation Post System at Taiwan Stock Exchange</li> <li>• Shareholder meeting---at least once a year</li> <li>• Investment forums in Taiwan and abroad---six forums in 2018</li> <li>• Visits by representatives of investment corporations---91 person-visits in 2018</li> <li>• Relation/stock mailboxes dedicated to investors---immediate replies by responsible persons</li> </ul>	<ul style="list-style-type: none"> <li>• Chosen as a component stock of Taiwan Sustainability Index</li> <li>• In 2018 corporate governance evaluation, Teco Electric &amp; Machinery ranked high in every performance indicator for the evaluation and consequently was among the top-5% of evaluated enterprises.</li> </ul>
Employee	<ul style="list-style-type: none"> <li>• Business development and operation</li> <li>• Relations between company and employees\Employees' rights and interests</li> <li>• Training and career development</li> <li>• Occupational environment</li> <li>• Expression of employees' opinions and communication</li> </ul>	<ul style="list-style-type: none"> <li>• Company-employee meetings---once every quarter</li> <li>• Employees' meetings---once every quarter</li> <li>• Executives' symposiums---once half a year</li> <li>• Occupational safety and health committee---a meeting every quarter</li> <li>• Employee welfare committee</li> <li>• Publication of a bimonthly</li> <li>• Survey of employees' satisfaction---once a year</li> <li>• Proposals for improvement</li> </ul>	<ul style="list-style-type: none"> <li>• A symposium is held once a year for company president, manager of every factory, company's human resource director as well as directors and supervisors of the company's labor union, with all of the company's executives aforementioned and 80% of directors and supervisors on average attending.</li> <li>• Employees' satisfaction remains at a high level of over 80%</li> <li>• Employees' social participation is encouraged, with voluntary social workers' total input exceeding 784 hours in 2018. Besides, the company promoted a credit system and paid leaves for voluntary contribution to social benefit.</li> <li>• 498 courses were offered in 2018 under the company's training program and business units' separate training plans, with an employee receiving 17.6-hour training on average.</li> </ul>
Client	<ul style="list-style-type: none"> <li>• Labeling for products and services</li> <li>• Customers' health and safety</li> <li>• Marketing communication</li> <li>• Survey of customers' satisfaction</li> <li>• Green products</li> </ul>	<ul style="list-style-type: none"> <li>• Dedicated telephone lines for response to customers if needed</li> <li>• 1-4 symposiums a year for sales agents and irregular calls on sales agents</li> <li>• Tracking of after-sale services---by telephone talks</li> <li>• company's website and media---updated in needed</li> <li>• Questionnaire survey of satisfaction---1-4 times a year</li> </ul>	<ul style="list-style-type: none"> <li>• Teco regularly mails questionnaires to customers globally to survey their satisfaction twice a year. The global customers' satisfaction in 2018 stood at 95%.</li> <li>• High-efficiency energy-saving motors sold globally in 2018 were estimated to save total power consumption of 650 million kWh; green energy-saving home electric appliances sold in 2018 were estimated to reduce carbon dioxide emission by 34,710 metric tons a year.</li> </ul>
Supplier	<ul style="list-style-type: none"> <li>• Green supply chain management</li> <li>• Human right evaluation for suppliers</li> <li>• Operational performance</li> <li>• Order management</li> <li>• Quality management</li> <li>• Technology used in production</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluation of suppliers---70 suppliers are evaluated every year</li> <li>• Examination of suppliers---once a quarter</li> <li>• Counseling for suppliers---offered if needed</li> <li>• E-procurement---if needed</li> </ul>	<ul style="list-style-type: none"> <li>• Risk assessment and on-site evaluation were undertaken for key suppliers, with key suppliers of which evaluation was finished expected to take up 75% of total value of procurement from all suppliers, but in fact, the proportion in 2018 was 84%.</li> <li>• 99% of suppliers signed agreements for protection of human rights and environment</li> </ul>

Stakeholder	Issue	Communication Channel	Communication Result
Local community	<ul style="list-style-type: none"> <li>Occupational safety and health</li> <li>Environmental management</li> <li>Social participation</li> <li>Voluntary services for social benefit</li> </ul>	<ul style="list-style-type: none"> <li>Service centers in industrial parks---services provided irregularly</li> <li>Joint efforts to prevent impact of disasters on neighborhoods of industrial parks---once every quarter</li> <li>Communication mailbox at the company's website---for use irregularly</li> <li>Employees' voluntary work for social benefit---activities held every quarter</li> </ul>	<ul style="list-style-type: none"> <li>No violations of regulations on air pollution and waste disposal as well as no events with negative impact on neighboring communities</li> <li>Participation in joint efforts and cooperation with other companies stationed in industrial parks to prevent impact of disasters on residential communities neighboring industrial parks</li> <li>Energy-saving education totaling 1,125 man-hours was offered for local communities and schools</li> </ul>
NGO (non-governmental organization)	<ul style="list-style-type: none"> <li>Environmental protection</li> <li>Social benefit</li> <li>Labor conditions</li> </ul>	<ul style="list-style-type: none"> <li>Disclosure of non-financial information---regular publication of CSR (corporate social responsibility) reports every year, disclosing the company's action in environmental protection, social responsibility and corporate governance and results accordingly</li> <li>Greenhouse gas inventory---the company passes BSI (British Standards Institution) ISO 14064-1 verification to obtain reasonable level of assurance every year</li> </ul>	<ul style="list-style-type: none"> <li>Collaboration with 30 NPOs (nonprofit organizations) and NGOs as well as 34 enterprises to implement a project aimed to maintain and conserve aborigines' culture</li> <li>Active participation in external organizations and advocacy to support goals of sustainable development and government policies</li> </ul>
Government agency	<ul style="list-style-type: none"> <li>Regulatory compliance</li> <li>Occupational safety and health</li> <li>Reduction in greenhouse gas emission</li> <li>Environmental protection</li> <li>Energy management</li> </ul>	<ul style="list-style-type: none"> <li>Irregular attendance in symposiums and public hearings on regulations held by authorities concerned</li> <li>Promotion of compliance with latest anti-corruption regulations and rules of faithful operation at employees' meetings---once every quarter</li> </ul>	<ul style="list-style-type: none"> <li>Market Observation Post System at Taiwan Stock Exchange---declaration of important information</li> <li>Pursuant to OHSAS (Occupational Health and Safety Assessment Series) 18001 and CNS 15506 under Taiwan Occupational Safety &amp; Health Management System (TOSHMS), the company has set up an OSHMS for efficient management to secure employees' occupational safety and health</li> </ul>



### 3.3.4 Compensation Committee

#### (1) Information on Members of Compensation 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 compensation 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	Wei-Chi, Liu	v		v	v	v	v	v	v	v	v	v	v	1	Newly Elected (Re-elected on 2018.6.15)
Independent Director	Ting-Wong, Cheng	v			v	v	v	v	v	v	v	v	v	2	Newly Elected (Re-elected on 2018.6.15)
Independent Director	Jin-Fu, Chang	v		v	v	v	v	v	v	v	v	v	v	0	Re-elected (Re-elected on 2018.6.15)
Independent Director	Chien-Yuan, Lin	v		v	v	v	v	v	v	v	v	v	v	1	Resigne (on 2018.5.13)
Other	Charles Kau			v	v	v	v	v	v	v	v	v	v	0	Retied (Re-elected on 2018.6.15)

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 owing 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 Compensation Committee

A. There are three members in Compensation Committee

B. The term of the current committee: June 15, 2018 to June 14, 2021. 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
Covener & Chairman	Wei-Chi, Liu	1	0	100%	Newly Elected (Re-elected on 2018.6.15) Should attend 1 time
Member	Ting-Wong, Cheng	2	0	100%	Re-elected (Re-elected on 2018.6.15) Should attend 2 times
Member	Jin-Fu, Chnag	1	0	100%	Newly Elected (Re-elected on 2018.6.15) Should attend 1 time
Covener & Chairman	Chien-Yuan, Lin	1	0	100%	Resigned (on 2018.5.23) Should attend 1 time
Member	Charles Kau	1	0	100%	Retired (Re-elected on 2018.6.15) Should attend 1 time
Other items needing registration:					
1. 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.					
2. If a member opposes or has reservation, on record or in written form, about the resolutions of the compensations committee: None					
3. Summary of main subjects of communication and results in 2018					
Compensation committee	Subject of communication	Communication Result			
3-8 (2018.3.20)	Remuneration to executive manager in 2017	Approved, subject to final decision at directors of board's meeting			
	Remuneration to director of board in 2017	Approved, subject to final decision at directors of board's meeting			
4-1 (2018.12.17)	Report on distribution of remuneration to executive manager in 2017	Ratification			
	Distribution of 2018 year-end bonuses among employees	Ratification			
	Report of examining structure of the company's salary system	Ratification			
	Report on salary for assistant vice president Chen Kuo-min for AIM center	Approved, subject to final decision at directors of board's meeting			
	How to adjust executive managers' salaries in line with adjustment in corporate operational system	Approved, subject to final decision at directors of board's meeting			

### 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>B. Environment for sustainable development</b></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><b>C. Upholding of public benefits</b></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,</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>formulate procedure on the handling of 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 (<a href="mailto:HRI@teco.com.tw">HRI@teco.com.tw</a>) as a channel for filing complaints, to ward off irregularities or unfair treatments at workplace, and dedicated e-mail (<a href="mailto:HRP@teco.com.tw">HRP@teco.com.tw</a>) 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</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&amp;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>full communication on their personal career 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				

Items	Implement Status			Difference with “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Company” and reasons
	Yes	No	Summaried Explanation	
				power of Taiwan, the company pushes “creativity education,” to innovate and update teaching model of schools’ teaches, 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 their own culture and tradition, as well as sustain and develop further. (2) Other related information is contained in the CSR report, which has been posted on TECO’s website. <a href="http://tecocrs.teco.com.tw/">http://tecocrs.teco.com.tw/</a>
				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 2017 CSR report was certified by PricewaterhouseCoopers according to ISAE 3000 and GRI G4 guideline on global sustainability report.

### 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	
A. Formulate policy and program for ethical corporate management 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  b. Whether the company has program preventing unethical behaviors with the principle of ethical corporate management, in addition to specifying and	V		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. The company has disclosed Rules of Faithful Operation and Standards for Directors' and Executive Managers' Ethic Behavior at its website. The company in August 2018 prepared an organization chart for Committee on Corporate Governance and Sustainability and later in the month established the committee. The committee consists of more than three directors of whom over half are independent directors. An independent director was elected as meeting convener and chairman who is responsible for evaluating performance in corporate governance and social responsibility as well as faithful operation. There are at least two committee meetings a year and the company's Legal & Compliance Division has to report what has been done on faithful operation. b. The company on October 31, 2017 announced Standards for Behavior and Practice and Behavioral Guidelines for Faithful Operation which prohibits employees from accepting gifts worth over	Prepare rules according to the regulations concerned and put them into force

Items	Implementation Status			Difference with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies"
	Yes	No	Summaried Explanation	
<p>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>			<p>NT\$3,000 from the company's suppliers or individuals in business deal with the company without supervisors' permission. If gift giving has something to do with job positions, employees should decline or return gifts and report to their supervisors and the company's responsible units. The company's responsible units, depending on motivations of gift giving and value of gifts, should propose disposal of the gifts including return, acceptance with payment, appropriation for public use, and transfer to charity organizations. The company on December 23, 2016 put into force Procedures for Handling Cases of Reported Illegal, Unethical or Unfaithful Behavior, setting up channels of internally and externally reporting and a handling system. Specifically for the regulation, there are operating procedures, behavioral guidelines as well as punitive measures for violation and mechanism for appeal. In order to realize faithful operation, the company has set up a unit specifically for promoting policies on faithful operation and preventing unfaithful behavior, with the unit belonging to the board of directors.</p> <p>c. The Standards for Behavior and Practice and Behavioral Guidelines for Faithful Operation announced on October 31, 2017 is based on Provision 2, Article 7 or preventive measures for business activities with relatively high risks of unfaithful behavior under Rules of Faithful Operation for Listed Companies, the company demands that all business units comply with the regulation. In addition, the Regulatory Compliance and legal Affairs Office belonging to the board of directors examines contracts to prevent violations of the regulation and the board's auditing unit irregularly checks and keeps tracking contra</p>	
<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 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>	V		<p>a. The company's legal &amp; compliance division reviews contracts signed by company for outbound business activities, to avoid dealing with those violating the principle of integrity of management on record.</p> <p>b. The company sets up a legal &amp; compliance 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 once per year. Auditing unit audited related operation in September 2018, and reported to the board on</p>	Put into force according to the regulations concerned



Items	Implementation Status			Difference with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies"
	Yes	No	Summaried Explanation	
<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>December 22 in 2018.</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 internal education and training on ethical corporate management regularly in 2017. And also promote "Ethical Corporate Management Best Practice Principles" &amp; "Standards for Behavior and Practice and Behavioral Guidelines for Faithful Operation" during the training course of new employees.</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 "measures for handling reports on illegal, unethical, or dishonest behaviors," containing ethical norms for staffers, and has instituted reporting e-mail address integrity@teco.com.tw with the audit division</p> <p>b. For Procedures for Handling Cases of Reported Illegal, Unethical or Unfaithful Behavior, Articles 3 and 4 specify channels of reporting and handling procedures while Provision 5 under Articles 4 specifies secrecy mechanism that keeps the reporters or responsible investigators and content of reporting secret to prevent them from unfair treatment or revenge.</p> <p>c. Provision 5 under Articles 4 of Procedures for Handling Cases of Reported Illegal, Unethical or Unfaithful Behavior specifies secrecy mechanism that protects the reporters or responsible investigators and content of reporting from unfair treatment or revenge.</p>	Prepare rules for reporting and keeping secrets according to the regulations concerned
<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

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 2018:

Title	Name	Date	Organizer	Training Course	Time
Chairman	Tung Kuang Investment Co., Ltd. Representative : Chwen-Jy, Chiu	2018.8.13	Chunghwa Corporate Governance Association	Application of local company act on different overseas subsidiaries of multinational corporations (MNC) and management of local board of directors	3 hrs
		2018.12.22	The Business Council for Sustainable Development of Taiwan	Explanation of the status of corporate sustainable development and non-financial information disclosure	3 hrs
Managing Director	Tong Kuang Investment Co., Ltd Representative : Chao-Kai, Liu	2018.8.13	Chunghwa Corporate Governance Association	Application of local company act on different overseas subsidiaries of multinational corporations (MNC) and management of local board of directors	3 hrs
		2018.12.22	The Business Council for Sustainable Development of Taiwan	Explanation of the status of corporate sustainable development and non-financial information disclosure	3 hrs
Managing Director	Cheng-Tsung, Huang	2018.8.13	Chunghwa Corporate Governance Association	Application of local company act on different overseas subsidiaries of multinational corporations (MNC) and management of local board of directors	3 hrs
		2018.12.22	The Business Council for Sustainable Development of Taiwan	Explanation of the status of corporate sustainable development and non-financial information disclosure	3 hrs
Managing Director	Creative Sensor Inc. Representative: Yu-Ren, Huang	2018.11.15	Accounting Research and Development Foundation	Major points and practical implications of recently revised Company Act	3 hrs
		2018.12.20	Accounting Research and Development Foundation	Analysis of recently revised Company Act and practical implications and effect on public companies	3 hrs

Title	Name	Date	Organizer	Training Course	Time
Managing Director	Creative Sensor Inc. Representative: Yu-Ren, Huang	2018.11.15	Accounting Research and Development Foundation	Major points and practical implications of recently revised Company Act	3 hrs
		2018.12.20	Accounting Research and Development Foundation	Analysis of recently revised Company Act and practical implications and effect on public companies	3 hrs
Managing & Independent Director	Wei-Chi, Liu	2018.3.15	Taiwan Listed Company Association	Management of altruistic enterprises	3 hrs
		2018.7.16	Taiwan Listed Company Association	Valuation formula of innovative digital economy and strategy and practice for the upsurge of Taiwanese industry	3 hrs
		2018.8.15	Taiwan Listed Company Association	Successful transformation experience of Nan Shan Life Insurance Company, LTD.	3 hrs
		2018.12.22	The Business Council for Sustainable Development of Taiwan	Explanation of the status of corporate sustainable development and non-financial information disclosure	3 hrs
Independent Director	Ting-Wong, Cheng	2018.8.13	Chunghwa Corporate Governance Association	Application of local company act on different overseas subsidiaries of multinational corporations (MNC) and management of local board of directors	3 hrs
		2018.12.22	The Business Council for Sustainable Development of Taiwan	Explanation of the status of corporate sustainable development and non-financial information disclosure	3 hrs
Independent Director	Jin-Fu, Chang	2018.7.10	Securities & Future Institute	Instruction conference on legal compliance related to insider trading of listed companies and companies with public share offering	3 hrs
		2018.8.13	Chunghwa Corporate Governance Association	Application of local company act on different overseas subsidiaries of multinational corporations (MNC) and management of local board of directors	3 hrs
		2018.9.26	Taiwan Stock Exchange	2018 ESG investment forum	3 hrs
		2018.12.22	The Business Council for Sustainable Development of Taiwan	Explanation of the status of corporate sustainable development and non-financial information disclosure	3 hrs
Director	Mao-Hsiung, Huang	2018.4.10	Securities & Futures Institute	Trend and challenge of information-safety governance	3 hrs
		2018.5.7	Chunghwa Corporate Governance Association	Evaluation of the performance of board of directors	3hrs
		2018.12.22	The Business Council for Sustainable Development of Taiwan	Explanation of the status of corporate sustainable development and non-financial information disclosure	3 hrs

Title	Name	Date	Organizer	Training Course	Time
Director	Yinge Int. Inv. Co.,Ltd Representative : Po-Chih, Huang	2018.3.5	Taiwan Stock Exchange	Forum on full e-voting and enhancement of corporate value	3 hrs
		2018.8.13	Chunghwa Corporate Governance Association	Application of local company act on different overseas subsidiaries of multinational corporations (MNC) and management of local board of directors	3 hrs
		2018.12.22	The Business Council for Sustainable Development of Taiwan	Explanation of the status of corporate sustainable development and non-financial information disclosure	3 hrs
Director	Kuang Yuan Industrial Co., Ltd. Representative: Shih-Chien, Yang	2018.8.13	Chunghwa Corporate Governance Association	Application of local company act on different overseas subsidiaries of multinational corporations (MNC) and management of local board of directors	3 hrs
		2018.12.22	The Business Council for Sustainable Development of Taiwan	Explanation of the status of corporate sustainable development and non-financial information disclosure	3 hrs
Director	Tung Kuang Investment Co., Ltd. Representative : Hong-Hsiang, Lin	2018.8.13	Chunghwa Corporate Governance Association	Application of local company act on different overseas subsidiaries of multinational corporations (MNC) and management of local board of directors	3 hrs
		2018.12.22	The Business Council for Sustainable Development of Taiwan	Explanation of the status of corporate sustainable development and non-financial information disclosure	3 hrs
Director	Yubantec & Co., Ltd. Representative: Tung-Hai, Kao	2018.7.24	Securities & Future Insititule	Instruction conference on legal compliance related to insider trading of listed companies and companies with public share offering	3 hrs
		2018.8.13	Chunghwa Corporate Governance Association	Application of local company act on different overseas subsidiaries of multinational corporations (MNC) and management of local board of directors	3 hrs
		2018.9.19	Chunghwa Corporate Governance Association	14th international corporate governance forum-obligation of directors for compliance and supervision	6 hrs
		2018.9.26	Taiwan Stock Exchange	2018 ESG investment forum	3 hrs
		2018.12.22	The Business Council for Sustainable Development of Taiwan	Explanation of the status of corporate sustainable development and non-financial information disclosure	3 hrs

Title	Name	Date	Organizer	Training Course	Time
Director	Hung Shun Investment Co., Ltd Representative: Tzu-Yi, Kuo	2018.8.3	Securities & Future Institute	Instruction conference on legal compliance related to insider trading of listed companies and companies with public share offering	3 hrs
		2018.8.13	Chunghwa Corporate Governance Association	Application of local company act on different overseas subsidiaries of multinational corporations (MNC) and management of local board of directors	3 hrs
		2018.11.16	Chunghwa Corporate Governance Association	Indispensable knowledge on brand and IP strategy for directors and supervisors	3 hrs
		2018.12.22	The Business Council for Sustainable Development of Taiwan	Explanation of the status of corporate sustainable development and non-financial information disclosure	3 hrs
Director	Tong-An Investment Co., Ltd. Representative : Shang-Wei, Kao	2018.5.16	Taiwan Academy of Banking and Finance	Class on corporate governance	3 hrs
		2018.5.22	Chinese National Association of Industry and Commerce, Taiwan	Indispensable knowledge on the revision trend for Company Act for directors and supervisors	3 hrs
		2018.7.26	Chinese National Association of Industry and Commerce, Taiwan	Regulation and operation of auditing committee and compensation committee	3 hrs
		2018.8.13	Chunghwa Corporate Governance Association	Application of local company act on different overseas subsidiaries of multinational corporations (MNC) and management of local board of directors	3 hrs
		2018.10.16	Chinese National Association of Industry and Commerce, Taiwan	Protection of business secrets from the angle of corporate governance	3 hrs
		2018.10.25	Chinese National Association of Industry and Commerce, Taiwan	Recent changes of labor law/regulation and effect on corporate management	3 hrs
		2018.12.22	The Business Council for Sustainable Development of Taiwan	Explanation of the status of corporate sustainable development and non-financial information disclosure	3 hrs
Director	Yung-Hsiang, Chang	2018.8.13	Chunghwa Corporate Governance Association	Application of local company act on different overseas subsidiaries of multinational corporations (MNC) and management of local board of directors	3 hrs
		2018.9.19	Chunghwa Corporate Governance Association	14th international corporate governance forum--performance and support of independent directors (afternoon session)	3 hrs

## C. Advanced studies for managing staffers in 2018:

Title	Name	Date	Organizer	Traning course	Time
Chairman	Chwen-Jy, Chiu	2018.8.13	Chunghwa Corporate Governance Association	Application of local company act on different overseas subsidiaries of multinational corporations (MNC) and management of local board of directors	3 hrs
		2018.12.22	The Business Council for Sustainable Development of Taiwan	Explanation of the status of corporate sustainable development and non-financial information disclosure	3 hrs
Acting President	Chao-Chih, Lien	2018.8.13	Chunghwa Corporate Governance Association	Application of local company act on different overseas subsidiaries of multinational corporations (MNC) and management of local board of directors	3 hrs
		2018.12.22	The Business Council for Sustainable Development of Taiwan	Explanation of the status of corporate sustainable development and non-financial information disclosure	3 hrs
Executive Consultant	Hong-Hsiang, Lin	2018.8.13	Chunghwa Corporate Governance Association	Application of local company act on different overseas subsidiaries of multinational corporations (MNC) and management of local board of directors	3 hrs
		2018.12.22	The Business Council for Sustainable Development of Taiwan	Explanation of the status of corporate sustainable development and non-financial information disclosure	3 hrs
Assistant Vice President	Sheng-chyuan, Lin	2018.8.13	Chunghwa Corporate Governance Association	Application of local company act on different overseas subsidiaries of multinational corporations (MNC) and management of local board of directors	3 hrs
Assistant Vice President	Sung-Pin, Chang	2018.8.13	Chunghwa Corporate Governance Association	Application of local company act on different overseas subsidiaries of multinational corporations (MNC) and management of local board of directors	3 hrs
Assistant Vice President	Kevin Yeh	2018.8.13	Chunghwa Corporate Governance Association	Application of local company act on different overseas subsidiaries of multinational corporations (MNC) and management of local board of directors	3 hrs
		2018.12.22	The Business Council for Sustainable Development of Taiwan	Explanation of the status of corporate sustainable development and non-financial information disclosure	3 hrs
Assistant Vice President	Kuo-Min, Chen	2018.12.22	The Business Council for Sustainable Development of Taiwan	Explanation of the status of corporate sustainable development and non-financial information disclosure	3 hrs

Title	Name	Date	Organizer	Traning course	Time
Assistant Vice President	Chi-Tseng, Peng	2018.8.13	Chunghwa Corporate Governance Association	Application of local company act on different overseas subsidiaries of multinational corporations (MNC) and management of local board of directors	3 hrs
		2018.12.22	The Business Council for Sustainable Development of Taiwan	Explanation of the status of corporate sustainable development and non-financial information disclosure	3 hrs
Assistant Vice President	Fei-Yuan, Kao	2018.8.13	Chunghwa Corporate Governance Association	Application of local company act on different overseas subsidiaries of multinational corporations (MNC) and management of local board of directors	3 hrs
Assistant Vice President	Steven Chiang (Note)	2018.8.13	Chunghwa Corporate Governance Association	Application of local company act on different overseas subsidiaries of multinational corporations (MNC) and management of local board of directors	3 hrs
Assistant Vice President	K.R Chen (note)	2018.8.13	Chunghwa Corporate Governance Association	Application of local company act on different overseas subsidiaries of multinational corporations (MNC) and management of local board of directors	3 hrs

Note: Assistant vice president Steven Chiang retired in Feb. 2019 and assistant vice president K. R., Kuo was reassigned to the position of consultant in Aug. 2018.

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

Note: Chairman will no longer hold the office of president of TECO. Vice president, Caho-Chih, Lien serves as acting president.

### 3.3.9 Internal Control System

Please refer to page 58 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

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.
2018/4/25	For pushing corporate governance policy, vice president Lien Chao-chih was approved to serve as the company's acting president.
2018/5/14	Submission of 2018 Q1 consolidated financial report to the board of directors, which shows that consolidated operating revenue stood at NT\$12,155,711,000 in the first quarter of 2018, with earnings per share reaching NT\$0.27.
2018/6/15	Important resolutions in Annual Shareholders' Meeting (1) Acknowledged 2017 business report and financial statement. (2) Acknowledged 2017 earnings allocation, amounting to NT\$0.86 per share for cash dividend payment. (3) Election of the company's 25th board of directors (including independent directors) (4) Approval of the lifting of non-competence clause for 25th directors (including independent directors) and their representatives
2018/6/15	Election of 25th standing directors by the board of directors followed by election of chairman by standing directors
2018/8/13	Submission of 2018 Q2 consolidated financial report to the board of directors, which shows that consolidated operating revenue stood at NT\$25,045,475,000 in the first half of 2018, with earnings per share reaching NT\$0.83.
2018/11/13	Submission of 2018 Q3 consolidated financial report to the board of directors, which shows that consolidated operating revenue stood at NT\$37,109,837,000 in the first nine months of 2018, with earnings per share reaching NT\$1.24
2018/12/22	In order to hold the company's credit standing and shareholders' interests, the board of directors resolved to buy back 35,000,000 shares of the company, 1.75% of the total issued shares, at maximum cost of NT\$28,636,888,000.
2018/12/12	The board of directors approved the change of auditing chief, substituting Lin Hung-ming, deputy department director, for manager Lan Chun-hsiung, as part of job rotation.
2019/03/26	(1)The board of directors resolved to convene 2019 shareholders' meeting on June 14, 2019. (2)The Board of Directors resolved 2018 financial statements with consolidated sales revenue NT\$50,104,927 thousand, EPS 1.59, and plans to pay cash dividend NT\$0.90 per share with the total amount NT\$ 1,770,923 thousand. The related financial reports material would be submitted to 2019 shareholders' meeting. (3) The board of directors approved employees' compensation of NT\$ 255,103 thousand and directors' remuneration of NT\$113,379 thousand in 2017. The above amount will be distributed through cash. There is no difference from the expense amounts in 2018 recognized by the board of directors.

#### B. Implementation of Resolutions made in Annual Shareholders' Meeting on June 15, 2018.

Number	Resolution	Implementation
1	Acknowledged of the 2017 Business Report and Financial Statements	※ The proposal was approved by the participating Shareholders with 88.14% approved percentage.
2	Acknowledged of cash dividend payout of NT\$0.86 per share for the distribution of 2017 profits.	1. The proposal was approved by the participating Shareholders with 88.57% approved percentage. 2. Ex-Dividend Trading Date: 2018/07/11. Cash Dividend Payout date: 2018/07/31.
3	Election of 25th shareholders' meeting	1. Election of 15 25th directors (including three independent directors), with a three-year tenure from June 15, 2018 through June 14, 2021. 2. The appointment of new directors was approved by the Department of Commerce, the Ministry of Economic Affairs, for registration on July 13, 2018 (No. 10701078140 decree).
4	Approval of non-competence restriction on 25th directors	※The proposal was approved with 87.61% weighted share of the voting rights of shareholders present at shareholders' meeting. °



### 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

Title	Name	Starting date for job	Date of dismissal	Reason for resignation or dismissal
Accounting chief	Lan Chun-hsiung	2015.03.21	2018.12.31	Reassigned to business division as part of job rotation

## 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	2018	

### 3.4.2 Table of Brackets for CPA Fees

Fee item		Auditing fee	Non-auditing fee (Note)	Total
1	Lower than NT\$2 M.		V	V
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	V		V

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	2018		Apr. 30, 2019	
		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	600,000	0	0
		300,000	0	0	0
Managing Director	Tong Ho Global Investment Co., Ltd. Representative : Chao-Kai, Liu	0	(325,000)	0	0
		0	0	0	0
Managing Director	Cheng-Tsung, Huang	0	0	0	0
Managing Director	Creative Sensor Inc. Representative: Yu-Ren, Huang	0	0	0	0
		0	0	0	0
Managing & Independent Director	Wei-Chi, Liu	0	0	0	0
Independent Director	Jin-Fun, Chang	0	0	0	0
Independent Director	Ting-Wong, Cheng	0	0	0	0
Director	Mao-Hsiung, Huang	0	0	0	0
Director	Yinge Int. Inv. Co.,Ltd Representative : Po-Chih, Huang	10,079,600	0	4,375,098	0
		(10,000,000)	0	(4,270,085)	0
Director	Hung Shun Investment Co., Ltd Representative:Tzu-Yi, Kuo	300,000	0	0	0
		0	0	0	0
Director	Tong-An Investment Co., Ltd. Representative : Shang-Wei, Kao	0	0	0	0
		0	0	0	0
Director	Kuang Yuan Industrial Co., Ltd. Representative: Shih-Chien, Yang	0	(470,067)	0	0
		0	0	0	0
Director	Tong Kuang Investment Co., Ltd. Representative: Hong-Hsiang, Lin	0	600,000	0	0
		0	0	0	0
Director	Yubantec & Co., Ltd. Representative: Tung-Hai, Kao	0	0	0	0
		0	0	0	0
Director	Yung-Hsiang, Chang	600,000	0	0	0

Title	Name	2018		Apr. 30, 2019	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
President	Chwen-Jy, Chiu	0	0	0	0
Acting President	Chao-Chi, Lien	0	0	0	0
Executive Consultant	Hong-Hsiang, Lin	0	0	0	0
Management	Sheng-chyuan, Lin	0	0	0	0
Management	Sung-Pin, Chang	0	0	0	0
Management	Chi-Tseng, Peng	0	0	0	0
Management	Fei-Yuan, Kao	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
Management	Kuo-Min, Chen (note)	0	0	0	0
Management	Hank Horng (note)	N/A	N/A	0	0
Major Shareholder	None	N/A	N/A	N/A	N/A

Note: Kuo-min, Chen reported to his job on Nov. 13, 2018; Hank Horng reported to his job on Jan. 1, 2019

### 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	Disposal (exchange shares for price)	2018.3.6	YINGE Int. Inv. Co.,Ltd.	Director holds it under the name of third party	10,000,000	26.45
Po-Chih, Huang	Disposal (exchange shares for price)	2019.1.23	YINGR Int. Inv. Co.,Ltd.	Director holds it under the name of third party	4,270,085	18.1

### 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, 2019

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	90,033,000	4.50%	0	-	0	-	None	-	-
Silchester International Investors International Value Equity Group Trust	46,802,000	2.34%	0	-	0	-	None	-	-
PJ Asset Management	45,292,000	2.26%	0	-	0	-	None	-	-
Edgbaston Asian Equity Trust	45,152,000	2.25%	0	-	0	-	None	-	-
WGI Emerging Markets Smaller Companies Fund, LLC	39,236,000	1.96%	0	-	0	-	None	-	-
Silchester International Investors International Value Equity Taxable Trust	30,486,000	1.52%	0	-	0	-	None	-	-
Tong Kuang Investment Co., Ltd.	30,341,364	1.52%	0	-	0	-	None	-	-
Chunghwa Post Co., Ltd.	30,028,000	1.50%	0	-	0	-	None	-	-
Yaskawa Electric Corporation	29,541,089	1.48%	0	-	0	-	None	-	-
Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	29,408,000	1.47%	0	-	0	-	None	-	-

### 3.9 Long-Term Investments Ownership

December 31, 2018

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.	57,533,521	100.00%	0	0.00%	57,533,521	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.	147,323,399	100.00%	0	0.00%	147,323,399	100.00%
Appliance (HK) Ltd.	1,499,999	99.99%	0	0.00%	1,499,999	99.99%
Tong An Investment Co., Ltd.	444,134,422	99.60%	1,670,084	0.40%	445,804,506	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.	5,601,014	57.52%	1,402,134	16.02%	7,003,148	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.	11,723,844	57.64%	1,925,922	9.47%	13,649,170	67.11%
Tesen Electric & Machinery Co., Ltd.	20,000,000	100.00%	0	0.00%	20,000,000	100.00%
GD TECO Taiwan Co., Ltd.	5,400,000	100.00%	0	0.00%	5,400,000	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.	25,018,661	100.00%	0	0.00%	25,018,661	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	200,301,025	63.52%	0	0.00%	200,301,025	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.	29,013,668	100.00%	0	0.00%	29,013,668	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%
Eagle Holding Co.	1	100.00%	0	0.00%	1	100.00%
Century Development	96,353,338	28.67%	73,736,289	24.08%	170,089,627	52.75%
Teco Sun Energy	2,100,000	30.00%	2,100,000	30.00%	4,200,000	60.00%
Temico Inteernational Pte. Ltd.	348,000	60.00%	0	0.00%	348,000	60.00%
TECO EV Philippines Corporation	53,999,994	100.00%	0	0.00%	53,999,994	100.00%

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