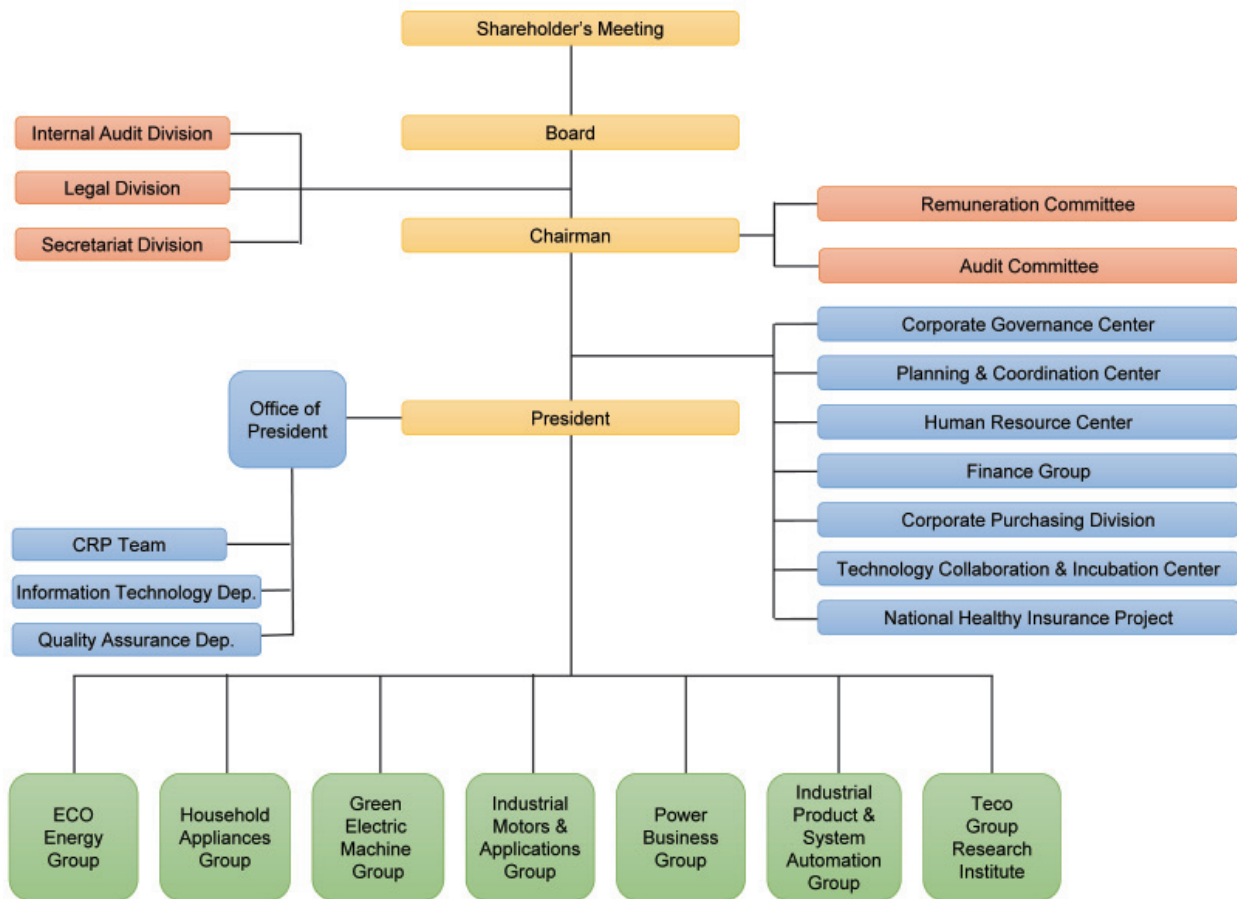


III. Corporate Governance Report

3.1 Organization

3.1.1 Organization Chart



3.1.2 Major Corporate Functions

Business Unit	Operations
Industrial Motors & Applications	Production and 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 and medium to large-sized generators.
Green Electric Machine	Production and sales 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, small-sized coolant compressors.
Industrial Products & System Automation	Production and sales of electromagnet switch, molded-case circuit breakers, electronic relays, inverters and programmable logic controllers, servo controllers.
Power Business	R&D, design, production, and sales of equipment and systems meant for the supply of electrical power; undertaking of projects related to power distribution and generation, alternative energy, and rail stations and airports, as well as railway power system. Air-conditioning equipment for specific environments such as clean rooms; design, construction, and management of electrical engineering systems for high-rise buildings & Internet Data Center; integration of air-conditioning and electrical engineering systems for hospitals and hotels; water pump stations and other related projects. Ultra-high pressure 161KV/69KV substations switchgears and installation projects.
Household Appliances	Production, assembly, sales, and repair of air conditioners, refrigerators, washing machines, dehumidifiers, dryers, LCD monitors, air purifiers, small appliances, DVD recorders, stereo systems, health appliances, beauty appliances, freezer storages, low-temperature caged carts, freezers, chillers for machine tools, variable frequency water/oil cooling machine tool set, assembly-type air-conditioning box, VRF air conditioning set, Water-cooled wholly encased type/semi-encased spiral type/centrifugal icy-water machine set, cloud-end smart system, business air-cooled split-type air conditioner, water-/air-cooled window-type air conditioner, air-cooled icy-water machine, fan filter unit, air vent, industrial-use dehumidifier, freezing/cooling machine, dealership of other domestic and foreign home appliances brands
ECO Energy Group	Development, manufacturing, sales, and system integration of wind-power turbines, related equipments for solar power generators, wind/solar hybrid street lights.
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, 2016

Title	Nationality/ Companies Registry	Name	Date Elected	Term (Years)	Date First Elected (Note)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	ROC	Tung Kuang Investment Co., Ltd.	2015.6.11	3	2000.4.21	30,341,364	1.52%	30,341,364	1.52%	0	0	0	0	Master, University of Michigan, Ann-Arbor	Chairman of Taiwan Pelican Express Co., Ltd Chairman of Motovario Chairman of A-Ok Technical Co., Ltd.	-	-	-
	ROC	Representative : Chwen-Jy, Chiu	2015.6.11	3	2006.6.15	1,741,964	0.09%	1,741,964	0.09%	16,987	0.00%	0	0					
Managing Director	ROC	Tong Ho Gloabl Investment Co., Ltd	2015.6.11	3	2000.4.21	2,240,262	0.11%	2,240,262	0.11%	0	0	0	0	Ph.D, University of Illinois	Chairman of Tecom Co., Ltd. & TECO Holdings USA, Inc.			
		Representative : Chao-Kai, Liu	2015.6.11	3	2000.4.21	300,000	0.02%	300,000	0.01%	122,018	0.01%	0	0					
Managing Director	ROC	Cheng-Tsung, Huang	2015.6.11	3	1991.5.8	15,279,849	0.76%	15,279,849	0.76%	2,110,934	0.11%	0	0	Fu Jen Catholic University	Chairman of Sen Yeh Construction Co., Ltd. Independent Director of Aurotek Corporation			
Director	ROC	Creative Sensor Inc.	2012.6.15	3	2009.6.19	10,000,000	0.54%	10,000,000	0.50%	0	0	0	0	Master, Columbia University	Chairman of Creative Sensor Inc. , TECO Image Systems Co., Ltd. & Lien Chang Electronic Co., Ltd.	Managing Director	Mao- Hsiung, Huang	Father & Son
	Japan	Representative: Yu-Ren, Huang	2012.6.15	3	2012.6.15	234,623	0.01%	234,623	0.01%	0	0	0	0					
Managing & Independent Director	ROC	Tian-Jy, Chen(Note 1)	2015.6.11	3	2012.6.15	0	0	0	0	8,000	0%	0	0	Minister without Portfolio, Executive Yuan Chairperson of Council for Economic Planning and Development	Professor of Department of Economics, National Taiwan University			
Independent Director	ROC	Jing-Shown, Wu	2015.6.11	3	2013.6.21	0	0	0	0	0	0	0	0	Ph.D, Cornell University	Honor of Distinguished Professor, National Taiwan University			
Independent Director	ROC	Chien-Yuan, Lin	2015.6.11	3	2015.6.11	0	0	0	0	0	0	0	0	Ph.D, University of Washington	Independent Director of An-Shin Food Service Co., Ltd. Profressor& Dean of Chinese Culture University			
Managing Director	ROC	Mao-Hsiung, Huang	2015.6.11	3	1972.5.12	18,486,633	0.92%	18,486,633	0.92%	5,839,071	0.29%	0	0	Master, University of Pennsylvania	Chairman of An-Shin Food Service Co., Ltd. Independent Chairman of Century Development Corporation Chairman of Australia Pte Limited.	Director	Yu-Ren, Huang	Father & Son

Title	Nationality/ Companies Registry	Name	Date Elected	Term (Years)	Date First Elected (Note)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Managing Director	ROC	Po-Chih, Huang	2015.6.11	3	1988.3.28	21,614,831	1.08%	21,614,831	1.08%	230,588	0.01%	0	0	Master, University of Tokyo	Supervisor of Tecom Co., Ltd.			
Director	ROC	Hsien- Sheng , Kuo	2015.6.11	3	1982.3.27	9,126,238	0.46%	9,126,238	0.46%	1,573,020	0.08%	0	0	Tamkang University	Chairman of Ping Tung Bus Lines Co., Ltd. & Nantou Bus Lines Co., Ltd.			
Director	Japan	Yaskawa Electric Corporation.	2015.6.11	3	2006.6.15	29,541,089	1.48%	29,541,089	1.48%	0	0	0	0	Keio University	Corporate Senior Vice President of YASKAWA Electric Corporation Director of Yatec Engineering Corp.	-	-	-
	Japan	Representative : Hiroyuki Ougi	2015.6.11	3	2013.6.18	0	0	0	0	0	0	0	0					
Director	ROC	Kuang Yuan Industrial Co., Ltd.	2015.6.11	3	2009.6.19	22,033,919	1.10%	22,033,919	1.10%	0	0	0	0	Ph.D.,Northwestern University, US	Chairman of Global Strategic Venture Chairman of Huan Xun Venture Capital Co., Ltd. Independent Director of Topkey Corporation	-	-	-
	ROC	Representative: Shih-Chien, Yang	2012.6.15	3	2009.6.19	0	0	0	0	0	0	0	0					
Director	ROC	Tung Kuang Investment Co., Ltd.	2015.6.11	3	2000.4.21	30,341,364	1.52%	30,341,364	1.52%	0	0	0	0	Master, University of Houston	Chairman of TECO Electric & Machinery Pte Ltd.	-	-	-
	ROC	Representative : Hong-Hsiang, Lin	2015.6.11	3	2012.6.15	2,161,893	0.11%	2,116,893	0.11%	0	800,000	0.04%	0					
Director	ROC	Lien Chang Electronic Co., Ltd.	2015.6.11	3	2009.6.19	4,173,000	0.21%	4,173,000	0.21%	0	0	0	0	Master, National Taiwan University	Director of Yubantec Consultant of Chinese National Association of Industry and Commerce, Taiwan	-	-	-
	ROC	Representative: Ming-Feng, Yeh	2015.6.11	3	2015.6.11	5,417,181	0.29%	5,417,181	0.27%	1,285,214	0.07%	0	0					
Director	ROC	Mao Yang Co., Ltd.	2015.6.11	3	1994.4.28	5,000,893	0.25%	5,000,893	0.25%	0	0	0	0	Minghsin University of Science & Technology	Chairman of Hong Tong Co., Ltd.	-	-	-
	ROC	Representative: Yung-Hsiang, Chang	2015.6.11	3	2006.9.6	0	0	0	0	0	0	0	0					

Note : Tian-Jy, Chen resign the commission of Independent Director of TECO, due job changes. The effective date is 12, May, 2016.

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				√			√	√	√	√	√	√	√	√	0
Tong Ho Gloabl Investment Co., Ltd Representative : Chao-Kai, Liu				√	√		√	√	√	√	√	√	√	√	0
Cheng-Tsung, Huang				√	√		√	√	√	√	√	√	√	√	1
Creative Sensor Inc. Representative: Yu-Ren, Huang				√			√		√		√		√		0
Tian-Jy, Chen	√			√	√	√	√	√	√	√	√	√	√	√	3
Jing-Shown, Wu	√			√	√	√	√	√	√	√	√	√	√	√	0
Chien-Yuan, Lin	√			√	√	√	√	√	√	√	√	√	√	√	3
Mao-Hsiung, Huang				√	√			√	√	√		√	√	√	1
Po-Chih, Huang				√	√			√	√	√	√	√	√	√	0
Hsien- Sheng, Kuo				√	√	√	√	√	√	√	√	√	√	√	0
Yaskawa Electric Corporation. Representative : Hiroyuki Ougi				√	√		√	√	√	√	√	√	√	√	0
Kuang Yuan Industrial Co., Ltd. Representative: Shih- Chien, Yang				√	√		√	√	√	√	√	√	√	√	1
Tung Kuang Investment Co., Ltd. Representative: Hong-Hsiang, Lin				√			√	√	√	√	√	√	√	√	0
Lien Chang Electronic Co., Ltd. Representative: Ming-Feng, Yeh			√	√	√		√	√	√	√	√	√	√	√	1
Mao Yang Co., Ltd. Representative: Yung-Hsiang, Chang				√	√	√	√	√	√	√	√	√	√	√	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, 2016

Title	Nationality	Name	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
President	ROC	Chwen-Jy, Chiu	2005.6.1	1,741,964	0.09%	16,987	0.001%	0	-	Master, University of Michigan, Ann-Arbor	Chairman of Taiwan Pelican Express Co.,Ltd	-	-	-
Executive Consultant	ROC	S.C. Lin	2000.7.1	1,432,245	0.07%	40,434	0.002%	0	-	National Taiwan University	Chairman of Teco Electro Devices Co., Ltd.	-	-	-
Vice President	ROC	George Lien	2001.8.1	783,130	0.039%	0	-	0	-	Master, Stevens Institute of Technology	Chairman of Information Technology Total Services Corp.	-	-	-
Assistant Vice President	ROC	Hong-Hsiang, Lin	1998.8.21	2,161,893	0.11%	800,000	0.04%	0	-	Master, University of Houston	Chairman of TECO Machine (Pte) Ltd	-	-	-
Assistant Vice President	ROC	Steven Chiang	2011.12.25	0	-	0	-	0	-	Ph.D, University of Florida	Chairman of Yatec Engineering Corporation	-	-	-
Assistant Vice President	ROC	Pin Chang	2015.8.12	23,376	0.00%	0	-	0	-	National Tsing Hua University	Chairman of Hubbell-Taian Co.,Ltd	-	-	-
Assistant Vice President	ROC	Yu- Kuang , Wang (Note)	2003.10.01	1,007,806	0.05%	28,622	0.001%	0	-	Tatung University	Chairman of Taian-Etacon Technology Co.,Ltd			
Assistant Vice President	ROC	Chin-Liang Yang (Note)	2013.3.26	323,938	0.02%	0	0.00%	0	-	National Cheng Kung University	Chairman of Wuxi TECO	-	-	-

Note: Assistant Vice President Yu- Kuang , Wang and Chin-Liang Yang retired on June.28 and August 12 in 2015 respectively

3.2.3 Remuneration of Directors, President and Vice President Remuneration of Directors (Including Independent Directors)

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)				Exercisable Employee Stock Options (H)		Restricted Stock Awards (I)		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	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	
1	Chairman	Tung Kuang Investment Co., Ltd. Representative : Chwen-Jy, Chiu																												
2	Managing Director	Tong Ho 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	Tian-Jy, Chen																												
6	Independent Director	Jing-Shown, Wu																												
7	Independent Director	Chien-Yuan, Lin (Note1)																												
8	Director	Mao-Hsiung, Huang																												
9	Director	Yaskawa Electric Corporation. Representative : Hiroyuki Ougi																												
10	Director	Kuang Yuan Industrial Co., Ltd. Representative: Shih- Chien, Yang																												
11	Director	Hsien- Sheng, Kuo																												
12	Director	Mao Yang Co., Ltd. Representative: Yung-Hsiang, Chang																												
13	Director	Po-Chih, Huang																												
14	Director	TongKuang Investment Co.,Ltd Representative: Hong-Hsiang, Lin																												
15	Director	Lien Chang Electronic Co., Ltd. Representative: Ming-Feng, Yeh (Note 1) C. S. Chien (Note 2)																												
16	Independent Director	Chin-Chien, Chen (Note 2)																												
Total																														

Note1: Elected on 2015.6.11

Note 2: The term of service is ended on 2015.6.10

Note 3: No actual retirees in 2015. The figures in this column refer to contribution to employee's pension account, no actual amount paid.

Bracket	Name of Directors(Note 1)			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements (I)	The company	Companies in the consolidated financial statements (J)
Under NT\$ 2,000,000	5,6,7,16	5,6,7,16	5,6,7,16	5,6,7,16
NT\$2,000,000 ~ Under NT\$5,000,000				
NT\$5,000,000 ~ Under NT\$10,000,000	4,8,9, 10,11,12,13,14,15	4,9, 10,11,12,13,14,15	4,9,10,11,12,14,15	4,9, 10,11,12,14,15
NT\$10,000,000 ~ Under NT\$15,000,000	1,2,3,	1,2,3, 8	1,2,3,13	1,2,3,13
NT\$15,000,000 ~ Under NT\$30,000,000			8	8
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	16	16	16	16

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

Compensation of President and Vice President

Unit: NT\$ thousand

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(%)		Exercisable Employee Stock Options		Restricted Stock Awards		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	The company	Companies in the consolidated financial statements			
									Cash	Stock	Cash	Stock							
1	President	Chwen-Jy, Chiu																	
2	Executive Consultant	S.C. Lin																	
3	Vice President	George Lien																	
4	Assistant Vice President	Hong-Hsiang, Lin																	
5	Assistant Vice President	Steven Chiang	Total 18,437	Total 18,437	Total 19,979	Total 19,979	Total 24,412	Total 25,798	Total 16,968	-	Total 16,968	-	2.51%	2.56%	-	-	-	-	Yes
6	Assistant Vice President	Pin Chang																	
7.	Assistant Vice President	Yu Kuang Wang (Note)																	
8	Assistant Vice President	Chin-Liang Yang																	

Note: Assistant Vice President Yu- Kuang , Wang and Chin-Liang Yang retired on June.28 and August 12 in 2015 respectively

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

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

Employee Bonus to Executive Officers

2015.12.31/ Unit: NT\$ thousand

	Title	Name	Employee Bonus - in Stock (Fair Market Value)	Employee Bonus - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	President	Chwen-Jy, Chiu				0.58%
	Executive Consultant	S.C. Lin				
	Vice President	George Lien				
	Assistant Vice President	Hong-Hsiang, Lin		Total 18,485	Total 18,485	
	Assistant Vice President	Steven Chiang				
	Assistant Vice President	Pin Chang				
	Financial Officer	Kevin Yeh				

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 (%)
2015	194,118	4.77%
2014	230,042	5.66%

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 10 meetings of the board of directors were held in 2015, 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	10	0	100 %	Re-election 2(re-elected on 2015.6.11) Should attend 10 times
Managing Director	Tong Ho Gloabl Investment Co., Ltd Representative : Chao-Kai, Liu	10	0	100%	Re-election 2(re-elected on 2015.6.11) Should attend 10 times
Managing Director	Cheng-Tsung, Huang	10	1	90%	Re-election 2(re-elected on 2015.6.11) Should attend 10 times
Director	Creative Sensor Co., Ltd. Representative: Yu-Ren Huang	10	0	100%	Re-election 2(re-elected on 2015.6.11) Should attend 10 times
Managing & Independent Director	Tian-Jy Chen	10	0	100%	Re-election 2(re-elected on 2015.6.11) Should attend 10 times
Independent Director	Jing-Shown, Wu	10	0	100%	Re-election 2(re-elected on 2015.6.11) Should attend 10 times
Independent Director	Chien-Yuan, Lin	6	1	83%	Newly Elected (re-elected on 2015.6.11) Should attend 6 times
Managing Director	Mao-Hsiung, Huang	10	0	100 %	Re-election 2(re-elected on 2015.6.11) Should attend 10 times
Managing Director	Po-Chih, Huang	10	3	70 %	Re-election 2(re-elected on 2015.6.11) Should attend 10 times
Director	Hsien- Sheng, Kuo	10	3	70%	Re-election 2(re-elected on 2015.6.11) Should attend 10 times
Director	Yaskawa Electric Corporation. Representative : Hiroyuki Ougi	10	4	60%	Re-election 2(re-elected on 2015.6.11) Should attend 10 times
Director	Kuang Yuan Industrial Co., Ltd. Representative: Shih- Chien, Yang	10	1	90%	Re-election 2(re-elected on 2015.6.11) Should attend 10 times
Director	Tung Kuang Investment Co., Ltd. Representative: Hong-Hsiang, Lin	10	0	100%	Re-election 2(re-elected on 2015.6.11) Should attend 10 times
Director	Lien Chang Electronic Co., Ltd. Representative : Ming-Feng, Yeh	6	1	83%	Re-election 2(re-elected on 2015.6.11) Should attend 10 times
Director	Mao Yang Co., Ltd. Representative: Yung-Hsiang, Chang	10	2	80%	Re-election 2(re-elected on 2015.6.11) Should attend 10 times
Independent Director	Chin-Chien, Chen	4	0	100 %	Retired 2(re-elected on 2015.6.11) Should attend 4 times
Director	Lien Chang Electronic Co., Ltd. Representative : C. S. Chien	4	1	75%	Retired 2(re-elected on 2015.6.11) Should attend 4 times

Other mentionable items:

1. If there are the circumstances referred to in Article 14-3 of Securities and Exchange Act and resolutions of the directors' meetings objected by Independent Directors or subject to qualified opinion and recorded or declared in writing, the dates of meetings, sessions, contents of motions, all independents' opinion and the Company's response to independent directors' opinion should be specified: None

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

i. 23-20 Board Meeting: 2015.3.20

Director's Name: Po-Chih, Huang (Managing Director).

Contents of the case: Donation to "TECO Technology Foundation" for various events in 2015.

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

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

Contents of the case: Plan to continue providing quota of guarantee for affiliate and overseas subsidiaries

Reason for avoidance of conflict of interest and the status of voting: The four persons abstained from the discussion and voting for the case, Chao-Kai Liu, Mao-Hsiung Huang and Chwen-Jy Chiu are respectively as the chairman or director of Qingdao TECO Precision Mechatronics and Qingdao TECO Century; Mao-Hsiung, Huang as a director of Straits Construction Investment, and Hong-Hsiang Lin as director of TECO Middle East. Other directors at the meeting unanimously approved the plan at a meeting, presided by independent director, Tian-Jy Chen.

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

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

Reason for avoidance of conflict of interest and participation in voting: The three persons abstained from the discussion and voting for the case, Chao-Kai Liu, Mao-Hsiung Huang and Chwen-Jy Chiu are respectively as the chairman or director of Qingdao TECO Century. The case was approved by a meeting of the board of directors, presided over by independent director, Tian-Jy Chen, who consulted other attending directors, none whom objected the case.

ii. 23-21 Board Meeting: 2015.4.13

Director's Name: Chao-Kai, Liu (Chairman), Mao-Hsiung, Huang (Managing Director), Po-Chih, Huang (Managing Director), Cheng-Tsung, Huang (Managing Director), Tian-Jy Chen (Managing & Independent Director), Jing-Shown, Wu (Independent Director), Hiroyuki Ougi (Director), Shih-Chien, Yang (Director), Hsien-Sheng, Kuo (Director), Chwen-Jy, Chiu (Director), C. S. Chien (Director), Yung-Hsiang, Chang (Director), Hong-Hsiang, Lin (Director), Yu-Ren Huang (Director)

Contents of the case: Nomination of 24th Directors and Independent Directors

Reason for avoidance of conflict of interest and participation in voting: Chao-Kai, Liu (Chairman) abstained from discussion and voting for the motion, due to the capacity of chairman, and presided over by independent director, Tian-Jy Chen. Mao-Hsiung, Huang (Managing Director), Po-Chih, Huang (Managing Director), Cheng-Tsung, Huang (Managing Director), Tian-Jy Chen (Independent Director), Jing-Shown, Wu (Independent Director), Hiroyuki Ougi (Director), Shih-Chien, Yang (Director), Hsien-Sheng, Kuo (Director), Chwen-Jy, Chiu (Director), C. S. Chien (Director), Yung-Hsiang, Chang (Director), Hong-Hsiang, Lin (Director), Yu-Ren Huang (Director) abstained from discussion and voting for the motion, due to the capacity of directors and independent directors. Tian-Jy Chen consulted other attending directors, none whom objected the case.

iii. 23-23 Board Meeting: 2015.5.13

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

Contents of the case: Plan to dispose of stakes owned by the company for long-term investment

Reason for avoidance of conflict of interest and the status of voting:

Chwen-Jy, Chiu (Director) abstained from the discussion and voting for the case, as she is a director of Asia Pacific Telecom. Other directors passed the case without objection.

iv. 24-2 Board Meeting: 2015.6.16

Director's Name: Tian-Jy Chen (Managing & Independent Director), Chien-Yuan, Lin (Independent Director)

Contents of the case: Appointment of members of the company's compensations committee.

Reason for avoidance of conflict of interest and the status of voting:

Since the aforementioned independent director also serves as the membership of the compensations committee, they left the meeting and abstained from taking part in the voting. Other directors passed the case without objection.

v. 24-4 Board Meeting: 2015.8.12

Director's Name: Chwen-Jy, Chiu (Chairman), Chao-Kai, Liu (Managing Director), Mao-Hsiung, Huang (Director)
 Contents of the case: Acknowledgement of the plan to take part in the capital increase by cash of E-Joy International Co., Ltd.

Reason for avoidance of conflict of interest and the status of voting:

Chwen-Jy, Chiu (Chairman), Chao-Kai, Liu (Managing Director) and Mao-Hsiung, Huang (Director) abstained from discussion and voting for the motion, due to their capacity as the chairman and directors of E-Joy International Co., Ltd. Tian-Jy Chen (Managing & Independent Director) became deputy chairman. Except Chwen-Jy, Chiu (Chairman), Chao-Kai, Liu (Managing Director) and Mao-Hsiung, Huang (Director), other directors passed the case without any opposition.

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

Contents of the case: Acknowledgement of the plan to take part in the capital increase by cash of TECO Elektrick Turkey A.S.(TET).

Reason for avoidance of conflict of interest and the status of voting:

Chwen-Jy, Chiu (Chairman), Chao-Kai, Liu (Managing Director), Mao-Hsiung, Huang (Director), and Hong-Hsiang, Lin (Director) abstained from discussion and voting for the motion, due to their capacity as the chairman and directors of TECO Elektrick Turkey A.S.(TET). Tian-Jy Chen (Managing & Independent Director) became deputy chairman. Except Chwen-Jy, Chiu (Chairman), Chao-Kai, Liu (Managing Director), Mao-Hsiung, Huang (Director) and Hong-Hsiang, Lin (Director), other directors passed the case without any opposition.

vi. 24-6 Board Meeting: 2015.12.22

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

Contents of the case: Purchase shareholdings of Century Development Corporation.

Reason for avoidance of conflict of interest and the status of voting: Chwen-Jy, Chiu (Chairman), Chao-Kai, Liu (Managing Director), Mao-Hsiung, Huang (Director) abstained from discussion and voting for the motion, due to their capacity as the director and chairman of Century Development Corporation. Tian-Jy Chen (Managing & Independent Director) became deputy chairman. Except Chwen-Jy, Chiu (Chairman) and Mao-Hsiung, Huang (Director), other directors passed the case without any opposition.

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

- i. To meet the global trend in corporate governance and cope with the development of issues attracting social concern in recent years, the board of directors resolved to revise the company's "Corporate Governance Best Practice Principles" on March 20, 2015, in reference to the revised exemplary "Corporate Governance Best Practice Principles for TWSE/GISM Listed Companies," publicized by Taiwan Stock Exchange on Dec. 31, 2014.
- ii. In line with policy of the Financial Supervisory Commission mandating certain enterprises to compile corporate social responsibility report and the requirement of the criteria for the second corporate-governance evaluation, the board of directors resolved to formulate the company's "Corporate Social Responsibilities Best Practice Principles" on March 20, 2015, in reference to the revised exemplary "Corporate Social Responsibilities Best Practice Principles" publicized by Taiwan Stock Exchange on November 7, 2014.
- iii. The board of directors resolved to formulate "Rules of Ethical Conduct to Directors and Managers" on Dec. 15, 2011, in line with corporate-governance norms and decree of Taiwan Stock Exchange (No. 0930028186, Nov. 11, 2004), to assure conformance of the behaviors of directors and managers to ethical standards and strengthen corporate governance. In line with regulation of the "Personal Data Protection Law" on the publication of personal data and the regulation of "Securities and Exchange Act" on second kinship pertaining to independence of directors and supervisors, the board of directors approved the revised "Rules of Ethical Conduct to Directors and Managers" on March 20, 2015, in reference to the revised exemplary "Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/ TPEX Listed Companies" publicized by Taiwan Stock Exchange on January 28, 2015.
- iv. For the materialization of corporate governance, define specifically performance objective, so as to augment the function and operational efficiency of the board of directors. Accordingly, the board of directors approved "measures for evaluating the performance of board of directors" on November 13, 2015, in line with article 37 of "Corporate Governance Best Practice Principles for TWSE/ GISM Listed Companies." According to the measures, the unit in charge will collect information on the activities of the board of directors at the end of every year and issue questionnaires for self evaluation before recording the evaluation results and reporting them to the board of directors for review and improvement.
- v. The board of directors approved the revised "Table of Authorization" on December 22, 2015, according to which authorized powers for some jobs related to personnel, accounting, stock affairs, and auditing should be determined by the board of directors.
- vi. The board of directors approved at a meeting on April 24, 2014 the revision of the "Articles of Incorporation" and "Rules Governing Election of Directors," according to which candidates are nominated for the election of directors

(including independent directors), to be conducted according to article 192-1 of the Company Law. The revision was sanctioned by the 2014 shareholders' meeting.

- vii According to the norms for corporate governance and the decree of the Taiwan Stock Exchange (TSE No. 0990026534), the board of directors approve on August 14, 2014, the company's "Ethical Corporate Management Best Practice Principles," to facilitate the establishment of a corporate culture based on management of integrity and strengthen corporate governance.

According to the norms for corporate governance, the board of directors approved on Dec. 22, 2014 the company's "measures for the selection and evaluation of certified public accounts," according to which review of the independence and performance of CPAs must be carried out regularly, in order to strengthen corporate governance.

The company would arrange courses for advanced study of directors every year and keep them posted of related information, in order to help them adhere to the core values and retain professional edge and expertise.

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 2015, and the Audit Committee attendance was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance rate (%)	Remarks
Convener & Chairman	Tian-Jy, Chen	8	0	100%	Re-election (re-elected on 2015.6.11) Should attend 8 times
Member	Jing-Shown, Wu	8	1	88 %	Re-election (re-elected on 2015.6.11) Should attend 8 times
Member	Chien-Yuan, Lin	5	0	100%	Newly Elected (re-elected on 2015.6.11) (Should attend 6 times
Member	Chin-Chien, Chen	3	0	100 %	Retired (re-elected on 2015.6.11) Should attend 3 times

Other mentionable items:

1. Items specified in article 14-5 of Securities and Exchange Act and other items resolved by the board of directors with support of two thirds of directors but without approval of the auditing committee.: None
2. The implementation of Independent Directors' avoidance of motions in conflict of interest: None
3. Communication conditions among Independent Directors, Internal Audit Managers, and Accountants:
 - i. The company's independent directors, internal-auditing managers, and certified public accountant(s) have direct contact channel. According to the regulations of the regulator, they carry out regular check of the company's financial and business status and directly communicate with the management unit and governing unit.
 - ii. In addition to the reception of monthly auditing report, an independent director can summon auditing chief to make business report to him/her. During the quarterly meeting of the auditing committee, auditing chief would make internal-auditing report, thereby achieving full communications for the execution and achievement of auditing operation.
 - iii. After completing the auditing of semi-annual or annual financial statement, the company's certified public accountant(s) would report the results of his/her auditing or perusal, as well as other mandatory items of communications, at the meeting of the audit committee.

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 three amendments by Boeard of directos from 2013 to 2015, 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. b. Whether the company has installed on its own various			a. In line with the policy of membership diversification for the board of directors, as stipulated in the "practical guidelines for corporate governance," there is one female director and one Japanese director sitting on the company's 24th board of directors, which has 15 seats (including three for independent directors), with a three-year term, which can be continued via reelection. Members of the board of directors are all outstanding figures in industry and academia, with abundant experience in corporate governance and industrial technologies, as well as expertise in money, finance, accounting, and law. b. The company already approved the institution of the “compensations	a. Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” b. Compliance with “Corporate Governance

Items	Implementation status			Discrepancy with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies “ and reasons
	Yes	No	Summaried Explanation	
<p>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>d. Whether the company has regularly evaluated the independence of certified public accountants.</p>			<p>committee” at the 13th meeting of the 22th board of directors (Aug. 22, 2011) and the “audit committee” at the first meeting of the 23th board of directors (June 15, 2012), but has yet to institute other functional committees.</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. 2015 Evaluation Report was submitted in BOD meeting on March 21 2016. All items are well performed and the company’s BOD operated well in 2015.</p> <p>d. The 23rd board of directors also approved at its 19th meeting Dec. 22, 2014) the company’s “measures for the selection and evaluation of certified public accounts,” calling for regular review of the independence and adequacy of certified public accountants.</p>	<p>Best-Practice Principles for TWSE/GTSM Listed Companies”</p> <p>c. Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”</p> <p>d. Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”</p>
<p>D. Whether the company has established communications channel for stakeholders and dedicated sector for stakeholders on its website, in addition to responding properly to key issues on corporate social responsibility concerned by stakeholders.</p>	V		<p>The company has kept a good and smooth communications channel for corresponding banks and other creditors, staffers, consumers, suppliers, communities, and other stakeholders, in order to respect and uphold their legal interests.</p>	<p>Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies “</p>
<p>E. Whether the company has entrusted professional stock-affairs agent to handle shareholder’ meeting.</p>	V		<p>The company has entrusted professional stock-affairs agent to handle shareholders’ meeting.</p>	<p>Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies“</p>
<p>F. Information publication</p> <p>a. Whether the company has installed website for</p>	V		<p>a. The company institutes website for disclosing the status of finance and</p>	<p>a. Compliance with “Corporate Governance</p>

Items	Implementation status			Discrepancy with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies “ and reasons
	Yes	No	Summaried Explanation	
<p>publication of information on finance, business, and corporate governance.</p> <p>b. Whether the company has publicized information via other methods (such as installation of English-language website, designations of persons in charge of collection and publication of company information, materialization of the system of spokesman, and posting of the process of investors’ conference on the company website).</p>			<p>corporate governance. The address of the corporate website: www.teco.com.tw</p> <p>b. The company institutes English-language website (http://www.teco.com.tw/en_version/index.asp), designates specific persons for the collection and disclosure of corporate information, and implements spokesperson’s system.</p>	<p>Best-Practice Principles for TWSE/GTSM Listed Companies“</p> <p>b. Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies“</p>
<p>G. Whether the company has other information conducive to understanding the status of corporate governance (including, but not limited to, staffers’ interests, concern for staffers, investor relationship, supplier relationship, stakeholders’ rights, advanced study of directors and supervisors, execution of risk-management policy and criteria for risk assessment, execution of customer policy, and taking out of liabilities insurance for directors, and supervisors.</p>	V		<p>a. The company has formed labor union, which convenes regulation and communication with the management, so as to uphold the interest of employees. Regarding investor relationship, the company has established a specialized unit for regular disclosure of the company’s key business information, thereby enhancing transparency of corporate information, as well as feedback mechanism allowing investors to express their opinions on corporate development. The company also actively takes part in investors’ conference, informing investors of the company’s current operational status and development plan.</p> <p>b. Attendance of directors in the meetings of board of directors is good and the percentage of attendance on person is about 87.71% in 2015.</p> <p>c. The company has taken out liabilities insurance for directors and supervisors.</p> <p>d. In 2015, the company’s directors undertook 102 hours of advanced study, and managerial staffers 48 hours.</p>	<p>Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies“</p>
<p>H. Whether the company has made evaluation report, on its own or via professional institutions, on corporate governance. (If so, please describe the opinions of the board of directors, result of own or entrusted evaluation, and main flaws, suggestions, and status of improvement.)</p>	V		<p>a. In 2015, the company was granted the corporate citizen award by the Commonwealth magazine, National foremost electric-machinery manufacturer, thanks to extraordinary performance in corporate governance, corporate commitment, social participation, and environmental protection.</p> <p>b. The company was rated among the top 5% in 1,393 listed companies, in the centralized market and over-the-counter market, in the first corporate-governance evaluation conducted by the Corporate Governance Center of Taiwan Stock Exchange in 2015.</p>	<p>Compliance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”</p>

3.3.4 Compensations Committee

Information on Members of Compensations Committee

Status	Name	Whether or not possess over five years of working experience and following professional qualifications			Conformance to independency (note 2)								Number of part-time positions on the compensations committees of other companies	Note	
		Instructors or higher position in the fields of commerce, law, finance, accounting or other related departments at universities	Judges, prosecutors, lawyers, certified public accountants, or other related professionals or technicians with government licenses	Working experience in commerce, law, finance, accounting, or other related fields	1	2	3	4	5	6	7	8			
Independent Director	Tian-Jy, Chen	v			v	v	v	v	v	v	v	v	v	1	Re-elected
Independent Director	Chien-Yuan, Lin	v			v	v	v	v	v	v	v	v	v	1	Newly Elected (2015.6.11)
Other	Charles Kau			v	v	v	v	v	v	v	v	v	v	0	Newly Elected (2015.6.11)
Other	Hong Chang, Chang	v												0	Retired

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 at companies in which the company or its parent company owns over 50% of voting right directly and indirectly
- (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

A. There are three members in Compensations Committee

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

Title	Name	Number of attendance (B)	Number of attendance via proxy	Actual attendance rate (%) (B/A) (note)	Note
Chairman	Tian-Jy, Chen	3	0	100%	Re-elected
Member	Chien-Yuan, Lin	2	0	100%	Newly Elected (2015.6.11)
Member	Charles Kau	2	0	100%	Newly Elected (2015.6.11)
Member	Hong Chang, Chang	1	0	100%	Retired

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. (If the compensations approved by the board are higher than the level suggested by the compensations committee, specify the difference and reason.)
2. If a member opposes or has reservation, on record or in written form, about the resolutions of the compensations committee, specify the date, number, and agenda of the meeting of the committee, as well as the way for the handling of member's opinions.

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		Summaried Explanation	Difference with "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Company" and reasons
	Yes	No		
<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's board of directors approved the company's "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Company" on March 20, 2015, ascertaining the company's CSR policy. In 2015, when the company was compiling its CSR report, it reviewed and improved its CSR performance in various aspects before reporting the result to the board of directors. In addition, performance in key talent cultivation and training and development of green products was reviewed quarterly.</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, chaired by the chairman, which oversees a panel responsible for handling CSR-related affairs, including performance evaluation, compilation and publication of annual CSR report, and irregular reporting to the board of directors on the execution and tracking of corporate social responsibility.</p> <p>d. In order to provide protection of reasonable compensations to staffers, the company's compensations policy calls for provision of reasonable and competitive compensations, not below minimum wage regulated by the Authority and linkage of staffer performance with incentives, as stipulated in the "performance-evaluation measures" and "measures for management and assistance of staffer performance." To materialize linkage between performance evaluation and corporate social responsibility, the company has formulated "measures or implementation of goal management," which list talent and system and forward-looking deployment as key performance-evaluation criteria, in line with the mission of upholding human value and achieving corporate sustainability.</p>	No difference

Items	Implement Status			Difference with “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Company” and reasons
	Yes	No	Summaried Explanation	
<p>B.Environment for sustainable development</p> <p>a. Status for the dedication of the company to enhancing the utilization efficiency of various resources and utilizing recycled materials in lowering the impact on the environment;</p> <p>b. Status of the company in establishing proper environmental-management system according to its industrial features;</p> <p>c. Whether the company has noticed the effect of climate change on its business activities, conducted check on greenhouse gases, and formulated strategy on energy conservation and carbon/greenhouse gases abatement.</p> <p>d. Status of the company in formulating carbon-abatement and greenhouse-gases reduction strategy, in line with its concern for climatic change on its operation.</p>	V		<p>a. Develop IE3/IE4 high-efficiency motor and 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. Recycle and melt scissels of silicon-steel plants for motor for casting of motor housings. Use environmental protection coolant, material and recyclable containers.</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 “TECO GO ECO,” the company has been developing wind-mill products and high energy-efficient products, in the hope of maximizing its contribution to energy conservation and carbon abatement. Various factories have also been improving their manufacturing process, taking into account energy conservation and carbon abatement. In addition, the company started to have external party check its greenhouse-gases emission in 2012, to assure the accuracy of data, as the basis for the effort of energy conservation and carbon abatement, whose outcome is disclosed in the annual CSR report.</p>	No difference
<p>C. Upholding of public benefits</p> <p>a. Whether the company has formulated relevant management policy and procedure, according to related laws/regulations and international convention on human rights.</p> <p>b. Whether the company has instituted mechanism and channel for complaints by staffers and handled the complaints properly.</p>	V		<p>a. Posting of employee work rules, performance evaluation measures, rules for employee leave on corporate poster. To demonstrate its emphasis on and executive power for human right, formulate “Declaration of TECO Corp. on Human-Right Policy” and post it on the company's website. In addition, require suppliers to sign "commitment to human right and environmental sustainability," along with contracts, to contribute to the cause of human right jointly.</p> <p>b. The company has set up an “opinion mailbox” for employees to communicate directly with the management and obtain rapid services from the company. As for employee reward and discipline, formulate procedure on the handling of employee reward and discipline, mandating objective investigation and fact finding before any discipline and the setup of personnel evaluation committee to assist in cases of major disciplines. Moreover, establish dedicated e-mail (HRI@teco.com.tw) as a channel for filing complaints, to ward off irregularities or unfair treatments at workplace, and dedicated e-mail (HRP@teco.com.tw) as a channel for consulting and reporting of workplace violence, to prevent such violence and illegal damage. Formulate "measures on</p>	No Difference

Items	Implement Status		Summaried Explanation	Difference with “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Company” and reasons
	Yes	No		
<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>f. Whether the company has formulated consumer-right protection policy and complaint procedure on the flow of R&D, procurement, production, operation, and service.</p> <p>g. Whether the company has complied with related laws/regulations and</p>			<p>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. In addition, 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, to safeguard safety of employees at workplace.</p> <p>d. In accordance with the measures for labor-management meeting, the company holds labor-management meeting regularly to exchange opinions and solve problems via consultation. For listening to the opinions of staffers, the chairman and managerial staffers at various levels hold seminars irregularly to understand the work status of staffers and learn their suggestions for the company. As for the company's business performance, the headquarters convene quarterly meeting, wherein the chairman would explain the company's business performance in the quarter and the management policy. In addition, the chairman would meet with cadres of the labor union twice a year, to exchange opinions for achieving a win-win outcome for management and labor.</p> <p>e. Cultivate the expertise of staffers along the dual lines of professional jobs and management jobs and combine the training with staffers' individual development plan (IDP) for follow-up tracking and confirmation. Provide complete and plural training to staffers to improve their expertise and expand their knowledge and experience. Carry out performance evaluation every half year, when staffers and their direct superiors would talk for full communication on their personal career 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>	

Items	Implement Status		Summaried Explanation	Difference with “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Company” and reasons
	Yes	No		
<p>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>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>	
<p>D. Whether the company has disclosed essential and reliable CSR-related information on its website and the Market Observation Post System.</p>	V		<p>The company has instituted “CSR section” on its website for disclosure of related information and has third party certify its 2012-2014 CSR report.</p>	No difference
<p>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.”</p> <p>No difference</p>				
<p>F. Other key information conducive to the understanding of the company’s CSR-related affairs:</p> <p>(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 “TECO GO ECO” spirit and encourages young students to engage in sci-tech R&D on energy conservation and carbon abatement. During 22 consecutive, TECO Award (1994-2015), there are 119 winners from Electric Machinery/ Information/ Communication, Machinery/ Energy/ Environment, Chemical/ Material, Biology/ Medical professionals/ Agriculture, four “science “category and one “human culture”. In order to consolidate the humanistic power of Taiwan, the company pushes “creativity education,” to innovate and update teaching model of schools’ teaches, also provide school children in remote area with high quality learning opportunities resources. The “heritage education” rallies various parties to make contributions for the expense of the event, with the aim of recruiting teachers for the program as TECO’s staffers and helping tribal children learn related technologies. 1,500 aboriginal teachers and students from 11 tribes benefited from the program.</p> <p>(2) Other related information is contained in the CSR report, which has been posted on TECO’s website. http://tecocr.teco.com.tw/</p>				
<p>G. In case the company’s report on products or corporate social responsibility has passed the certification of related certification bodies, describe the inspection standards:</p> <p>The company’s 2014 CSR report was certified by PricewaterhouseCoopers according to ISAE 3000 and GRI G4 guideline on global sustainability report.</p>				

3.3.6 Adherence to the Ethical Corporate Management and Measures

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

Items	Implementation Status			Difference with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies”
	Yes	No	Summaried Explanation	
<p>A. Formulate policy and program for ethical corporate management</p> <p>a. Whether the company has explicitly express the policy and methods of ethical corporate management in its charter and outbound documents and whether the board of directors and management have fulfilled the commitment to the policy of ethical corporate management</p> <p>b. Whether the company has program preventing unethical behaviors with the principle of ethical corporate management, in addition to specifying and executing operating procedure, behavioral guidelines, penalties for violation of regulations and complaint system.</p> <p>c. Whether the company has adopted precautionary measures against business activities with higher risk of violating the principle of ethical corporate management, as specified in item 2 of article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies”</p>	V		<p>a. Although the company has yet to formulate “Ethical Corporate Management Best Practice Principles” on August 14 in 2014, the company’s directors and management have been cautiously fulfilling their duties in compliance with the obligation of attention of a prudent administrator.</p> <p>b. The company has formulated “behavioral guidelines,” strictly forbidding staffers to accept without permission of superiors gifts worth more than NT\$3,000 from other firms or individuals with business dealings with the company. They can also pass the gifts to the general-affairs unit for keeping before donating them for charity under the Company’s name.</p> <p>c. The company’s legal division screens contracts and prevents violation of law in signing contracts, while the audit office irregularly checks and continuously tracks status of improvement.</p>	No major difference
<p>B. Materialize ethical corporate management</p> <p>a. Whether the company has evaluated the track record on the integrity of business partners and whether the contracts with business partners include an article on behavioral integrity.</p> <p>b. Whether the company has instituted unit pushing ethical corporate management, either on a full-time or part-time basis, which is under the jurisdiction of the board of directors and reports to the latter regularly.</p> <p>c. Whether the company has formulated policy preventing conflict of interest and provided, as well as faithfully executed, proper channel for complaints.</p> <p>d. Whether the company has instituted effective accounting system and internal control system for the materialization of the policy of ethical corporate management, which</p>			<p>a. The company’s legal division reviews contracts signed by company for outbound business activities, to avoid dealing with those violating the principle of integrity of management on record.</p> <p>b. The company sets up a legal division office, under the direct jurisdiction of the board of directors, cooperating with Human Resource Center, in charge of the formulation and implementation of the policy of integrity-oriented management and precautionary programs, whose achievement would be supervised by an auditing unit before being reported to the board of directors regularly.</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.</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</p>	No major difference

Items	Implementation Status			Difference with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summaried Explanation	
<p>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>compliance regularly.</p> <p>e. The company holds education and training on ethical corporate management regularly.</p>	
<p>C. Status of the company’s reporting system:</p> <p>a. Whether the company has formulated concrete reporting and rewarding system, as well as convenient reporting channel, in addition to designation of specific person handling the reporting.</p> <p>b. Whether the company has instituted standard operating procedure for handling reported items and related confidentiality mechanism.</p> <p>c. Whether the company has adopted measures to protect informants from improper treatment.</p>	V		<p>a. As part of the company’s reporting system, the company has formulated “behavioral guidelines,” containing ethical norms for staffers, and has instituted reporting e-mail address HRI@teco.com.tw, with the human-resources center responsible for handling reported items, in conjunction with the audit division and the legal division office.</p> <p>b. The “behavioral guidelines” specify, in article 17, reporting methods and flow, and in article 16, confidentiality mechanism for informants.</p> <p>c. The guidelines also specify, in article 16, protection mechanism for informants.</p>	No major difference
<p>D. Intensifying information disclosure</p> <p>a. Whether the company has disclosed its “Ethical Corporate Management Best Practices Principles” on its website and the implementation effect.</p>	V		<p>a. The company has disclosed information related to “Ethical Corporate Management Best Practice Principles” on website.</p>	No major difference
<p>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.</p>				
<p>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.</p>				

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 2015:

Title	Name	Date	Organizer	Training Course	Time
Chairman	Tung Kuang Investment Co., Ltd. Representative : Chwen-Jy, Chiu	2015.11.13	Chunghwa Corporate Governance Association	Global current and business opportunities related to green economy and corporate low-carbon innovation in 2015	3 hrs
		2015.12.22	Chunghwa Corporate Governance Association	How can an enterprise conduct good tax-affairs management, in response to changes in taxation environment?	3 hrs
Managing Director	Tong Kuang Investment Co., Ltd Representative : Chao-Kai, Liu	2015.11.13	Chunghwa Corporate Governance Association	Global current and business opportunities related to green economy and corporate low-carbon innovation in 2015	3 hrs
		2015.12.22	Chunghwa Corporate Governance Association	How can an enterprise conduct good tax-affairs management, in response to changes in taxation environment?	3 hrs
Managing Director	Cheng-Tsung, Huang	2015.11.13	Chunghwa Corporate Governance Association	Global current and business opportunities related to green economy and corporate low-carbon innovation in 2015	3 hrs
		2015.12.22	Chunghwa Corporate Governance Association	How can an enterprise conduct good tax-affairs management, in response to changes in taxation environment?	3 hrs
Managing Director	Creative Sensor Inc. Representative: Yu-Ren, Huang	2015.12.8	Securities & Futures Institute	Noticeable legal issues for directors and supervisors of companies with public share offering	3 hrs
		2015.12.22	Chunghwa Corporate Governance Association	How can an enterprise conduct good tax-affairs management, in response to changes in taxation environment?	3 hrs
Managing & Independent Director	Tian-Jy, Chen	2015.6.9	Chunghwa Corporate Governance Association	Necessary knowledge for directors and supervisors on corporate investments in derivatives	3 hrs
		2015.8.10	Chunghwa Corporate Governance Association	U.S. Anti-Trust Law and Taiwanese enterprises--why should you care and what should you know	3 hrs
		2015.8.18	Chunghwa Corporate Governance Association	Prevention and detection of corporate management risk and corruption risk	3 hrs

Title	Name	Date	Organizer	Training Course	Time
Independent Director	Jing-Shown, Wu	2015.5.27	Securities & Futures Institute	Leadership forum on corporate ethics of listed companies	3 hrs
		2015.11.13	Chunghwa Corporate Governance Association	Global current and business opportunities related to green economy and corporate low-carbon innovation in 2015	3 hrs
		2015.12.22	Chunghwa Corporate Governance Association	How can an enterprise conduct good tax-affairs management, in response to changes in taxation environment?	3 hrs
Independent Director	Chien-Yuan, Lin	2015.1.22	Securities & Futures Institute	Seminar on corporate social responsibility--demonstration of the value of sustainable management	3 hrs
		2015.5.25	Securities & Futures Institute	Advanced practical affairs seminar for directors and supervisors (including independent directors)--analysis of composite income tax for directors and supervisors	3 hrs
		2015.6.30	Securities & Futures Institute	Advanced practical affairs seminar for directors and supervisors (including independent directors)--How to utilize financial information in corporate decision making	3 hrs
Director	Mao-Hsiung, Huang	2015.5.12	Securities & Futures Institute	Advanced practical affairs seminar for directors and supervisors (including independent directors)—CSR development in Taiwan Capital Market & Impact from International Control update for Directors and Supervisors	3 hrs
		2015.11.13	Chunghwa Corporate Governance Association	Global current and business opportunities related to green economy and corporate low-carbon innovation in 2015	3 hrs
Director	Po-Chih, Huang	2015.5.27	Securities & Futures Institute	Leadership forum on corporate ethics of listed companies	3 hrs
		2015.8.27	Securities & Futures Institute	Forum for directors and supervisors of companies listed on centralized market and OTC market--seminar on new perspective on corporate integrity, risk management, and social responsibility	3 hrs
		2015.11.13	Chunghwa Corporate Governance Association	Global current and business opportunities related to green economy and corporate low-carbon innovation in 2015	3 hrs
Director	Hisen- Sheng, Kuo	2015.8.14	Securities & Futures Institute	Session for explaining legal abidance for insider share trading of listed companies	3 hrs
		2015.11.13	Chunghwa Corporate Governance Association	Global current and business opportunities related to green economy and corporate low-carbon innovation in 2015	3 hrs

Title	Name	Date	Organizer	Training Course	Time
Director	Yaskawa Electric Corporation Representative : Ogi Hiroyuki	2015.11.13	Chunghwa Corporate Governance Association	Global current and business opportunities related to green economy and corporate low-carbon innovation in 2015	3 hrs
		2015.12.22	Chunghwa Corporate Governance Association	How can an enterprise conduct good tax-affairs management, in response to changes in taxation environment?	3 hrs
Director	Kuang Yuan Industrial Co., Ltd. Representative: Shih-Chien, Yang	2015.11.13	Chunghwa Corporate Governance Association	Global current and business opportunities related to green economy and corporate low-carbon innovation in 2015	3 hrs
		2015.12.22	Chunghwa Corporate Governance Association	How can an enterprise conduct good tax-affairs management, in response to changes in taxation environment?	3 hrs
Director	Tung Kuang Investment Co., Ltd. Representative : Hong-Hsiang, Lin	2015.11.13	Chunghwa Corporate Governance Association	Global current and business opportunities related to green economy and corporate low-carbon innovation in 2015	3 hrs
		2015.12.22	Chunghwa Corporate Governance Association	How can an enterprise conduct good tax-affairs management, in response to changes in taxation environment?	3 hrs
Director	Lien Chang Electronic Co., Ltd. Representative: Ming-Feng, Yeh	2015.3.12	Chinese National Association of Industry and Commerce , Taiwan	Global current and business opportunities related to green economy and corporate low-carbon innovation in 2015	3 hrs
		2015.3.16	Chinese National Association of Industry and Commerce , Taiwan	How can an enterprise conduct good tax-affairs management, in response to changes in taxation environment?	3hrs
Director	Mao Yang Co., Ltd. Representative: Yung-Hsiang, Chang	2015.11.13	Chunghwa Corporate Governance Association	Global current and business opportunities related to green economy and corporate low-carbon innovation in 2015	3 hrs
		2015.12.22	Chunghwa Corporate Governance Association	How can an enterprise conduct good tax-affairs management, in response to changes in taxation environment?	3 hrs

C. Advanced studies for managing staffers in 2015:

Title	Name	Date	Organizer	Traning course	Time
President	Chwen-Jy, Chiu	2015.11.13	Chunghwa Corporate Governance Association	Global current and business opportunities related to green economy and corporate low-carbon innovation in 2015	3 hrs
		2015.12.22	Chunghwa Corporate Governance Association	How can an enterprise conduct good tax-affairs management, in response to changes in taxation environment?	3 hrs

Title	Name	Date	Organizer	Traning course	Time
Executive Consultant	S. C. Lin	2015.11.13	Chunghwa Corporate Governance Association	Global current and business opportunities related to green economy and corporate low-carbon innovation in 2015	3 hrs
		2015.12.22	Chunghwa Corporate Governance Association	How can an enterprise conduct good tax-affairs management, in response to changes in taxation environment?	3 hrs
Vice President	George Lien	2015.11.13	Chunghwa Corporate Governance Association	Global current and business opportunities related to green economy and corporate low-carbon innovation in 2015	3 hrs
		2015.12.22	Chunghwa Corporate Governance Association	How can an enterprise conduct good tax-affairs management, in response to changes in taxation environment?	3 hrs
Assistant Vice President	Hong-Hsiang, Lin	2015.11.13	Chunghwa Corporate Governance Association	Global current and business opportunities related to green economy and corporate low-carbon innovation in 2015	3 hrs
		2015.12.22	Chunghwa Corporate Governance Association	How can an enterprise conduct good tax-affairs management, in response to changes in taxation environment?	3 hrs
Assistant Vice President	Steven Chiang	2015.11.13	Chunghwa Corporate Governance Association	Global current and business opportunities related to green economy and corporate low-carbon innovation in 2015	3 hrs
		2015.12.22	Chunghwa Corporate Governance Association	How can an enterprise conduct good tax-affairs management, in response to changes in taxation environment?	3 hrs
Assistant Vice President	Pin Chang	2015.11.13	Chunghwa Corporate Governance Association	Global current and business opportunities related to green economy and corporate low-carbon innovation in 2015	3 hrs
		2015.12.22	Chunghwa Corporate Governance Association	How can an enterprise conduct good tax-affairs management, in response to changes in taxation environment?	3 hrs
Assistant Vice President	Yu- Kuang, Wang (Note)	2015.12.22	Chunghwa Corporate Governance Association	How can an enterprise conduct good tax-affairs management, in response to changes in taxation environment?	3 hrs
Assistant Vice President	Chin-Liang Yang (Note)	2015.12.22	Chunghwa Corporate Governance Association	How can an enterprise conduct good tax-affairs management, in response to changes in taxation environment?	3 hrs

Note: Assistant Vice President Yu- Kuang, Wang and Chin-Liang Yang retired on June 28 and August 12 in 2015 respectively.

D. The situation of resignation in the Company

Title	Name	Date of Assuming	Date of Resignation	Reason
Assistant Vice President	Yu- Kuang, Wang	September 30, 2003	June 28, 2015	Retirement
Assistant Vice President	Chin-Liang Yang	March 29, 2013	August 12, 2015	Retirement

3.3.9 Internal Control System

Please refer to page 39 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

2015/03/20	(1)The board of directors resolved to convene 2015 shareholders' meeting on June 11, 2015. (2)The Board of Directors resolved 2014 financial statements with consolidated operating revenue NT\$53,820,604 thousand, EPS 2.06, and plans to pay cash dividend NT\$ 1.1 per share with total amount NT\$ 2,202,962,000. The related financial reports material would be submitted to 2015 shareholders' meeting. (3) The board of directors approved change in accounting chief, appointing Lan Chun-hsiung as the accounting officer, replacing Liu An-bing who was repositioned to an overseas affiliate. (4) The board of directors resolved to invest up to US\$30 million indirectly in setting up a stamping center in China via a third place.
2015/05/13	(1)The board of directors resolved to invest up to NT\$300 million in erecting a joint venture to product the system of offshore wind turbine with Chinese Steel Machinery Corporation. (2)The board of directors acknowledged the financial statement for the first three months of 2015, showing consolidated sales revenue of NT\$11,716,314 thousand and after-tax net profit of NT\$0.37 per share.
2015/06/11	Important resolutions in Annual Shareholders' Meeting (1) Acknowledged 2014 business report and financial statement. (2) Acknowledged 2014 earnings allocation, amounting to NT\$1.1 per share for cash dividend payment. (3) Election for 24th Directors (4) Approved to remove the restrictions on the newly elected 24th Directors' & Independent Directors' non-competition clauses
2015/06/11	The Board elected 24 th term Managing Directors, and Managing Directors elected new chairman
2015/06/16	(1)The Board approved the commission of the 3 rd term of compensation committee (2)The board of directors set the "ex-dividend base date" on July 13, 2015, paying out cash dividend of NT\$2,202,962 thousand, or NT\$1.1 per share, and setting the dividend payout date on July 31, 2015.
2015/06/23	The board of directors approved a plan of equity investment in Motovario S.p.A, which can extend the company's motor product lineup to power transmission, offering customers an even more complete drive solution and expanding the global market deployment and customer groups of TECO products.
2015/08/12	The board of directors acknowledged the financial statement for the first half of 2015, showing consolidated sales revenue of NT\$23,875,832 thousand and after-tax net profit of NT\$0.83 per share.

2015/11/13	The board of directors acknowledged the financial statement for the first nine months of 2015, showing consolidated sales revenue of NT\$36,123,359 thousand and after-tax net profit of NT\$1.32 per share.
2016/03/21	(1)The board of directors resolved to convene 2016 shareholders' meeting on June 16, 2016. (2)The Board of Directors resolved 2015 financial statements with consolidated sales revenue NT\$48,598,573 thousand, EPS 1.6, and plans to pay cash dividend NT\$0.8 per share with the total amount NT\$ 1,602,154 thousand. The related financial reports material would be submitted to 2016 shareholders' meeting. (3) The board of directors approved employees' compensation of NT\$ 257,361 thousand and directors' remuneration of NT\$114,382 thousand in 2015. The above amount will be distributed through cash. There is no difference from the expense amounts in 2015 recognized by the board of directors.
2016/04/12	(1)The Board of Directors resolved the agenda of 2016 AGM , by-election for Independent Director and removing the restrictions of newly elected Independent Director's non-competition clauses. (2)The Board of Director approved an additional endorsement and guarantees of NT\$2,993,820 thousand to the subsidiary, Motovario.

B. Implementation of Resolutions made in Annual Shareholders' Meeting on June 11, 2015.

Number	Resolution	Implementation
1	Acknowledged of the 2014 Business Report and Financial Statements	※ The proposal was approved by the participating Shareholders with 82.05% approved percentage.
2	Acknowledged of cash dividend payout of NT\$1.1 per share for the distribution of 2014 profits.	1. The proposal was approved by the participating Shareholders with 82.43% approved percentage. 2. Ex-Dividend Trading Date: 2015/07/13. Cash Dividend Payout date: 2015/07/31.
3	Completed 24 th term Directors election	1.24 th term Directors includes 12 Directors and 3 Independent Directors. The term of service is from June 11, 2015 to June 10, 2019. 2.Newly elected Directors were registered in line with the letter of Ministry of Economic Affairs No.10401123040.
4	Approval of the proposal for removal of restrictions on non-competition clauses for the company's 24th term newly elected Directors	※ The proposal was approved by the participating Shareholders with 71.81% approved percentage.

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

None

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

April 20, 2016

Title	Name	Date to Assume	Date to Dismissal	Reason
Group Director	Liu An-bing	July 31, 2006	March 20, 2015	Transfer to Affiliated Company

Note: Accounting Officer

3.4 Information on CPA fee

3.4.1 Accountant Information

Name of accounting firm	CPA names		Auditing period	Note
Pricewaterhouse Coopers, Taiwan	Dexter Chang	Audrey Tseng	2015	

3.4.2 Table of Brackets for CPA Fees

Fee item		Auditing fee	Non-auditing fee (Note)	Total
1	Lower than NT\$2 M.			
2	NT\$2-4 M.		V	V
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\$2,680,000 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	2015		Apr. 30, 2016	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Tong Kuang Investment Co., Ltd. Representative: Chwen-Jy, Chiu	0	1,300,000	0	200,000
		0	0	0	0
Managing Director	Tong Ho Global Investment Co., Ltd. Representative : Chao-Kai, Liu	0	660,000	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	Tian-Jy, Chen	0	0	0	0
Independent Director	Jing-Shown, Wu	0	0	0	0
Independent Director	Chien-Yuan, Lin	0	0	0	0
Director	Mao-Hsiung, Huang	0	0	0	0
Director	Po-Chih, Huang	0	0	0	0
Director	Hisen Sheng, Kuo	0	0	0	0
Director	Yaskawa Electric Corporation Representative : Hiroyuki Ougi	0	0	0	0
		0	0	0	0
Director	Kuang Yuan Industrial Co., Ltd. Representative: Shih-Chien, Yang	0	(5,423,729)	0	0
		0	0	0	0
Director	Tong Kuang Investment Co., Ltd. Representative: Hong-Hsiang, Lin	0	1,300,000	0	200,000
		(5,000)	0	(43,000)	0
Director	Lien Chang Electronic Co., Ltd. Representative: Ming-Feng, Yeh	0	0	0	0
		0	0	0	0
Director	Mao Yang Co., Ltd. Representative: Yung-Hsiang, Chang	0	0	0	0
		0	0	0	0
President	Chwen-Jy, Chiu	0	0	0	0
Executive Consultant	S. C. Lin	0	0	(230,000)	0
Vice President	George Lien	0	0	0	0
Management	Hong-Hsiang, Lin	(5,000)	0	(43,000)	0
Management	Steven Chiang	0	0	0	0
Management	Pin Chang	0	0	0	0
Management	Yu- Kuang, Wang (note 3)	0	0	0	0
Management	Chin-Liang Yang (note 3)	0	0	0	0
Major Shareholder	None	0	0	0	0

Note 1: Major shareholder, whose shareholding is more than 10% should be listed respectively.

Note 2: The counterparty of shares transfer or pledge holding would be related party, and should fill the

following forms.

Note 3: Assistant Vice President Yu- Kuang , Wang and Chin-Liang Yang retired on June.28 and August 12 in 2015 respectively

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)
Not Applicable						

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, 2016

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	
Employees Provident Fund	50,693,000 (Note)	2.53%	0	-	0	-	None	-	-
WGI Emerging Markets Smaller Companies Fund, LLC	38,241,000	1.91%	0		0		None		
Government of Singapore	35,927,000	1.79%	0		0		None		
M&G Global Emerging Markets Fund	35,325,000	1.76%	0		0		None		
Tong Kuang InvestmentCo., Ltd.	30,341,364	1.52%	0		0		None		
Vanguard Emerging Market Index Fund	29,963,000	1.50%	0		0		None		
Yaskawa Electric Corporation	29,541,089	1.48%	0		0		None		
Dimensional Emerging Markets Value Fund	29,425,725	1.47%	0		0		None		
Mondrian Emerging Markets Equity Fund, L.P	28,747,000	1.44%	0		0		None		
Silchester International Investors International Value Equity Trust	25,817,000	1.29%	0		0		None		

Note: Including other names under the same custody

3.9 Long-Term Investments Ownership

December 31, 2015

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.	50,562,000	100.00%	0	0.00%	50,562,000	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.	406,105,007	99.60%	1,630,944	0.40%	407,735,951	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.	4,536,263	57.52%	1,263,404	16.02%	5,799,667	73.54%
Tong Tai Jung Co., Ltd.	3,960,000	60.00%	0	0.00%	3,960,000	60.00%
UVG Investment Co., Ltd.	265,778,948	100.00%	0	0.00%	265,778,948	100.00%
Information Technology Total Services Co., Ltd.	12,123,248	60.62%	2,135,250	10.68%	14,258,498	71.30%
Tesen Electric & Machinery Co., Ltd.	20,000,000	100.00%	0	0.00%	20,000,000	100.00%
GD TECO Taiwan Co., Ltd.	15,000,000	100.00%	0	0.00%	15,000,000	100.00%
Taitec Technology CO.,LTD.	950,000	95.00%	0	0.00%	950,000	95.00%
Yatec Engineering Corp.	7,799,996	64.95%	0	0.00%	7,799,996	64.95%
Taian (Subic) Electric Co., Inc.	17,131,155	76.70%	0	0.00%	17,131,155	76.70%
Taian (Malaysia) Electric Sdn. Bhd.	13,113,235	66.85%	1,961,934	10.00%	15,075,169	76.85%
An Tai International Investment Co., Ltd.	20,827,579	100.00%	0	0.00%	20,827,579	100.00%
Micropac (BVI)	14,883,591	100.00%	0	0.00%	14,883,591	100.00%
Taian-Etacom Technology Co., Ltd.	7,033,000	84.73%	0	0.00%	7,033,000	84.73%
Taian Electric Co., Ltd.	100,000	100.00%	0	0.00%	100,000	100.00%
Tecom	400,602,050	63.52%	0	0.00%	400,602,050	63.52%
E-Joy International Co., Ltd.	95,000,000	93.60%	400	1.64%	95,000,400	95.24%
A-Ok Technical Co., Ltd.	1,300,000	86.67%	0	0.00%	1,300,000	86.67%
TECO Technology (Vietnam) Co., Ltd.	13,772,799	100.00%	0	0.00%	13,772,799	100.00%
TECO (Philippines) 3C & Appliances, Inc.	651,000	60.00%	0	0.00%	651,000	60.00%
An-Sheng Travel Co., Ltd.	480,000	19.20%	2,400,000	80.00%	2,880,000	96.00%
Taiwan Pelican Express Co., Ltd.	24,121,700	25.27%	6,570,940	6.88%	30,692,640	32.15%
Kuenling machinery refrigerating Co., LTD.	15,218,642	19.98%			15,218,642	19.98%
YASKAWA TECO MOTOR ENGINEERING CO.	2,400	60.00%	0	0.00%	2,400	60.00%
Eagle Holding Co.	1	100.00%	0	0.00%	1	100.00%