TECO Electric & Machinery Co., Ltd.

2024 Sustainability Report

Together, we empower the Future

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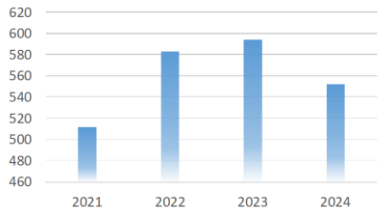
About This Report

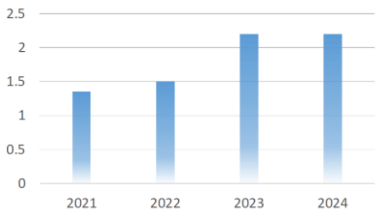
Report Scope and Boundaries

The scope of this sustainability report is aligned with TECO's global ESG management strategy and reflects the Company's operational and sustainability impact. The reporting boundary includes TECO's headquarters in Taiwan, domestic manufacturing sites, and major overseas operations in China, the U.S., Vietnam, and Italy. In total, the 2024 report covers 108 legal entities, including key subsidiaries and reinvested affiliates. Core businesses—electromechanical systems, home appliances, and engineering services—account for 84.34% of consolidated revenue and are fully included in the data coverage. Non-core businesses such as logistics, software, and real estate management are currently outside the scope. The report applies consistent data boundaries and is updated annually to ensure comparability and transparency for stakeholders.

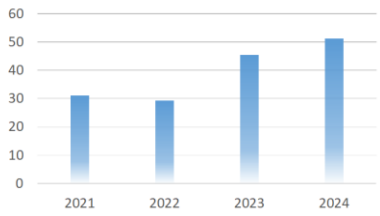
This Report presents TECO's ESG performance from January 1 to December 31, 2024. Financial data are reported in New Taiwan Dollars (NTD), with non-financial metrics aligned with international standards to ensure consistency and comparability.



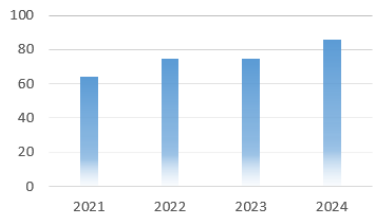
Consolidated revenue ($100 million)



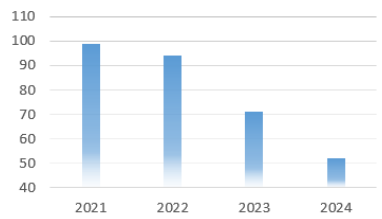
Cash dividends ($)



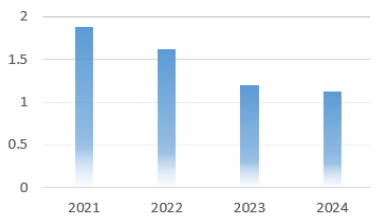
Average share price ($)



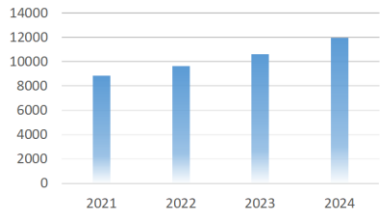
High-efficiency motor sales ratio (%)



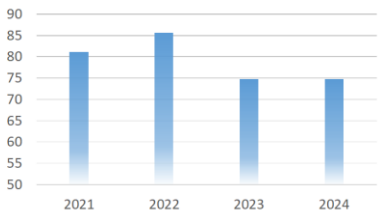
Greenhouse gas emissions (k tonCO₂e)



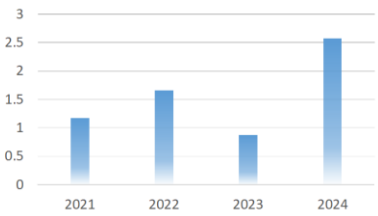
Greenhouse gas emission intensity (ton CO₂e/ $ million)



Solar power generation (thousand kWh)



Employee satisfaction survey score (%)



Employee injury rate (cases / million hours worked)

Reporting Standards and Principles

This report adheres to the GRI 2021 Standards under the “in accordance with” option and incorporates global best practices in sustainability reporting. Climate-related disclosures align with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), while industry-specific material issues are reported based on the Sustainability Accounting Standards Board (SASB) guidelines. To enhance alignment with emerging regulatory expectations, the report adopts the double materiality approach in line with the EU Corporate Sustainability Reporting Directive (CSRD). A cross-reference index mapping GRI, SASB, and TCFD indicators is provided in the appendix to support traceability and stakeholder transparency.

Assurance Statement

Internal Assurance

This report is compiled by the ESG Office and reviewed by the Corporate Governance and Sustainability Committee and the Board of Directors, with final approval by the Chairman. To ensure data accuracy and reliability, internal audits are conducted annually across certified management systems, including ISO 9001 (quality), ISO 14001 (environment), ISO 45001 (occupational health and safety), and ISO 14064-1 (GHG inventory). External assurance is conducted by the British Standards Institution (BSI) based on the AA1000 Assurance Standard (AA1000AS v3), Type 1, Moderate Level. The assurance statement is included in the appendix. This comprehensive assurance approach enhances the credibility and transparency of TECO’s sustainability disclosures.

Reporting Period and Compiling Unit

Prepared by the ESG Office, the report is published annually in Chinese and English on the Company’s website, in accordance with the Taiwan Stock Exchange’s “Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies.” The reporting period aligns with the Company’s financial reports, assured by PwC Taiwan.

Website: https://www.teco.com.tw/en/esg/

Message from the Chairman

2024 was the hottest year on record. The rapid popularization of AI applications has further underscored the importance of a reliable supply of low-carbon, high-efficiency energy. Furthermore, global economic turmoil, environmental degradation, geopolitical conflicts, and various persistent social issues continue to shape our world. For businesses, this operating environment, while presenting significant challenges to sustainable development, also offers a prime opportunity to leverage core competencies and develop innovative solutions to these pressing issues.

As a time-honored international electromechanical brand, TECO launched a brand revitalization in 2024. Our new corporate vision is “becoming the key driver in realizing global electrification, intelligence, and green energy." Guided by the "One TECO" strategic initiative, we foster resource sharing and collaborative efforts within the Group, reinforcing our fundamental commitment to being customer-centric. In alignment with the International Energy Agency (IEA)’s principle, “Energy efficiency is the first fuel” and the government’s call for “deep energy conservation,” TECO has integrated its Group products and expertise, forging cross-industry alliances. Through our "Super ESCO" model, we provide one-stop energy solutions, assisting enterprises in achieving energy-saving and carbon reduction goals. Concurrently, through strategic acquisitions and transformation, we are enhancing capabilities in electrification. We are also actively promoting smart grid development and green energy resource integration, expanding our footprint in wind, solar, and energy storage, and investing in hydrogen energy technology development. This proactive approach allows us to strategically position ourselves for emerging global opportunities.

For TECO, sustainability is an intrinsic element of our operations, not a standalone issue managed in isolation. Our ESG strategy is therefore seamlessly integrated with the Company’s “B2B2S” belief. This approach begins by focusing on core ESG topics within our daily operations. It then extends to collaborating with value chain partners, including customers and suppliers, to realize a shared vision. Finally, through the business and economic growth generated by our operations, as well as social investment and talent cultivation efforts by the Company and the TECO Technology Foundation, we aim to foster the broader low-carbon transition of human society. As we advance our ESG initiatives, we prioritize the empowerment of our colleagues in sustainability practices and outcomes. Additionally, we've established an internal carbon fund to incentivize the innovative research and development of low-carbon operations, products and services. We firmly believe that true internalization of ESG into daily business practices—and genuine enhancement of our company's sustainability resilience—can only be achieved when all employees recognize its tangible benefits.

Over the years, TECO’s sustainability efforts have been recognized from domestic and international institutions. This includes being selected for the Dow Jones Sustainability Index (DJSI)Emerging Markets Index for five consecutive years, achieving the top ESG ranking within emerging markets electromechanical sector, and being featured five times in the S&P Global Sustainability Yearbook. Furthermore, in 2025, we ascended to the ranks of their global Top 1% sustainable enterprises. These accolades underscore TECO's effective sustainability governance and competitive edge. Moving forward, TECO will continue to dynamically optimize its sustainability strategies in response to evolving global political, economic, and environmental landscapes. We’ll also collaborate with stakeholders to promote sustainable growth —"together, we empower the Future."

Chairman Morris Li 

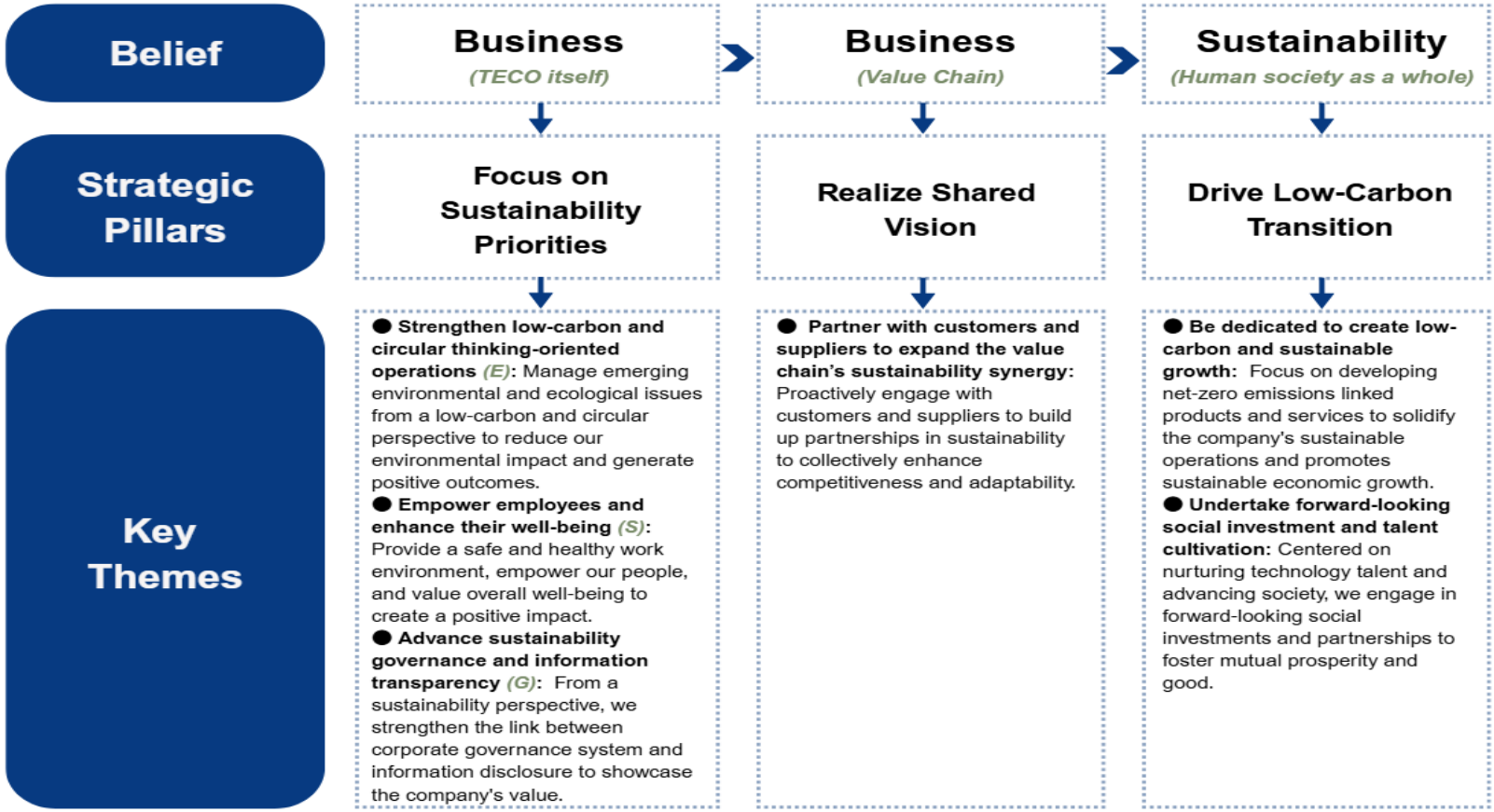
To fulfill its commitment to sustainable operations, TECO Group has formulated the "TECO Sustainability Management Policy and Commitment." This policy adheres to the principles outlined in the “Sustainable Development Best Practice Principles,” the “Ethical Corporate Management Best Practice Principles,” and the “Corporate Governance Best Practice Principles.” For comprehensive details, please visit TECO’s sustainability website.

TECO recognizes climate change as a strategic risk and opportunity. The company adopts the Task Force on Climate-related Financial Disclosures (TCFD) framework to disclose governance, strategy, risk management, and metrics related to climate change. In 2024, amid record-breaking global temperatures and a surge in AI-related energy demand, TECO reaffirmed its commitment to decarbonization and energy efficiency. The company launched a corporate vision to become a key driver of global electrification, intelligence, and green energy. Guided by this vision, TECO integrates climate strategy across operations—investing in low-carbon R&D, strengthening green product offerings, and collaborating with supply chain partners. These actions form the foundation of TECO’s long-term net-zero roadmap and its contribution to a low-carbon society.

Guided by key international trends, significant regulatory developments, and the company's distinct B2B2Sbelief, TECO has defined the strategic pillars and themes for its ESG implementation. This approach not only ensures comprehensive coverage of aspects within TECO's "Sustainability Management Policy and Commitment," but also directly addresses the key concerns of our major stakeholders, including shareholders, employees, customers, suppliers, communities, civil organizations/NGOs, and the government. The B2B2S belief is a unique corporate tenet that underscores TECO's dedication to sustainable development. Accordingly, this report is structured around the three strategic pillars that align with the B2B2S ethos: “Focus on Sustainability Priorities,” “Realize Shared Vision,” and “Drive Low-Carbon Transition”, through which TECO’s sustainability initiatives are disclosed.

1.1 ESG Strategy Framework

TECO's ESG framework, rooted in the B2B2S philosophy, emphasizes core ESG topics within operations (first "B"), collaboration with customers and suppliers for a sustainable value chain (second "B"), and societal low-carbon transition through economic growth and social investments ("S").



1.2 Annual Performance Highlights

In 2024, TECO was recognized for the fifth consecutive year in the Dow Jones Sustainability Index (DJSI) Emerging Markets Index, achieving a leading position within the electromechanical industry category.

Recognized as a Sustainability Yearbook Member by S&P Global, signifying that its sustainability performance ranks within the top 1% of global peers.

Included in the FTSE4Good TIP Taiwan ESG Index, which utilizes FTSE Russell's ESG evaluation standards to assesses the ESG commitment and performance of listed companies, with constituent stocks then screened through financial indicators.

According to the latest MSCI evaluation report, TECO maintained its AA rating, placing its risk management among the top 15% of global peers, showcasing exceptional sustainable risk management and governance performance.

For eleventh consecutive years, TECO has been honored with Taiwan Corporate Sustainability Awards (TCSA) by the Taiwan Institute for Sustainable Energy. These accolades include the "Taiwan Top 100 Sustainable Model Enterprise Award" and the "Corporate Sustainability Report Platinum Award", underscoring TECO's outstanding in ESG practices and transparent disclosures.

Note: The Dow Jones Sustainability Index (DJSI) was officially renamed the "Dow Jones Best-in-Class Indices" in February 2025. However, for the purpose of this report, the former name (DJSI) is still used.

Operating Performance and Management Scope

Headquartered in Taiwan, our company is a publicly listed company primarily engaged in the businesses of electromechanical products, home appliances, and engineering services.

Unit: $ thousand	2021	2022	2023	2024
Consolidated Operating Revenue	51,248,387	58,315,216	59,393,661	55,234,746
Consolidated Operating Income	5,502,191	3,992,000	6,332,032	6,251,281

This report covers core business segments—Green Mechatronic Solution (GM), Air and Intelligent Life (AI), and Intelligence Energy (IE)—encompassing production bases under operational control and key regional sales networks, accounting for 84.34% of total consolidated revenue. Non-core businesses include logistics, software, telecommunications, human resources, real estate development, and property management.

As of 2024, the number of regular employees across global core business production and sales sites: 5,259; the number of contract and part-time employees: 658.

Economic Value Distributed in 2024 Unit: $ thousand

ITEMS	AMOUNT	
OPERATING REVENUE	55,234,746	100.0%
OPERATING COSTS	30,823,412 (Includes operating costs – employee salaries and benefits. Refer to the annual report for "Consolidated Statements of Comprehensive Income.")	55.80%
EMPLOYEES EMPLOYEE SALARIES AND BENEFITS	10,271,296 (Includes cash compensation, employee bonus, labor insurance, health insurance, and retirement benefits. Refer to the annual report for" Expenses by nature (including employee benefit expense).")	18.60%
SHAREHOLDERS PAYMENTS TO CAPITAL PROVIDERS	4,813,680 2024 dividends were $2.2 per share, plus directors' remuneration	8.71%
GOVERNMENT PAYMENTS TO THE GOVERNMENT	1,828,548 Income tax expenses, refer to the annual report "Consolidated Statements of Comprehensive Income"	3.31%
COMMUNITY COMMUNITY INVESTMENT	24,000 Represented by donations to private foundations	0.04%
ECONOMIC VALUE RETAINED	7,473,810	13.53%

To advance sustainable development, TECO conducted an impact assessment of 16 GRI-related topics, integrating a double materiality analysis to evaluate risks from global trends and prioritize 10 key themes. These themes, covering employee capability enhancement and corporate KPIs, are aligned with our three strategic pillars and mapped to Sustainable Development Goals (SDGs), guiding our value chain toward sustainability.

2025 Global Economic Conditions and Industry Outlook

The global economy faces multiple challenges, primarily stemming from escalating trade protectionism, heightened geopolitical tensions, and dynamic policy shifts. The U.S. government's implementation of a new round of high tariffs, including the imposition of "reciprocal tariffs" on global trade partners, has triggered significant fluctuations in global markets. This measure has not only provoked retaliatory tariffs from major economies but has also intensified global supply chains instability.

Geopolitical conflicts and unpredictable policy present heightened operational risks for business. For example, shifts in U.S. foreign policy necessitate greater caution in corporate long-term strategies and a strengthening their risk management mechanisms. Furthermore, the accelerating trend of global supply chain restructuring require enterprises to re-evaluate supplier selection and geographic allocation to mitigate potential risks.

In summary, the 2025 global economic landscape is characterized by significant uncertainties. Enterprises must adopt proactive strategies to enhance their resilience and adaptability, enabling them to navigate this rapidly evolving international environment.

	Global Economic Trend	Impact on Company Operations	Related Issues
1	Monetary Policy and Financial Markets	Strengthen risk management, integrate ESG into investment decisions, and identify relevant business opportunities	● Corporate Governance
2	The global economy faces green transformation pressure (costs, regulations), necessitating enterprises adjustment and adaptation	Strengthen renewable energy-related businesses and promote ESG management mechanisms for multinational related enterprises	● Climate Action and Net-Zero Emissions ● Renewable Energy Utilization ● Waste Recycling and Resource Recovery ● Pollution Prevention and Control ● Product R&D and technological innovation
3	Geopolitical Conflicts and Policy Unpredictability	Establish regional supply chains and reallocate manufacturing sites	● Regulatory compliance ● Supply chain management measures
4	Climate Change Disrupts to Global Supply Chains	Conduct climate risk assessments (aligned with TCFD), promote regional raw material localization, advance supplier carbon reduction and resilience initiatives, and enhance the overall ESG capabilities.	● Supply chain management measures ● Biodiversity Conservation
5	Accelerated digitization has led to increased vulnerability and challenges for enterprises.	Enhance digital resilience, establish an ISO 27001 information security management systems, and strengthen operational and customer data protection.	● Information Security Management ● Supply chain management measures
6	China's Dynamics and Raw Material Control: Accelerating Global Supply Chain Adjustments.	Reduce reliance on the single market (China), identify alternative suppliers in other regions, and enhance supply chain resilience.	● Raw Material Sourcing and Control ● Supply chain management measures
7	Technology Transition and Skill Transformation: Labor Market Instability	Conduct organizational reviews, enhance employee capabilities amidst external pressures, optimize the work environment, and strengthen employee well-being	● Workplace Diversity and Equal Opportunity ● Employee Development and Career Growth ● Employee Benefits and Welfare ● Labor-Management Communication and Relations ● Occupational Safety and Health
8	Ongoing Conflicts and Global Volatility: Heightened Geopolitical and Economic Uncertainty	Supply Chain Diversification to Spread Risks	● Corporate Governance ● Supply chain management measures

1.3 Materiality Identification and Sustainability Goal Formulation Process

This report serves as a key channel for communicating sustainability practices and performance. Annually, TECO updates material topics through a process integrating international standards, operational objectives, and stakeholder feedback via questionnaires. A double materiality analysis assesses impacts on operations and external sustainability, refining our strategic direction. This process occurs yearly.

Basic Data Collection	Step1 Understand Organizational Context	Leveraging GRI Standards Sector Standards, and by reviewing global megatrends, company operational objectives, and material topics of benchmark companies (including key domestic and international institutions such as DJSI, CDP, MSCI, EcoVadis), 16 industry-related sustainability topics are identified.	Global Trends
	Step2 Identify Impacts	For the 16 industry sustainability topics, impact assessments are conducted with stakeholders, covering actual and potential impacts on the economy, environment, and people (including human rights). The prioritization of material topics is achieved by aggregating concern levels from 215 questionnaires using weighted average scoring, and these results are then presented in matrix form, detailing both the impact content and control measures.	Double Materiality Analysis
	Step3 Assess Impact	The ESG Office analyzes the double materiality impact from both internal corporate and external ESG perspectives. For the ten material topics identified, this includes detailing the causes of impact, affected areas, assessment methodologies, and corresponding risk management measures.	Ten Material Topics and Risk Management
Deployment of Management Strategies	Step4 Operational and Risk Management Strategies	Our ESG strategy, established in alignment with the Company's B2B2S belief, is structured around three main strategic pillars: "Focus on Sustainability Priorities," "Realize a Shared Vision," and "Drive Low-Carbon Transition." We analyze potential risks of transformation failure and formulate preventive strategies. Through KPI-based management indicators and employee training, we ensure that goals are effectively achieved through strong management and the necessary employee capabilities.	Setting of Sustainability Goals
	Step5 Approval	Annual plans and work items are formulated and submitted to the "Corporate Governance and Sustainability Committee" for review and approval. The Committee is then responsible for their execution and regular performance tracking.	Approval and Execution
Execution Tracking	Step6 Execution and Disclosure	The ESG Office c compares the management and execution status of each topic, maps them to GRI, TCFD, SASB, and CSRD standards, and then formulates the reporting and disclosure methods, culminating in the publication of the sustainability report.	Corresponding Reporting Frameworks and Disclosure

1.4 Stakeholder Identification and Communication

Stakeholder identification is conducted by the ESG Office. The identification method, referencing the AA1000 Stakeholder Engagement Standard, categorizes the stakeholder list into seven groups: shareholders, employees, customers, suppliers, local communities, civil organizations and NGOs, and the government. TECO conducts a double materiality analysis, considering both financial and ESG aspects of each topic. This approach aims to balance financial indicators in guiding the sustainable actions of our business units towards external stakeholders.

Stake-holder	How Iden-tified	Purpo-se of Engage-ment	Communication Channels / Response Methods / Frequency	Communication Effectiveness / Outcomes	How Highest Governance Considered Outcomes
Shareholders	Those who Hold Publicly Issued Stock	Maintaining Investor Confidence	Market Observation Post System (MOPS) ●Shareholders' Meetings: Convened at least once a year ●Host four online investor conferences annually ●Occasional participation in domestic and international investment forums ●Ad-hoc reception of visiting institutional investors or meetings with brokerage firms ●Investor Relations / Shareholder Services Dedicated Phone Line and Email: Prompt responses by assigned personnel ●Contact Person: (IR) Director Chien ir@teco.com.tw	●Included as a constituent stock of the "Dow Jones Sustainability Index" and the "FTSE4Good TIP Taiwan ESG Index." ●Monthly revenue, quarterly financial reports, and various operational information are publicly announced on the Market Observation Post System (MOPS) and the company website. ●In 2024, four online investor conferences were hosted, with Chinese and English video links uploaded to the Market Observation Post System (MOPS) and the company website. ●Participated in 8 domestic and international investment forums by invitation. ●Received 96 visits from investors (excluding investment forums and brokerage analysts), including 26 foreign institutional investors; held 21 proactive visits to brokerage firms.	Reported to the Board of Directors by the Corporate Governance Center

Employees	Internal Regular Employees or Contract Staff	Fostering Labor-management Harmony	⬤Labor-management meetings: Quarterly ⬤Union roundtables: Semi-annually ⬤Catering Committee Meetings: Quarterly ⬤Employee Quarterly Meetings: Quarterly ⬤Occupational Safety and Health Committee: Quarterly ⬤Employee satisfaction survey: Annually ⬤Electronic Bulletin Board: Ad-hoc Announcements ⬤ Workplace Misconduct/Harassment & Grievances: HRP@teco.com.tw ⬤ Contact Person: (HR) Director Lin cplin@teco.com.tw	⬤Labor-Management Meetings: 22 meetings held across Nangang and various plant locations in 2024. ⬤Union Roundtables: Two semi-annual meetings were conducted, involving the Chairman, President, plant managers, Human Resources Center directorsupervisor, and union directors and supervisors. ⬤Catering Committee Meetings: 13 meetings held across Nangang and various plant locations in 2024. ⬤Employee Quarterly Meetings: A total of 8 meetings were held across Nangang and various plant locations in 2024. Four of these meetings in Nangang were conducted online via remote communication software, enabling virtual attendance for employees from all plants. ⬤Employee Satisfaction Survey: Opinions of employees and supervisors were gathered and analyzed through adaptive methodologies. ⬤Workplace Misconduct/Harassment & Grievances: A total of 6 cases were filed (4 complaints upheld; 2 not upheld). ⬤Electronic Bulletin Board: Ad-hoc announcements covering various employee welfare matters, Welfare Committee information, important company operational updates, education and training course details, and annual performance management procedures.	Reported to the President and Chairman by the Human Resources Center.

Customers	Customers who Made Purchases from TECO during the Reporting Period	Maintaining Brand Recognition and Loyalty	●Customer Satisfaction Surveys: 1-4 times annually ●Customer service hotline: as needed ●Distributor Roundtables: 1-4 times annually, supplemented by ad-hoc distributor visits ●After-Sales Service Tracking: Post-service follow-up calls after each service event ●Official website and media: updated as needed ●Contact Person: (Spokesperson) Director Chien, speaker@teco.com.tw	●Customer satisfaction survey analysis and countermeasures conducted 7 times annually. ●Regular external audits of the Quality Management System (2024/10–2024/11) were conducted 5 times. Internal audits were 9 times; process audits were 97 times; and product audits were 42 times. ●4 media press conferences were held. ●Participated in 7 exhibitions, including Smart City Summit and Expo, E-Mobility Taiwan, Energy Taiwan, Intelligent Asia Thailand.	Reported to the Chairman by the Presidents of each Business Group.
Supplier	Suppliers with Procurement Transactions during the Reporting Period	Ensuring Sound Supply Chain Operations	●Supplier evaluation: 70 suppliers annually ●Supplier audit: Quarterly ●Supplier greenhouse gas (GHG) inventory guidance: as needed ● E-procurement: as needed ●Contact Person: (Procurement) Director Lin, dora@teco.com.tw	●Risk assessments and on-site evaluations were conducted for key suppliers. ●Suppliers signed Corporate Social Responsibility (CSR) commitment letters, achieving 100% signing rate among major suppliers. ●Participated in the 1+N Net-Zero Transformation Promotion Project of Industrial Development Administration, MOEA. Carbon management guidance was provided to 34 suppliers and related enterprises, and 4 series of carbon management courses were held.	Reported to the Chairman by the Presidents of each Business Group and the ESG Promotion Office.
Local communities	Industrial Park Authorities and nearby Communities where We Have Operations	Maintaining Positive Environmental and Social Relations	●Industrial Park Service Centers: Ad-hoc ●Industrial Park Joint Defense Initiatives: Quarterly ●Company Website Communication Mailbox: Ad-hoc ●Volunteer activities: Quarterly ●Contact: (PR) Manager Chiang pr@teco.com.tw	●No violations of air pollution emissions or waste management regulations, nor incidents impacting communities. ●Participated in regional joint defense initiatives, fostering inter-company disaster preparedness exchanges to prevent incidents from affecting community environment and safety ●Conducted energy conservation education for local communities and schools. ●Employee participation in public welfare activities totaled 582 person-times, with 1,134 total volunteer hours.	Reported to the Chairman by general managers of each business group.

Civil Organizations/NGOs	Industry Associations or Partner Organizations.	Maintaining Positive Industry and Social Relations	●Active participation in various civil associations ●Forums and seminars organized with academic institutions ●Non-financial information disclosure: Annual publication of the corporate sustainability report, detailing concrete actions and outcomes across Environment (E), Social (S), and Governance (G) aspects ●Contact: (IR) Director Chien ir@teco.com.tw	●Participation in business organization forums: 22 sessions involving 50 participants. ●Awarded the Taiwan Corporate Sustainability Report Platinum Award for 11 consecutive years. ●Greenhouse gas (GHG) inventory: Annual verification by British Standards Institution (BSI) against ISO 14064-1, achieving "reasonable assurance level."	Reported to the Chairman by general managers of each business group.
Government agencies	Competent Authorities Related to Business Operations	Maintaining Strong Economic and Governance Performance	●Comply with statutory requirements from competent authorities and submit regular reports ●Participation in forums, public hearings on regulations, and official correspondence organized by competent authorities: Ad-hoc ●Cooperate with supervision and audits by competent authorities ●Contact Person: (Spokesperson) Director Chien speaker@teco.com.tw	●Maintained compliance with statutory requirements from competent authorities, cooperated with regulatory supervision, submitted regular reports, and underwent audits.	Reported to the Board of Directors by the Corporate Governance Center

For further details, please refer to the annual report, "Issues which stakeholders focus and communication channel."

Identifying Actual and Potential Impacts and Assess Impact Significance

Prepared per GRI Standards, our materiality analysis integrates the EU's double materiality principle, evaluating internal and external ESG impacts. A detailed table outlines 16 industry topics' impacts and mitigation measures. In 2024, 215 questionnaires (Taiwan 71%, China 21%, Other regions 8%) identified 10 high-impact topics, presented in the "Material Topics Matrix Chart." Key areas include "Regulatory Compliance," "Corporate Governance," and "Climate Action and Net-Zero Emissions." Stakeholder feedback informs internal reporting.

	Topic	Explanation of Positive and Negative Impacts	Business activities and sustainable development		Economy, environment ,and society	
			Positive	Negative	Positive	Negative
1	Product R&D and Technological Innovation	Positive: Seizing new business opportunities; becoming an industry leader Negative: High cost and high risk; uncertain market acceptance	●	●	●	○
2	Renewable Energy Utilization	Positive: Reduced energy costs, decreased carbon emissions, and compliance with environmental regulations Negative: Initial increase in capital expenditures, potentially impacting short-term capital spending and financial performance	●	●	●	○
3	Waste Recycling and Resource Recovery	Positive: Enhanced corporate image and brand value; creation of additional revenue Negative: Increased in operational and management costs	●	●	●	○
4	Pollution Prevention and Control	Positive: Enhanced corporate risk management and long-term competitiveness Negative: High installation and maintenance costs for pollution prevention equipment, leading to increased capital expenditures	●	●	●	○
5	Biodiversity	Positive: Reduced regulatory risks related to land use and ecological destruction Negative: Ecological restoration or compensation measures may incur additional financial burdens	○	○	●	○
6	Employee Training and Career Development	Positive: Enhanced employee capabilities and improved organizational competitiveness. Negative: If a transparent career advancement system is not established, it may lead to the risk of employee turnover	●	●	●	●
7	Workplace Diversity and Equal Opportunity	Positive: Promotion of an inclusive organizational culture and innovative thinking; enhanced decision-making quality and team collaboration. Negative: Requirement for resource investment in system design, education and training, and cultural communication	●	●	●	●
8	Employee Benefits and Welfare	Positive: Improved work efficiency and productivity; talent attraction. Negative: Potential for resource misallocation or negative employee perception if welfare programs are poorly designed.	●	●	●	●
9	Labor-management communication	Positive: Reduced labor disputes and legal risks; enhanced employee engagement and organizational stability. Negative: Potential for stakeholder scrutiny if issues are not properly recorded and addressed.	●	●	●	●
10	Occupational Safety and Health	Positive: Reduced the incidence of workplace injuries and occupational diseases Negative: Higher costs required for establishing safety management systems and conducting training.	●	●	●	●
11	Corporate Governance	Positive: Promotion of corporate sustainable development Negative: Potential for stakeholder scrutiny and	●	●	●	●

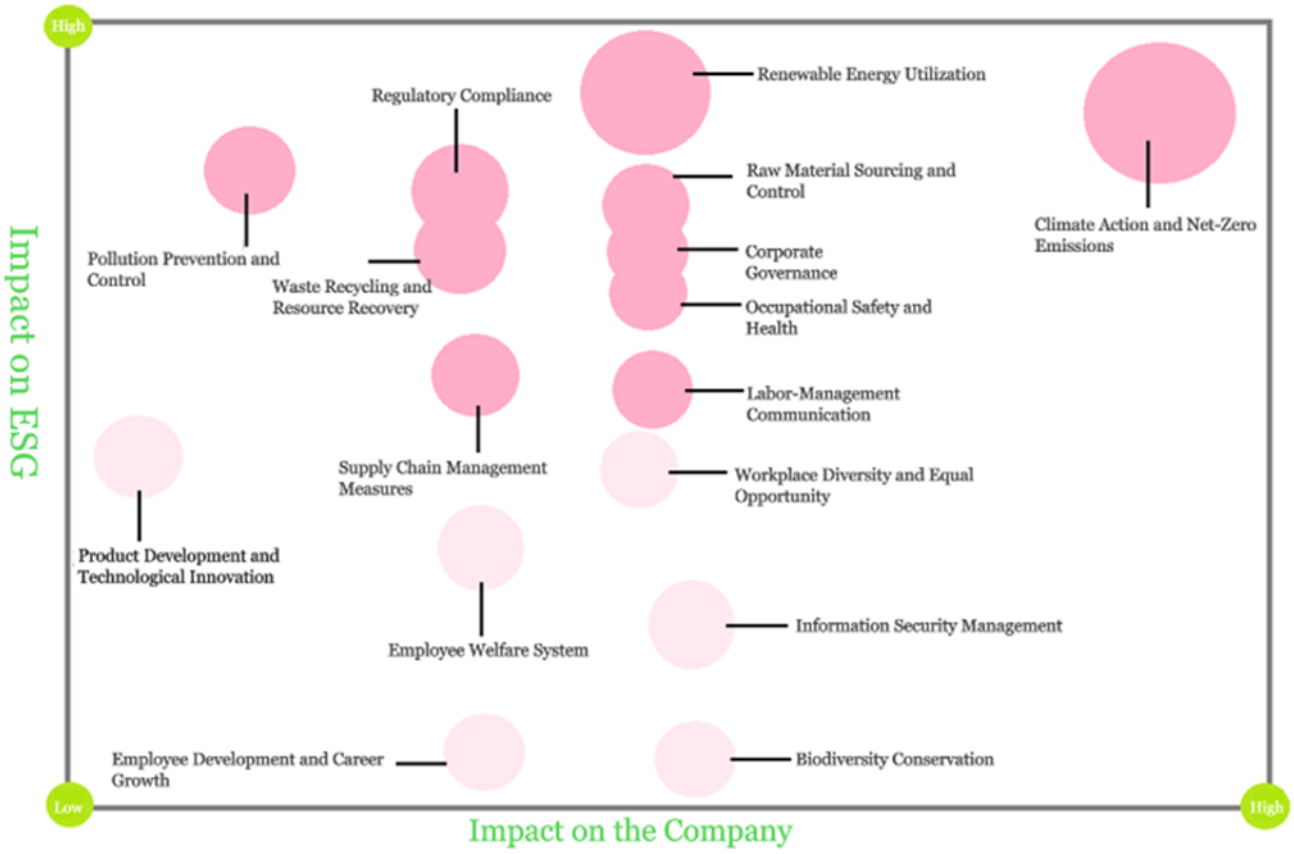
		decreased trust if governance information is inadequately disclosed				
12	Regulatory compliance	Positive: Reduced operational and legal risks; enhanced corporate stability and market reputation Negative: Increased operational complexity due to multinational regulations and emerging sustainability standards	●	●	●	●
13	Supply chain management measures	Positive: Enhanced operational resilience and stability Negative: Increased management complexity, along with heightened supervision and audit complexity	●	●	●	●
14	Information Security Management	Positive: Protection of customer and corporate data security; maintenance of operational stability and brand trust Negative: Potential for management vulnerabilities and increased internal risks due to insufficient employee cybersecurity awareness	○	●	●	●
15	Raw Material Sourcing and Control	Positive: Promotion of supply chain transparency and sustainable development Negative: Higher costs for establishing traceability mechanisms	●	●	●	○
16	Climate Action and Net-Zero Emissions	Positive: Increased competitiveness and market opportunities Negative: Higher initial investment in transformation costs	●	●	●	○

【Actual】 ● High impact ○ Low impact

【Potential】 ● High impact ○ Low impact

Top Ten Material Topics

In 2024, TECO conducted human rights due diligence and sustainability impact assessments across global operations. A total of 215 questionnaires were analyzed (Taiwan 71%, China 21%, Other 8%), covering 16 industry topics, including human rights. The assessments identified actual and potential impacts on the economy, environment, and society, and informed targeted mitigation measures. Ten key topics were prioritized—such as regulatory compliance, corporate governance, and climate action—and visualized in the Material Topics Matrix. TECO's Human Rights Policy, aligned with international frameworks (e.g., UDHR, UNGC, ILO), applies to all employees, suppliers, and communities. Mechanisms such as stakeholder engagement, grievance channels, and supplier controls help ensure non-discrimination, fair working conditions, and freedom of association throughout the value chain.



Material topics	Description	Changes compared to 2023
1 Climate Action and Net-Zero Emissions	【Economic】Effective emission reduction can directly reduce the product's carbon footprint, but it also increases the Company's corresponding capital investment. 【Environmental】Achieving net-zero emissions by 2050 is TECO's ultimate goal, with concrete measures being key. 【Social】 No significant impact.	Ranking rised ▲
2 Renewable Energy Utilization	【Economic】In the short term, expenses increase; in the long term, it can reduce long-term energy costs and strengthen energy management strategies. 【Environmental】 Can reduce carbon emissions and promote climate change adaptation. 【Social】Helps drive the development of related industries and create green job opportunities.	Ranking rised ▲
3 Regulatory compliance	【Economic】Reduces legal risks, maintains corporate reputation and operational stability. 【Environmental】Helps enterprises reduce emissions and protect ecosystems. 【Social】Legal operations demonstrate responsibility to employees and society, promoting fairness and trust.	Newly selected topic NEW
4 Waste Recycling and Resource Recovery	【Economic】 Requires corresponding recycling and treatment mechanisms, which simultaneously increases company costs 【Environmental】 Reduces pollution and resource waste, promoting circular economy. 【Social】Enhances environmental awareness in society.	Newly selected topic NEW
5 Raw Material Sourcing and Control	【Economic】Stabilizes the supply chain and reduces operational risk. 【Environmental】Careful selection of suppliers reduces damage to natural resources and carbon footprint. 【Social】Ensures the source of raw materials and helps enhance corporate social responsibility.	Newly selected topic NEW
6 Corporate Governance	【Economic】Improves governance operations and information transparency, strengthening corporate competitiveness. 【Environmental】A robust governance mechanism ensures the implementation of corporate sustainability commitments. 【Social】Safeguards stakeholder rights and promotes public trust.	Newly selected topic NEW
7 Occupational Safety and Health	【Economic】Reduces accidents and penalties, ensuring the Company's external image and reputation. 【Environmental】No significant impact. 【Social】 Enhances occupational safety awareness, reviews relevant protective measures, ensuring employee safety.	Ranking rised ▲
8 Pollution prevention and control	【Economic】The enterprise must invest more in monitoring and prevention costs. 【Environmental】Achieves better protection. 【Social】Fulfills corporate social responsibility.	Ranking unchanged.
9 Labor-management communication	【Economic】Good labor-management communication improves corporate management and productivity. 【Environmental】Promotes employee support and participation in sustainability goals. 【Social】Enhances organizational stability and cohesion.	Newly selected topic NEW

10 Supply chain management measures	【Economic】Strengthens flexibility and supply diversification layout, reduces operational risks and uncertainties. 【Environmental】Careful selection of production locations and supply chain vendors prevents potential negative impacts. 【Social】Mitigates potential negative operational impacts caused by local culture and regulations.	Ranking unchanged.

1.4-1 Material Topics and Risk Correspondence

Themes	Impact Management Boundary							GRI Topic Correspon-dence	Risks Covered	Actions Taken
1 Climate Action and Net-Zero Emissions	◎	○	•	○	◎	•	•	305	【Corporate Responsibility and Sustainability Risk】 Failure to meet emission reduction targets, affecting brand image 【Supply Chain Risk】 Inaccurate supply chain emissions	Set a target to reduce operational emissions by 50% over ten years and promote energy-saving and carbon reduction. Provide guidance to suppliers to strengthen sustainability management capabilities.
2 Renewable Energy Utilization	◎	•			○	•	•	302	【Corporate Responsibility and Sustainability Risk】 More resources needed for audits and improvements, increasing operating costs. 【Market Risk】 Geopolitical and price risks, raw material price fluctuations	Through the expansion of renewable energy (solar), it is expected to reach an interim target of renewable energy generation equal to30% of the Group's electricity consumption by 2030, with ongoing development.
3 Regulatory Compliance	○	•	◎	◎	◎		•	Self-defined Material Topic	【Market Risk】Rapid changes in national environmental, trade, and information security regulations. Failure to respond promptly may lead to market access restrictions, increased operational costs, or penalties.	Implement ethical business practices, continuously monitor the latest regulatory revisions, and make rolling adjustments.

4 Waste Recycling and Resource Recovery	○	◎	◎	◎	◎		•	306	【Market Risk】 Policy-related market entry barriers: Companies failing to meet requirements will find it difficult to enter specific markets 【Corporate Responsibility and Sustainability Risk】 Recycling design and circular responsibility are also part of corporate ESG responsibilities	Promote product design that integrates recyclable and reusable materials (Eco-Design). Enhance material utilization and resource efficiency.
5 Raw Material Sourcing and Control	○	◎			◎	○		301	【Corporate Responsibility and Sustainability Risk】 Failure to meet emission reduction targets 【Market Risk】 Price risk, raw material price fluctuations	Through market and technical analysis, conduct hedgingrisk assessments and tradinge-offs for raw materials, ensuring stable supply and prices.
6 Corporate Governance	○	•	◎	◎	◎	◎		Self-defined Material Topic	【Corporate Responsibility and Sustainability Risk】 Damage to brand image, loss of customers	Considering the Company's sustainability strategy, sustainability management policy and commitment, as well as key concerns of major stakeholders, relevant strategies are formulated for management purposes.
7 Occupational Safety and Health	○	◎	•		○		◎	403	【Occupational Safety and Health Risk】 Increase in occupational injury incidents 【Internal Control Risk】 Employees are aware but fail to follow regulations	Strengthen the promotion of occupational safety and health activities; conduct cross-factory operational audits quarterly and invite external experts annually to conduct preventive health checks to avoid occupational injury incidents.
8 Pollution Prevention and Control	◎	○	◎	•	◎	•	•	305	【Corporate Responsibility and Sustainability Risk】 Causing significant environmental pollution	Adhere to relevant regulations concerning production, hygiene, labor, and environmental sustainability. Collaborate with external consultants to assist with chemical substance standard registration, completing it within the stipulated timeframe.

9 Labor-management Communication			●				◎	402	【Human Resource Risk】 High turnover rate	Benchmark market salaries and plan competitive compensation schemes. Provide diverse development paths for key talent.
10 Supply Chain Management Measures	●	○	●	○	●		◎	308-2 414-2	【Supply Chain Risk】 Inaccurate supply chain emissions 【Geopolitical Risk】 Instability affecting business resilience 【Disaster Risk】 Natural disasters or pandemic disasters	Develop and implement regionalized strategies to diversify supply chain risks. For potential disaster risks, the company formulates relevant response plans, including backup measures and disaster recovery plans, and arranges regular drills.

● Direct impact ◎ Contributory impact

○ Through business relationships

1.4-2 Sustainability Goals and Transformation Management

Following materiality analysis, the ESG Office consolidates departmental strategies, timelines, and risk assessments from the Finance Center to formulate preventive measures. KPIs and employee empowerment ensure effective management and disclosure. The Human Resources Center designs training aligned with business group goals, while the Management Center sets quarterly KPIs, cascaded to departments and linked to remuneration.

【Step 1】or each material topic, the ESG Promotion Office reviews data records from the past four years. If effective historical management data is unavailable, it refers to international standards and industry best practices to develop calculation methodologies, supplement management data, and interpret and report company performance. Once approved by top management, measurable data records are collected and organized.

【Step 2】Based on existing data, the ESG Promotion Office collects short-, medium-, and long-term targets set by each department. These targets can generally be established within each business group's annual budget review system. If clear targets are lacking, communication will be initiated with stakeholders and various departments based on stakeholder expectations. For example, implementing an internal carbon pricing mechanism, setting annual carbon emission allowances for business groups, and budgeting for corresponding emission fees.

【Step 3】Identify force majeure factors that may be encountered during the execution of transition plans, leading to transition failure, such as "policy changes," "physical disasters," or "emergence of new competitors," etc. The company compiles and analyzes risk assessment reports and industry guidelines, synthesizing recommendations to mitigate the risk of failure.

【Step 4】The Human Resources Center designs training programs and development methods based on the short- to medium-term goals set by each business group. Concurrently, the Management Center sets Key Performance Indicator (KPI) targets for all company-wide business groups and individual managers. These KPIs are cascaded down from top to bottom and implemented at the departmental and section levels. Assessments are conducted quarterly, and the results are directly linked to the remuneration system, ensuring the effectiveness of the management strategy.

Focus on Sustainability Priorities

Focus on Sustainability Priorities

"Focus on Sustainability Priorities" is the first ESG pillar derived from TECO's “B2B2S” belief, emphasizing the most material ESG topics within the company’s operations.

Material topics	1. Climate Action and Net-Zero Emissions 2. Regulatory compliance 3. Waste Recycling and Resource Recovery 4. Corporate Governance 5. Occupational Safety and Health 6. Pollution Prevention and Control 7. Labor-management communication
Force majeure or unforeseen transformation failure risks	● Not achieving reduction targets risks damaging brand reputation ● Inaccurate supply chain carbon emissions data may rise compliance risks ● Delayed responses to evolving regulations may hinder market access ● Misjudging policy directions could lead to delays in sustainability transitions and penalties ● Designs for recycling not meeting regulatory or market standards may restrict product sales and market access ● Failure to adapt governance structures promptly risks losing stakeholders’ trust and operational stability ● Sudden disasters or inadequate protection may result in occupational safety incidents and operational disruptions ● Pollution incidents could trigger significant environmental and reputational risks, as well as regulatory penalties ● Insufficient communication mechanisms during transitions may lead to employee resistance and talent loss
Risk Mitigation	● Established a goal to reduce operational emissions by 50% over ten years, promoting energy efficiency, carbon reduction, and renewable energy adoption ● Collaborate with suppliers to conduct greenhouse gas emissions inventories ● Implement a compliance monitoring system to track policy changes regularly ● Review contracts and internal policies to align with legal updates, adopting a dynamic adjustment mechanism tailored to industry needs ● Improve material utilization and resource efficiency ● Enhance stakeholder engagement and internal control systems ● Promote green electricity and energy-efficient equipment to enhance

	energy efficiency and reduce pollutants emissions ● Promote regular safety and health training and audits, establish cross-departmental reporting and quarterly review systems, to prevent occupational incidents ● Develop competitive compensation and career development programs. ● Establish an information security governance system to enhance sensitive data protection and operational continuity
2024 Achieve-ments Overview	I Renewable Energy and Carbon Management Performance • In 2024, TECO added 5.3 MW of solar capacity at its U.S. and China facilities, increasing global installed capacity to 15.73 MW, equaling to over 18% of electricity consumption and on track to meet the 2030 goal of renewable energy capacity equaling to 30% of total electricity use • Renewable energy use: By the end of 2024, TECO obtained 1,038 self-generated-and-use renewable energy certificates, demonstrating green electricity adoption and enhancing transparency II Talent Equality and Organizational Resilience Enhancement • Digital transformation and key talent development: Through the TECO e-Academy, M365 Digital Seed Program, and internal digital competitions, TECO significantly enhanced employee digital skills. In 2024, a total of 44 key talents were developed, of which 52.2% completed internal promotions or career rotations • TECO enhanced female leadership development through career development, leadership succession, and management trainee programs, increasing female manager representation to 22.8% in 2024, up 0.9 % from 2023 III Waste Reduction and Recycling and Reuse Mechanism, Included in KPI Management • Increased eco-friendly paint usage to 85%, reducing VOC emissions by 70% since 2015 IV Information Security Management • Passed ISO 27001 information security management certification • The President, also serving as Chief Information Security Officer, strengthened information security policies and implementation These initiatives are integrated into annual KPIs and linked to senior executive performance appraisals, enhancing TECO's sustainability implementation.

2.1 Strengthen Operations based on Low-Carbon and Circular Thinking

2.1-1 Climate Action

Governance

Board Oversight of Climate-Related Risks and Opportunities

TECO empowers its Board of Directors as the highest TCFD-aligned decision-making authority for enterprise risk management, holding ultimate oversight for all significant risks and opportunities, with a specific focus on climate-related issues.To enhance governance effectiveness, the Board has established the "Corporate Governance and Sustainability Committee," consisting of five directors, including two independent directors, to ensure objectivity and professionalism in oversight.The Committee is tasked with reviewing the company's risk management strategies and outcomes in critical areas such as sustainability (ESG), regulatory compliance, and information security. It incorporates comprehensive assessments and response strategies for climate change risks and opportunities, holding regular meetings to evaluate management systems, monitor target progress, and address potential challenges.

Management's Evaluation and Handling of Climate-Related Risks and Opportunities

To ensure effective execution of sustainability strategies, TECO established the "ESG Office" as the core unit for corporate sustainability governance, coordinating climate initiatives and advancing sustainability policies.Following the Task Force on Climate-Related Financial Disclosures (TCFD) framework, the office develops and maintains KPIs, embedding sustainability management into the enterprise risk management process and regularly monitoring related topics to support the Board and top management in overseeing implementation.To enhance execution effectiveness, the ESG Office collaborates closely with the cross-departmental taskforce, composed of representatives from each business group, plant operations, and support functions (such as Safety & Health, Human Resources, and Finance), forming an integrated sustainability management framework.The ESG Office monthly reports progress to the Chairman, Vice Chairman, and the convener of the "Corporate Governance and Sustainability Committee" (three directors in total). It also compiles sustainability performance data and leads the development of the annual Sustainability Report, disclosing TECO's science-based commitments and advancements in climate initiatives, corporate governance transparency, and social responsibility, showcasing the company's tangible actions and long-term sustainability vision.

- The ESG Office collects and assesses climate-related risks and opportunities, then reports findings to management and the Board of Directors
- The Internal Audit Team evaluates internal control risks by developing audit plans based on prior audit experience and current organizational structure. It assesses TECO's management, business unit operational risk controls, and the effectiveness of internal control system design and execution, submitting audit reports to the Audit Committee and the Board of Directors

Scenario Analysis for Climate Transition Risks

According to NGFS scenario analysis, if businesses remain as usual, global temperatures are projected to rise 1.5°C by 2030, 2°C by 2050, and 3°C by 2090.A 3°C rise in global temperature is expected to result in physical impacts of a 10% loss in labor productivity due to heat stress.River flooding is projected to double in China and triple in India.The frequency of typhoons and cyclones is expected to increase by 16% in Japan, 12% in the Philippines, and up to 47% in the United States.Due to increased natural disasters, global GDP is expected to decline by 2% by 2040, potentially stalling economic development in many regions.Even if net-zero emissions are reached by 2050, global temperatures may still rise 1.4°C; however, this would offer future generations an opportunity to make changes.The greatest source of transition risks is our improper control over emission reduction pathways, missing the last opportunity to avoid climate change exceeding tipping points.

NGFS Net Zero 2050 Scenario (Global Temperature Increase of 1.4°C by End of Century):

To achieve net zero by 2050, we must increase renewable energy fivefold, achieve 50% electrification in residential and commercial sectors (including building material production), use 40% net-zero fuels (including hydrogen, biodiesel, etc.), sequester 5 billion tons of carbon annually, improve energy efficiency, reduce energy intensity by 60%, and decarbonize agriculture, forestry, and land use (afforestation and solving eutrophication).

TECO's Response

- TECO develops high-efficiency motors and actively promotes green products, offering comprehensive power drive system solutions and services to help customers achieve "safety and stability, high performance, and carbon neutrality" goals.TECO has also developed corrosion-resistant motors which were accepted by supply chains of carbon capture equipment.
- TECO's electric bus power modules began mass production in 2022, with achieving a sale of 700 units in Taiwan in 2024.
- In 2024, TECO added 6.0 MW of solar capacity at its sites in the U.S. and China, bringing its total global installed capacity to 15.73 MW.

NGFS NDCs Scenario (Global Temperature Increase of 2.6°C by the End of the Century)

To prevent carbon leakage, the EU's "Carbon Border Adjustment Mechanism (CBAM)" requires importers to declare carbon emissions for products such as cement, iron and steel, aluminum, fertilizers, electricity, and hydrogen. Starting in 2026, these imported goods, if their carbon costs were not paid at the place of production, will effectively be subject to carbon tariffs through the purchase of CBAM certificates.The U.S. "Clean Competition Act (CCA)" draft concept is to impose a levy on high-carbon-emitting imported raw materials (such as iron and steel, aluminum, cement) if their carbon footprint is higher than standards, but specific details and timelines remain undetermined.Taiwan, under the guidance of its "Climate Change Response Act," also plans to require specific imported products to declare carbon emissions and acquire carbon credits or pay a substitute fee.

TECO’s Response

From TECO's global motor supply chain analysis, carbon tariffs may affect transactions including (1) imports into Taiwan, (2) exports to the United States, and (3) exports to Italy.The most significant impact is on exports to the United States, accounting for approximately 40% of the motor business' revenue.If calculated using CBAM's focus on steel, steel accounts for 54% of motor weight. TECO's annual global steel procurement is approximately 60,000 tons, conservatively estimated to impact 24,000 tons of steel materials, with a total carbon footprint of approximately 60,000 tonCO2e.If the U.S. proposed initial carbon tax of USD 55 per ton is applied, exports to the U.S. could face a potential carbon cost impact of approximately USD 3,300,000.TECO requires steel suppliers to disclose product carbon footprint data for procurement considerations, and has fully implemented an "internal carbon pricing mechanism" since 2024, with quarterly tracking, assessment, and linkage to remuneration.Through thismanagement approach, TECO can scientifically further evaluate emission reduction effectiveness and reduce the carbon footprint of products at both the raw material and manufacturing stages.

Scenario Analysis for Climate Physical Risks

"Representative Concentration Pathways" (RCPs) use the difference in radiative forcing between the years 2100 and 1750 as an indicator to analyze future changes in temperature and precipitation.RCP2.6 (an increase of 2.6 watts per square meter in radiative forcing) represents a warming mitigation scenario; RCP4.5-RCP6.0 are moderate warming scenarios; and RCP8.5 and above represent high warming scenarios.According to NGFS climate scenario simulation model, based on production output at TECO's global manufacturing bases, TECO may incur an annual loss of NT$510 million in output value after 2050,and under the more severe RCP6.0 scenario, this annual loss may increase to NT$620 million.

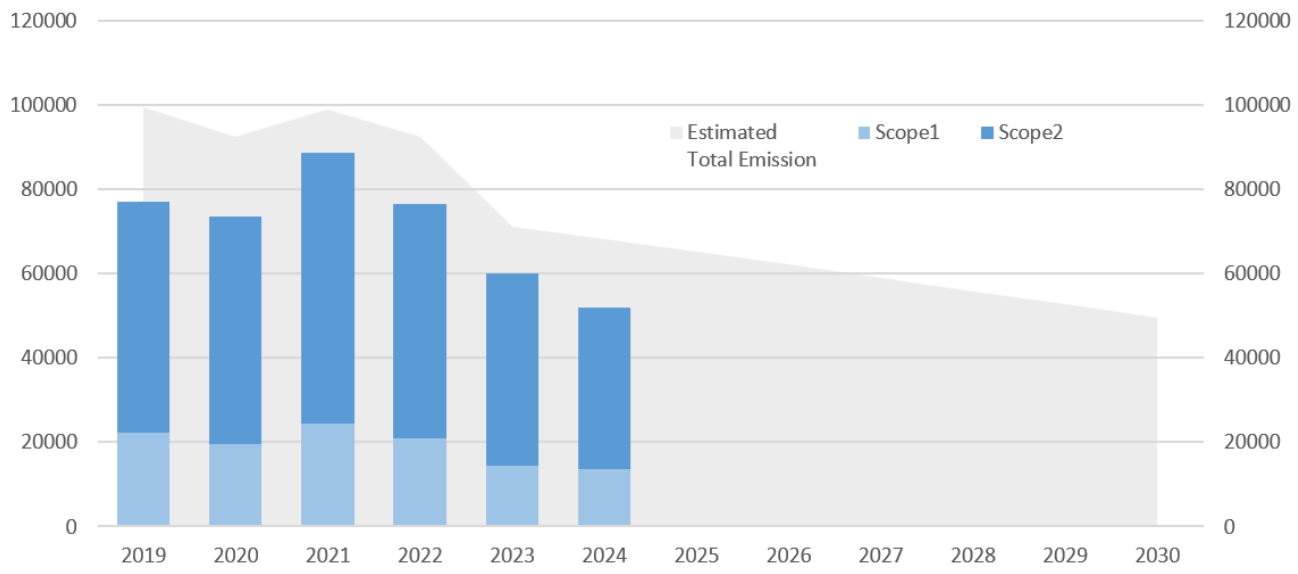
	RCP 2.6 (CO_2 Concentration 421 ppm)		RCP 6.0 (CO_2 Concentration 670 ppm)	
	Temperature	Labor Force Changes	Temperature	Labor Force Changes
Taiwan	Temperature increase of 2.3°C	Labor force decreases by 2.3 percentage points (pp)	Temperature increase of 2°C	Labor force decreases by 2.8 percentage points (pp)
China	Temperature increase of 1.3°C	Labor force decreases by 2.5 percentage points (pp)	Temperature increase of 1.5°C	Labor force decreases by 3.1 percentage points (pp)
USA	Temperature increase of 1.4°C	Labor force decreases by 4.0 percentage points (pp)	Temperature increase of 1.6°C	Labor force decreases by 4.9 percentage points (pp)
Italy	Temperature increase of 1.3°C	Labor force decreases by 1.0 percentage points (pp)	Temperature increase of 1.6°C	Labor force decreases by 1.2 percentage points (pp)
Vietnam	Temperature increase of 1.0°C	Labor force decreases by 5.6 percentage points (pp)	Temperature increase of 1.2°C	Labor force decreases by 6.4 percentage points (pp)
Malaysia	Temperature increase of 1.0°C	Labor force decreases by 5.8 percentage points (pp)	Temperature increase of 1.1°C	Labor force decreases by 6.7 percentage points (pp)
Mexico	Temperature increase of 1.0°C	Labor force decreases by 1.9 percentage points (pp)	Temperature increase of 1.4°C	Labor force decreases by 2.3 percentage points (pp)
India	Temperature increase of 1.1°C	Labor force decreases by 6.1 percentage points (pp)	Temperature increase of 1.2°C	Labor force decreases by 7.1 percentage points (pp)

Source: NGFS, 2050 compared with 1986-2006 data.

Emission Reduction Strategy

Declaring the “50% Emission Reduction in Ten Years” Target

TECO has been recognized five times by international sustainability rating institutions, including the Dow Jones Sustainability Index and S&P Global Sustainability Yearbook, achieving outstanding performance among peers in emerging markets.In 2021, TECO declared a science-based target of "50% operational carbon emissions reduction over ten years," with the entire Group collectively striving for carbon reduction; concurrently, "Sustainability KPIs" are fully implemented, embedding sustainability management deeply within TECO's corporate culture, with the ultimate goal of achieving "net-zero emissions" for the entire Group by 2050.



(Until 2023, the total emissions for the whole group were estimated; since 2024, the inventory result of consolidated boundary was adopted.)

At TECO, the "ESG Office" plays a pivotal role in coordinating the management of climate-related risks and opportunities, highly valuing continuous communication and feedback with key internal and external stakeholders, and collaborating with relevant departments to formulate concrete and actionable response strategies accordingly. Through a collaborative deliberation mechanism, TECO ensures that its sustainability commitments are translated into concrete annual action plans, and through clear ESG pillars, fully implements its B2B2S sustainable operation belief.

TECO Global Value Chain and Greenhouse Gas Inventory

	Upstream (Scope 3)	Operations (Scope 1 & 2)	Downstream (Scope 3)
-2025	Listed Companies Independently manage and conduct inventories Small and Medium-sized Enterprises (SMEs) Provide guidance, assist in inventory and collection of basic data Concurrently, participate in the Ministry of Economic Affairs' "1+N Carbon Management Demonstration Team Project"	All plants implement process and equipment improvements, enhance casting yield, update furnace circuits, install solar power generation devices, and completely ban R410A refrigerants in small air conditioners	Establish Scope 3 carbon emission reduction pathways
-2030	Listed Companies All complete inventory according to government regulations Small and Medium-sized Enterprises Complete 80% of inventory and set emission reduction targets	Achieve 50% emission reduction by 2030 Install solar power generation devices in overseas plants, upgrade casting technology, and discontinue SF6 use in high-pressure products	Track Scope 3 "use of sold products" trends and introduce "zero-carbon products"
-2050	All complete inventory and require reduction targets	Achieve overall net-zero for TECO Group	Sell net-zero products and services

Global Greenhouse Gas Inventory Digitalization System

To rapidly and effectively monitor the performance of greenhouse gas emissions reduction and management across TECO Group's global production sites, an internal global greenhouse gas inventory digital system has been established

Carbon Inventory Management Platform

Domestic and overseas production sites and the Group headquarters can real-time monitor greenhouse gas emission status and trends during monthly operations, accelerating data integration and reporting, enhancing communication efficiency, setting carbon reduction targets, identifying significant emission hotspots, and formulating carbon reduction strategies, to facilitate TECO's achievement of carbon reduction and net-zero emission goals.

Internal Carbon Pricing Mechanism

Approved by the Board and launched in 2023, TECO's ICP applies the "polluter pays" principle, charging business groups NTD 1,600 per ton CO_2e. Annual emission allowances are assigned to the Presidents of the three major business groups, with budgets allocated accordingly; exceeding targets requires additional budget, directly impacting performance and bonuses.

In 2024, TECO formalized the Internal Carbon Pricing and Carbon Fee Management Guidelines and appointed the President as convener of the management team. The internal carbon price is reviewed annually, and funds collected are allocated to strategic projects in energy management, renewable energy deployment, and low-carbon R&D. This mechanism integrates climate considerations into decision-making, drives energy efficiency and innovation, and supports the company's carbon reduction targets and net-zero 2050 goal.

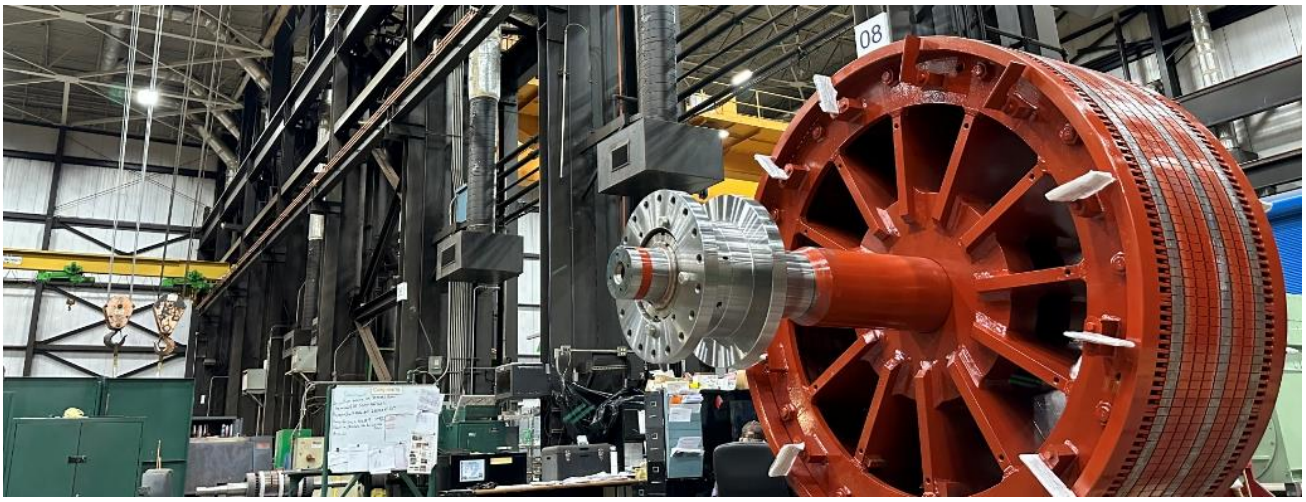
Value Chain Emission Reduction Actions

TECO integrates greenhouse gas (GHG) reduction risk assessment into supplier evaluations, hosts sustainability supply chain forums, and supports SME suppliers in building emission reduction capacity through GHG inventory guidance.

In 2024, TECO:

- Hosted a Sustainable Supply Chain Forum.
- Assisted 34 suppliers with basic GHG inventories.
- Delivered 4 internal training sessions (total 24 hours) on environmental management and emission reduction practices.
- Collaborated with the government's "Big Leads Small" program to train 9 suppliers in ISO 14064 inventory methods, including boundary setting, emission source identification, activity data collection, and on-site inventory guidance.

The program began in January 2024, with all participating suppliers completing GHG inventory lists by year-end, forming the baseline for future reductions. TECO will continue to provide inventory training, track suppliers' annual updates and reductions, and help mitigate ESG risks while enhancing supply chain sustainability performance.



TECO-Westinghouse (Texas, USA)

Key Transition Points and Risk Assessment

Risk Type	Scope	Time	Risk Assessment Content
Current regulatory risk	Own operations	-2024	Regulatory restrictions, product design adjustments
	Own operations	-2026	Company must have carbon credit inventory and carbon offsetting capability
	Own operations	-2030	Company must have the capability to declare carbon footprint for exports
Emerging regulatory risk	Upstream	-2026	CBAM policy may affect the price and origin of upstream steel materials
	Own operations	-2030	Company needs to flexibly adjust supply chain logistics
Technology risk	Own operations	-2024	Development of high-efficiency products (e.g., IE5 / IE6)
	Own operations	-2026	Utilize self-owned technology to assist customers in energy saving and carbon reduction
Policy risk	Own operations	-2024	Increase the proportion of renewable energy installations; by 2030, renewable energy generation should equal to 30% of total electricity consumption.
	Downstream customers	-2026	Policy requires mandatory improvement of motor efficiency to IE4
	Own operations	-2030	Evaluate cap control policies in operation regions
Market risk	Downstream customers	-2026	Customers require producers to recycle low-efficiency motors.
	Upstream	-2030	Mass production of low-carbon products affects the acquisition of upstream materials (e.g., rare earths, lithium, hydrogen, etc.)
Reputation risk	Own operations	-2026	TECO must continuously play a leading role in the high-efficienc market; evaluate SBT participation
	Own operations	-2030	Integrate subsidiaries in different industry to set emission reduction targets
Immediate physical risk	Downstream customers	-2030	Temperature rise +1.5°C → Population affected by heatwaves +18.6 pp [Note 1]
	Downstream customers	-2050	Temperature rise +2.0°C → Population affected by heatwaves +34.5 pp [Note 1]
	Downstream customers	-2075	Temperature rise +2.5°C → Population affected by heatwaves +45.7 pp [Note 1]
Long-term physical risk	Upstream	-2030	Temperature rise +1.5°C → Labor force -18.6 pp [Note 2]
	Upstream	-2050	Temperature rise +2.0°C → Labor force -3.6 pp [Note 2]
	Upstream	-2080	Temperature rise +2.5°C → Labor force -4.9 pp [Note 2]

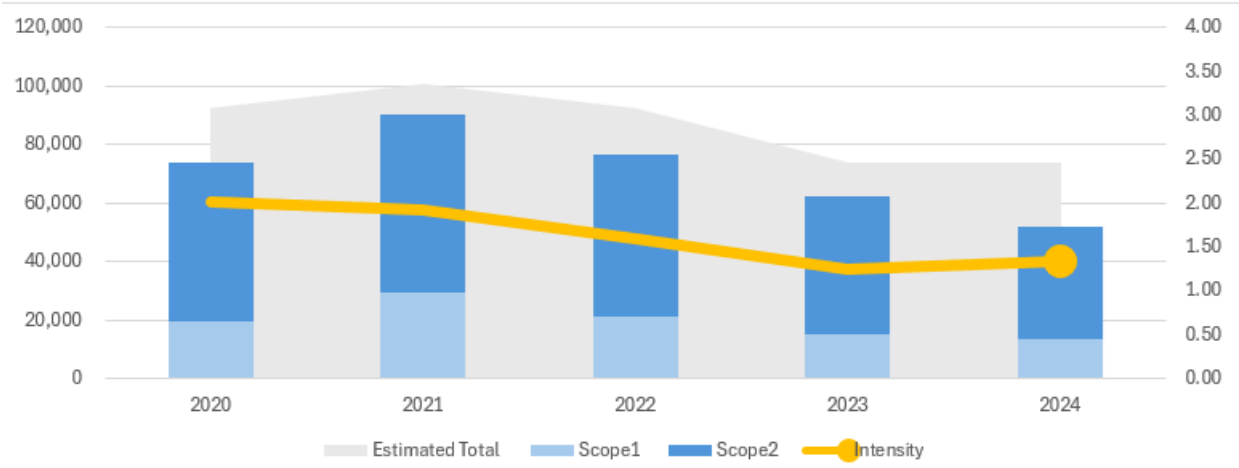
- [Note 1] Refers to the situation in Texas, USA, estimated using the NGFS current policies scenario (TECO's North America Headquarters location)
- [Note 2] Refers to the situation in Jiangsu, Mainland China, estimated using the NGFD current policies scenario (TECO's Mainland China Production Base location).

Indicator Management

Scope 1 and Scope 2 Inventory

In 2024, TECO completed a GHG emissions inventory for global core production and sales sites, achieving 84.34% coverage (based on consolidated Group revenue). Scope 1 and 2 data, using 2021 as the base year, were externally verified, covering 61.4% of operations (primarily factory units).

2024 GHG Emission Targets: Scope 1: 21,077 tCO2e; Scope 2: 43,715 tCO2e.



Unit: tonCO2e

	2020	2021	2022	2023	2024
Estimated total volume	92,334	1,006,882	92,556	73,685	73,752
Scope 1 (tonCO2e)	19,505	29,316	21,007	14,914	13,728
Scope 2 (tonCO2e)	54,085	60,800	55,536	47,424	38,279
Intensity (ton CO2e/ NTD M)	2.02	1.92	1.59	1.24	1.12
Revenue (NTD k)	45,823,430	52,557,030	58,315,216	59,393,661	55,234,746
Coverage rate (%)	79.7%	89.5%	82.7%	84.6%	84.3

*When the coverage is 100%, Scope 1 is 28,139 tonCO2e, Scope 2 is 45,613 tonCO2e.

*Before 2023, the volume for 100% coverage was estimated; after 2024, it will be the actual inventory result of consolidated subsidiary.

they are based on consolidated subsidiary inventories.

*Intensity = (Scope 1 + Scope 2) / Consolidated Revenue (unit: million)

2024 target: Scope 1: 21,078tonCO_2e; Scope 2: 43,715 tonCO_2e

Inventory boundaries follow the operational control approach, covering all subsidiaries under operational control. Emission factors are based on each country's official standards.

From 2021–2023, *Estimated Total Emissions* = actual inventory ÷ coverage rate to approximate total Group emissions. From 2024, disclosures are based on complete internal inventory results.

Emission Intensity = estimated total emissions ÷ consolidated Group revenue.

Taiwan USA China & Vietnam Italy

Third-party external verification organizations: BSI Taiwan, Metal Industries Research & Development Centre, PwC Taiwan; CQC for China/Vietnam; SGS in the United States; TUV in Italy; Intertek in Australia. Regional electricity emission factors are primarily based on the factors announced by the local energy authorities for the current year, referencing the Global Warming Potential (GWP) from IPCC AR6.

Scope 3 Inventory

TECO initiated Scope 3 inventory in 2019. In 2024, TECO Taiwan passed ISO 14064-1:2018 verification.

(Unit: ton CO2e) 2024 Scope 3 total emissions: 18,756,913.22 ton CO2e

Purchased goods and services	327,238.30	1.74%	Calculated based on the annual procurement volume of motor raw materials multiplied by the emission factor of each material. Sources of carbon emission factors include: suppliers, TECO's own plant inventory data, and Carbon Footprint Information Platform, Ministry of Environment.
Capital goods	153.81	0.0%	The purchased weight of materials categorized as capital goods serves as the calculation basis for activity data.
Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	15,017.18	0.08%	Calculated based on total purchased electricity and upstream emission equivalent factors. Sources of upstream emission equivalent factors: Product Carbon Footprint Calculation Service Platform and applicable factors from Ecoinvent 3.0.
Upstream Transportation and Distribution	7,472.48	0.04%	Upstream transportation and distribution only cover land transport within Taiwan, tracing back only to the previous-tier transport location. After excluding the procurement of finished goods, semi-finished goods, and engineering projects, a statistical analysis is conducted on materials covering the top 65% of the plant's annual total procurement amount. If a single material is supplied by multiple suppliers concurrently, the supplier with the largest supply volume is used as the calculation basis for activity data. If a single supplier provides multiple materials concurrently, the material with the largest supply volume is used as the calculation basis for activity data.
Waste Generated in Operations	2,212.29	0.01%	Calculated based on the waste generated at plant facilities in 2024, referencing waste treatment service factors provided by Taiwan's Product Carbon Footprint Platform.
Employee Commuting	1,385.89	0.01%	Categorized by employee commuting modes into public transportation and private vehicles, calculated using emission factors from China's Product Life Cycle Greenhouse Gas Emission Factor Database's transportation services and Product Carbon Footprint Information Network's transportation data.
Downstream Transportation and Distribution	4,830.96	0.03%	Downstream transportation and distribution only cover land transport within Taiwan, tracing back only to the previous-tier transport location, and using the annual procurement weight of materials as the calculation basis for activity data.
Use of Sold Products	26,808,760.00	94.6%	Based on the 2024 shipment volume of low-voltage and high-voltage large motors. Details and calculation methodology are provided on the next page.

- The total Scope 3 greenhouse gas (GHG) emissions target for 2024 is set at 27,698,592.83 tons of CO2e.
- Upstream emission factors are sourced from the Product Carbon Footprint Calculation Service Platform and Ecoinvent 3.0 database.

Motor Carbon Footprint Analysis

Motors are one of the key components for energy conversion. The higher the conversion efficiency, the less energy is consumed. From everyday appliances to industrial equipment, motors are not only the heart of basic devices like fans and pumps, but have also expanded into the transportation industry due to the recent demand for electric vehicles. What materials make up a motor? More than 90% is metal. Based on TECO's high-efficiency 150-horsepower motor series, the proportion of metal content is shown in the figure below:

Steel: 54 %

Iron: 32 %

Copper: 6 %

Aluminum: 2 %

TECO conducted a cradle-to-gate carbon footprint analysis for three high-efficiency motor types, covering raw material weight, manufacturing processes, consumables, human resources, and waste. Results show over 90% of emissions come from raw material production and acquisition, while in-plant manufacturing accounts for about 10%. This underscores that **circular recycling and reuse of raw materials—especially metals—**is critical for emission reduction.

Motor Model	Emission volume at the raw material stage $kgCO_2e$	Emission volume at the manufacturing stage $kgCO_2e$	Total emission volume $kgCO_2e$
AEHF 2HP	152 (92.5%)	12 (7.5%)	164
AEHF 20HP	625 (89.9%)	70 (10.1%)	695
AEHF 150HP	3770 (90.9%)	375 (9.1%)	4145

* Carbon footprint data was certified by a third-party verification body (BSI) in 2016

In 2024,
32.4% of TECO's total motor sales underwent carbon footprint analysis with full assessment, while 4.1% were assessed through simplified evaluation.

- TECO conducted carbon footprint assessments on the AEHF, AEHH, and AFHH motor series models. The calculation method is the ratio of the model's total sales volume in 2024 to the total motor sales volume.

Emissions from Use of Sold Products: Motor Category calculation method

Type	Units shipped	Total kW	Annual electricity consumption (kWh)	Carbon emission equivalent (tCO_2e)
Low-voltage small motors	507,211	5,054,338	25,271,691 k (90,978.1 TJ)	12,635,846
High-voltage large motors	6,018	5,669,166	28,254,829k (102,045.0 TJ)	14,172,914

- Low-voltage small motors average 6 kW; high-voltage large motors can exceed 20,000 kW.
- Annual electricity use = motor power × 5,000 hours/year.
- 2024 sales: 513,292 units, emissions calculated using regional shares (TW 16%, Americas 47%, China 23%, Others 15%) and electricity emission factors (TW 0.494; US 0.371; CN 0.792; IT 0.255; VN 0.677 $kgCO_2e/kWh$).
- High-voltage large motor shipments in Americas and China fell from 4,717 (2023) to 4,640 (2024), reducing total use-phase emissions.

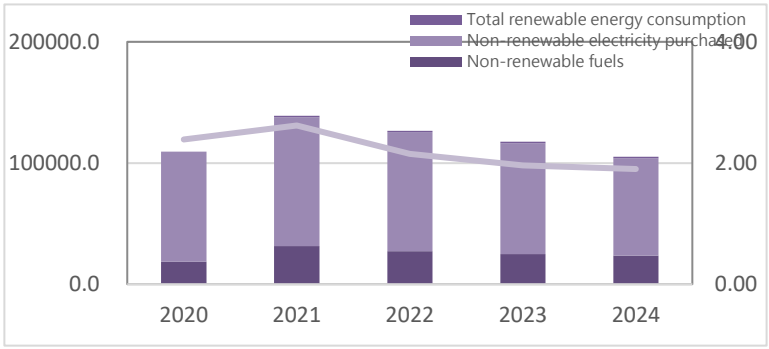
Status Update on Participation in Science Based Targets (SBT)

In 2021, TECO declared a target of 50% carbon emissions reduction over ten years, and subsequently expanded its implementation to overseas plants, enabling the entire Group's core businesses (covering over 84.34%) to collectively strive for carbon reduction. As SBT requires emission reduction targets to cover 100% of all consolidated subsidiaries across the entire Group, and the involved industries include logistics services, software, communications, human resources, real estate development, and property management, which are relatively complex, the parent company's "ESG Office" is progressively assisting each subsidiary in committing to their emission reduction targets and transition plans, while strengthening Scope 3 indicator management. It is expected to evaluate the submission to SBT in 2026.

Energy Management Plan

TECO Energy Management Plan	2024 Management Actions
Conducting Energy Audits to Identify Opportunities for Improving Energy Efficiency	TECO conducts annual energy audits under ISO 14001 and internal procedures to identify major energy use hotspots and develop targeted energy-saving and carbon reduction plans.
Quantified Targets for Energy Saving	Based on data from 84.34% of global manufacturing sites, energy sources include natural gas, diesel, and gasoline (Scope 1) and purchased electricity (Scope 2). Targets: Scope 1 – reduce energy use by 5% annually; Scope 2 – achieve renewable energy capacity equal to 30% of electricity consumption by 2030.
Actions to reduce energy use	27 initiatives saved 591,654 kWh and cut 292 tCO_2e (Taiwan 2023 factor: 0.494 $kgCO_2e/kWh$). Since 2021, non-renewable energy use dropped 33,906 MWh via equipment upgrades and efficiency gains, reducing costs, lowering GHG emissions, and demonstrating TECO's social responsibility.
Assessing Progress in Reducing Energy Consumption	In 2024, energy-saving initiatives saved 591,654 kWh and reduced 292 tCO_2e (Taiwan 2023 factor: 0.494 $kgCO_2e/kWh$).
Using Clean or Green Energy	In 2024, TECO added 5.37MW of solar capacity in the U.S. and China, bringing total global installed capacity to 15.73 MW. Expansion will continue in 2025 toward generating 30% of total electricity consumption from renewables by 2030.
Investing in Innovation or R&D to Reduce Energy Consumption	In addition to plant energy-saving measures, TECO develops high-efficiency, low-carbon products (e.g., carbon capture equipment, heat exchanger cooling fan motors) and invests in green energy projects, including solar energy storage.
Providing Employees with Energy Efficiency Training to Enhance Energy-Saving Awareness	TECO provides energy efficiency training for energy management personnel at its production bases. The content includes case studies on carbon reduction, courses on energy-saving or carbon reduction effect In

	2024, TECO trained 730 energy management personnel at production sites through courses on carbon reduction case studies and energy-saving impact calculations, totaling 2,100 in-person hours and 2,000 online hours.



Unit: MWh

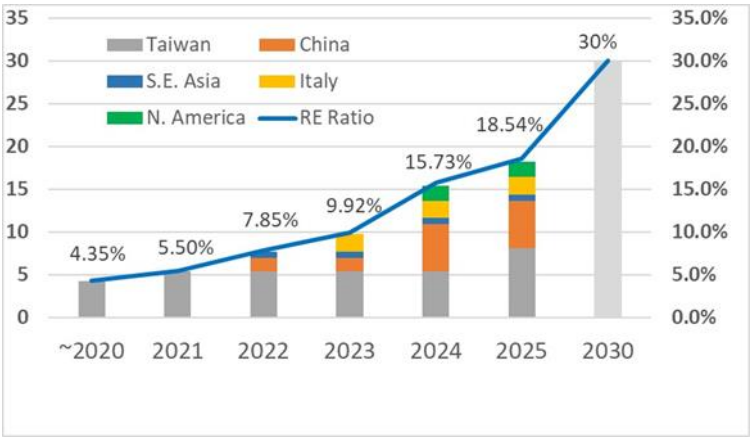
Non-renewable fuels consumption	18385.9	31382.6	27139.1	24879.2	23,474.6
Non-renewable electricity purchased	90995.6	106279.5	98384.3	91410.1	80,439.6
Total renewable energy consumption	0	1,293	1,158	1,231	1,192
Energy intensity (Fuel / Electricity)	2.39	2.62	2.15	1.96	1.90
Coverage	79.70%	89.50%	0.30%	84.60%	84.34%
in GJ	39,4970	496,797	453,013	420,403	375,227

Heating Value Conversion Factor (LPG 6,635 Kcal/liter, Natural gas 9,000 Kcal/m3, Diesel 8,400 Kcal/liter, Gasoline 7,800 Kcal/liter, Electricity 860 Kcal/kWh) * 0.0000041868 GJ/Kcal * 1,000 (Source: Energy Administration, MOEA –Net Calorific Value of Energy products).

Intensity = Total energy consumption/ consolidated revenue (in millions)

Renewable Energy Installation at Plants

In 2024, TECO added 5.7 MW of solar capacity in the U.S. and China, bringing global installed capacity to 15.73 MW. In 2025, it will expand renewable generation toward 30% of total electricity consumption by 2030.



The figure shows the estimated installed capacity.

2024 Electricity Generated from Own Plant Facilities

11.92 million kWh

2024 Taiwan Green Electricity Certificates generated a total of 1,038.

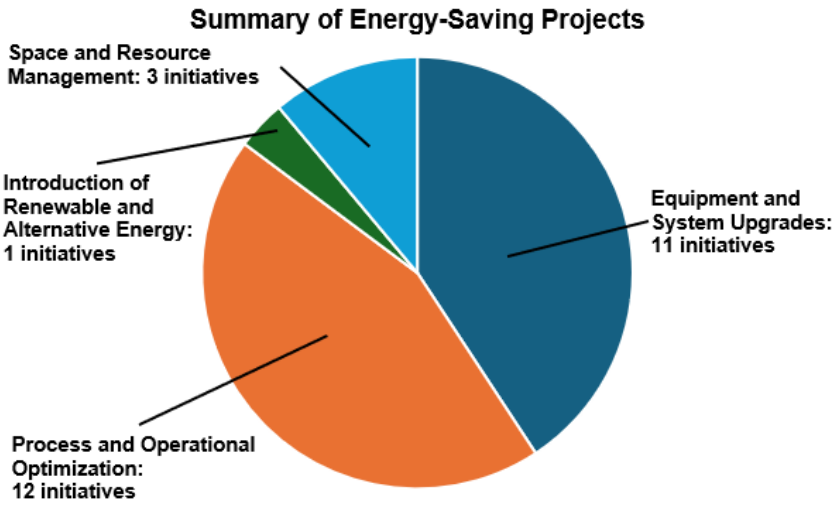
Power Regeneration Installation at Plants

The “Dynamometer” is a device used to measure motor torque and power, simultaneously generating power regeneration during the testing process. TECO owns multiple sets of large dynamometers, which collectively regenerated 320,000 kWh of electricity for in-plant use in 2024.

- 1,500kW dynamometer regeneration: 140,681 kWh
- 5000kW dynamometer power regeneration: 183,171 kWh

2024 power regenerated:
320,000 kWh

Energy-Saving Initiatives Summary Table

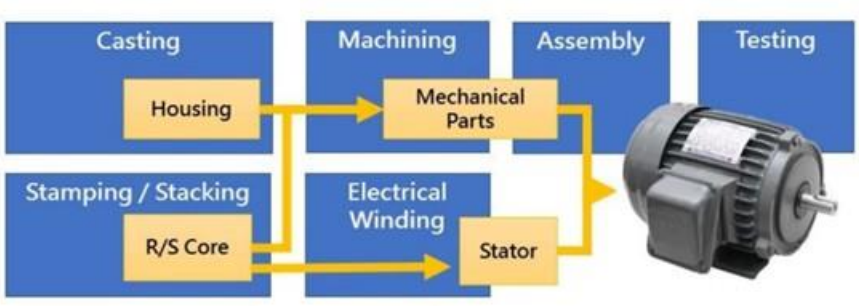


In 2024, TECO implemented 27 energy-saving initiatives with an environmental expenditure of NT$218,000, saving 591,654 kWh and reducing 292 tCO_2e (Taiwan 2023 factor: 0.494 $kgCO_2e/kWh$).

Categories	Items
Equipment and System Upgrades	In Taiwan plants, measures included installing variable frequency controls on casting lines, upgrading to energy-saving lighting, and adopting high-efficiency inverters and permanent magnet variable frequency air compressors. In China plants, initiatives included replacing high-pressure air compressors, optimizing equipment, adjusting lighting, implementing intelligent furnace control, and improving air conditioning systems.
Process and Operational Optimization	Taiwan plants reduced electricity use in quality control departments and replaced official vehicles with eco-efficient models to cut fuel consumption. Wuxi plant optimized air conditioning settings. China plants improved baking equipment by shortening insulation, drying, heating, and startup times, reducing refrigerant leakage and energy use. Vietnam plant upgraded drying furnace exhaust to reduce heat loss.
Space and Resource Management	Taiwan plant office areas replaced old lighting with energy-saving luminaires; China plant administrative spaces were consolidated; and Vietnam office spaces were optimized for layout.
Renewable and Alternative Energy Introduction	Photovoltaic electricity as a substitute.

2.1–2 Water Resource Management

TECO Water Resource Management Plan	2024 Management Actions
Conducting Water Use Assessment to Identify Opportunities for Improving Water Resource Efficiency	TECO conducts annual water use assessments under ISO 14001 and internal procedures. In motor manufacturing, water is mainly used in casting sand mold production, while most other water—such as for equipment cooling, environmental facilities, and daily use—is recycled.
Taking Concrete Actions to Reduce Water Consumption	TECO continuously promotes various water-saving measures and sets an annual reduction of 5% in water consumption as a management target. Measures include: conducting leak detection to reduce pipeline losses, promoting the recycling and reuse of reclaimed water, and converting painting processes from wet to dry.
Actions to improve wastewater quality	Wastewater from major plants is pretreated, then discharged via underground pipelines to industrial park or local treatment plants for centralized processing. TECO conducts regular effluent testing to ensure compliance with inflow standards (zero violations in 2024) and operates interception facilities to prevent impacts on production areas and the surrounding environment.
Setting water reduction targets	TECO targets a 5% annual water use reduction through measures such as leak detection and pipeline loss control. Wastewater discharge is estimated at 80% of water use or by process volume, tested by qualified third parties, with all results meeting regulatory standards.
Promoting water recycling and reuse	Reclaimed water accounts for ~21% of TECO's total withdrawal. In 2024, the Chungli plant withdrew 89,026 tons annually, with 74.7 tons/day recycled from cooling towers (based on 250 operating days).
Providing employees with water efficiency management training	In 2024, TECO trained 730 water conservation personnel on waste reduction and water-saving applications, totaling 2,100 in-person hours and 2,000 online hours.



Process Water Resource Dependency Analysis

In motor manufacturing, water is mainly used for casting sand molds, while most other operations—such as equipment cooling, scrubber circulation, and employee use—rely on recycled water.

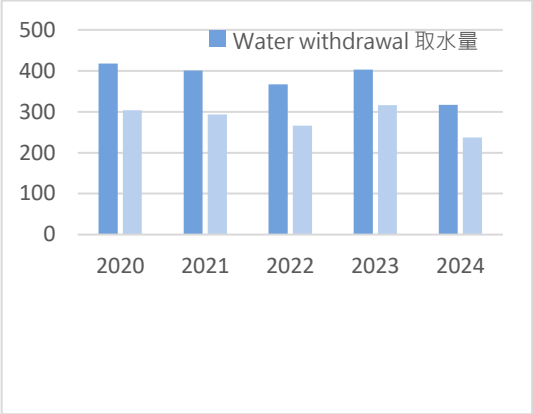
Recycled Water Use Performance

Recycled water usage accounts for 21% of total water withdrawal

In 2024, the Chungli plant's total annual water withdrawal was 89,026 tons, and daily recycled water usage from cooling towers was 74.7 tons.

- Casting recycled water basin capacity: 60 tons
- Die casting recycled water basin capacity: 100 tons

TECO targets a 5% annual water use reduction through measures such as leak detection and pipeline loss control. Wastewater discharge, estimated at 80% of water use or by process volume, is tested by qualified vendors to ensure legal compliance. No plants are located near protected areas or high-biodiversity zones, avoiding ecological impact.



Unit: thousand tons

	2020	2021	2022	2023	2024
Water withdrawal	417.81	400.55	366.65	402.96	317.02 (Tap water 291.78 Groundwater 25.24)
Water discharge	303.23	293.55	266.13	316.02	237 (Tap water 216.81 Groundwater 20.19)
Total consumption	114.58	107	100.52	86.94	80.02 (Tap water 216.81 Groundwater 20.19)
Intensity (Water volume / per million revenue)	0.0025	0.0020	0.0017	0.0015	0.0015

2024 Water Use Intensity Target:82 m³ per thousand tons of product.

Effluent Management

TECO's wastewater mainly comes from **process cooling** and **domestic use**. At major production sites, it is collected via underground pipelines, discharged to municipal or industrial park treatment plants, and fully complies with local intake standards (**zero exceedances in 2024**). Interception facilities are in place for emergencies, ensuring no significant impact on operations or surrounding areas.

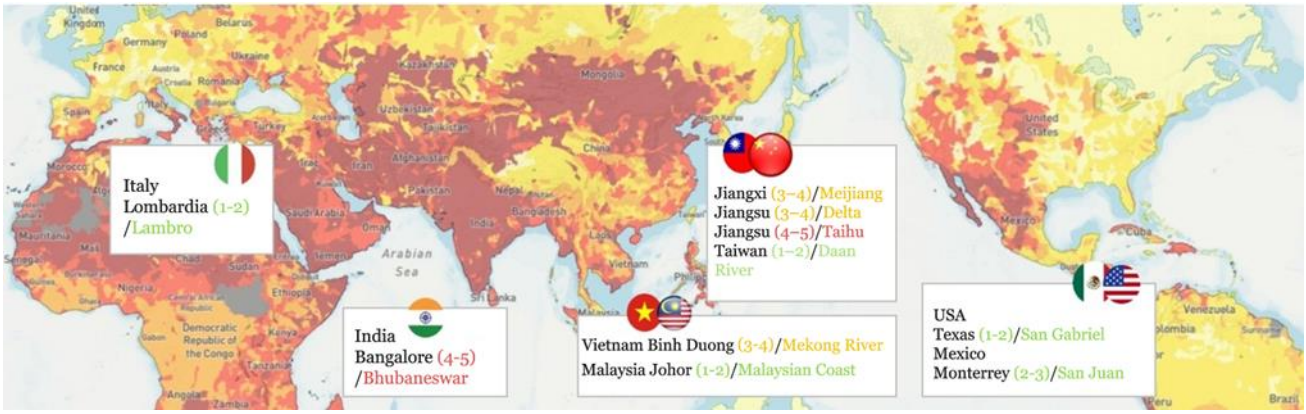
Water resource management covers **84.34%** of global operations (plants and sales offices in Taiwan, Mainland China, Europe, and the Americas), with each unit monitoring effluent quality, reviewing discharge volumes, and adjusting permits as needed. Regional water risk assessments are conducted based on process characteristics and standard procedures.

Water Resource Use Efficiency

TECO sources water mainly from municipal supply for process cooling and domestic use. All sites comply with local regulations, with zero water-related violations in 2024. Water efficiency is improved through resource inventories, equipment upgrades, and process optimization. As operations expand, water intensity is tracked as a performance indicator, reinforcing TECO's commitment to water resource protection.

Water Resource Sensitivity Analysis

TECO uses the World Resources Institute (WRI) Aqueduct Water Risk Atlas, analyzing river basins and watershed information globally to assess the level of water resource risk, in order to identify the water risk level of the global supply chain (1 being the lowest; 5 being the highest).



Water risk analysis identifies Bangalore, India as highest risk; operations have not yet commenced, and future plans include water protection and recycling measures. China (Jiangxi, Jiangsu) and Vietnam (Binh Duong) are secondary risk regions, with low operational water dependency; China's main risk stems from the metal smelting supply chain, sourcing 35,000+ tons of steel annually from five major mills. Taoyuan, Taiwan (Chungli plant) is assessed as low risk by the Aqueduct Water Risk Atlas but experiences recurrent droughts, prompting scenario-based measures under RCP2.6 and RCP6.0.

Scenario	Weather phenomenon	TECO Response Measures
RCP 2.6 CO_2 concentration 421 ppm	73% increase in rainfall, assuming plant area flooding reaches 10 cm.	• Pre-emptive Prevention: All production equipment and materials in the Chungli plant's entire process cannot be submerged. If heavy rainfall is anticipated, the plant area will construct an external sandbag dike to prevent water from entering the plant, with an estimated cost of 4 million for engineering and sandbag materials. • Emergency Dewatering: In case of sudden heavy rainfall, plant areas will immediately flood. The plant will promptly draw out floodwaters with 30 submersible pumps. The estimated investment cost for 30 submersible pumps is 500,000.

RCP 6.0 CO_2 concentration 670 ppm	42% decrease in rainfall, assuming plant area water stoppage for 1 week.	● The water used in Chungli No. 1 Plant is mainly used for casting, dissolving, sand treatment and dip painting (80 tons/day of shared water), and for the circulating water (10 tons/day of shared water) for air conditioning cooling by the integrated factory's electricians and cutting by the mechanics. ■ For water outage within 4 days: Water storage in the casting plant (capacity 315 tons) and comprehensive plant (capacity 55 tons) can cover needs. ■ For water outage exceeding over 4 days: Mobilize 25-ton water trucks (4 trips/day) for supply, with each replenishment costing 80,000.

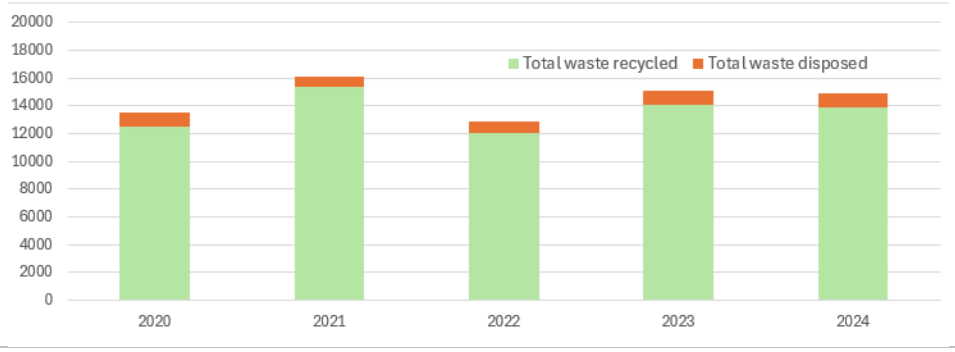
● Data source: “Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP)” estimates the 2050 climate conditions compared to present climate.

2.1-3 Waste Management

To achieve waste reduction and comply with local regulations, TECO established Waste Storage and Disposal Management Guidelines and related plant waste management rules. Waste treatment vendors are selected based on on-site assessments of processing capabilities and acceptance standards, ensuring effective tracking and management. Practices are periodically reviewed and updated to align with regulatory changes and operational needs.

TECO Waste Management Plan	**2024 Management Actions**
Conducting waste audits to identify improvement opportunities	Under ISO 14001 and internal procedures, TECO annually inventories waste by site, composition, and treatment method to identify hotspots and plan reduction measures. In 2024, general industrial waste totaled 15,097.85 tons, comprising 62.85% scrap iron, 15.17% general waste, and 9.89% waste wood.
Promoting Initiatives to Reduce Waste Generation	All TECO plants comply with waste management regulations for reporting, storage, disposal, treatment, and reuse. Accurate classification enhances recovery and reuse, with circular practices such as in-plant metal scrap smelting and recovery of valuable metals through E&E Recycling, Inc., jointly invested by TECO and appliance manufacturers.
Setting Quantified Targets for Waste Reduction	The management target is to reduce in-plant waste generation by 2% annually. In 2024, data coverage reached 84.34%, with continuous optimization towards 100% coverage.
Investing in Innovation or R&D to Achieve Waste Reduction	TECO promotes the circular economy through silicon steel smelting to enhance resource reuse and re-manufacturing waste metal into motor casings. It also co-founded E&E Recycling, Inc. with appliance manufacturers to recover metals from end-of-life appliances.
Providing Employees with Waste Reduction Training	In 2024, TECO trained 730 waste management personnel in environmental education and waste reduction, totaling 2,100 in-person hours.
Integrating Recycling Programs to Reduce Landfill Volume	Under its Waste Storage and Clearance Management Measures, TECO minimizes landfill disposal. In 2024, 96.96% of total waste was recycled or reused.
Effectiveness of waste diversion from landfill verified by third party	TECO engages government-approved vendors for waste collection, treatment, and landfill operations, with contractual confirmation of transfer processes. Waste weight data is verified by third-party vendors. In 2024, the landfill diversion rate exceeded 99%.

General Waste



Unit: Tons

	2020	2021	2022	2023	2024
Total generated amount (Reused and recycled)	12526.55	15340.87	12027.48	14100.44	14056.18
Total treated amount	1000.24	724.22	859.64	946.89	1041.67
Landfill	-	215.34	192.42	39.01	1.76
Incineration with energy recovery			342.66	733.05	691.24
Incineration without energy recovery		468.68	280.72	115.99	295.04
Other treatment methods		40.2	43.84	58.84	53.63 (Physical treatment 20.01 Thermal treatment 33.62)
Unable to track treatment method	1000.24	-	-	-	-
Coverage	79.70%	89.50%	80.30%	84.60%	84.34%

- 2024 General Industrial Waste Disposal Target:1,062 tons.

Hazardous Waste

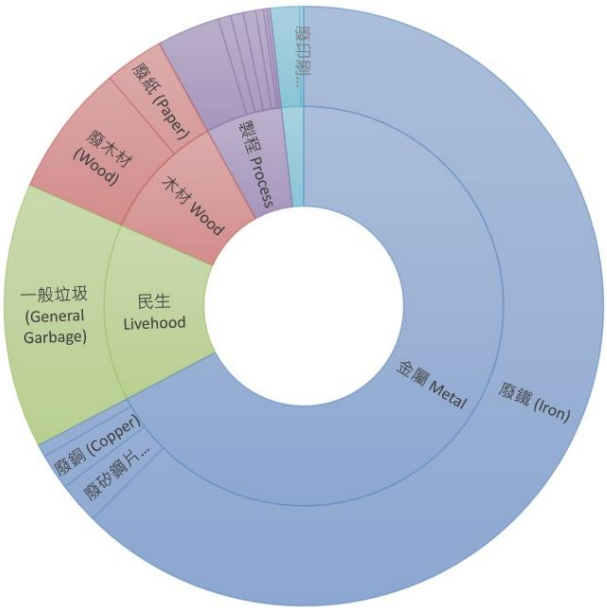
Unit: Tons

	2020	2021	2022	2023	2024
Total generated amount	0	536.253	599.28	602.35	600.89
Total treated amount	731.55	336.16	294.92	286.27	291.48
Landfill		3.371	0.129	0.073	0.71
Incineration with energy recovery (Energy recovery (steam))	-	-	-	206.474	240.97
Incineration without energy recovery (Non-energy recovery)	-	280.074	237.267	31.953	4.351
Other treatment methods	-	10.39	10.4	0.706	6.859
Unable to track treatment method	731.55	42.322	47.064	47.07	28.6
Coverage	79.70%	89.50%	80.30%	84.60%	84.34%

- 2024 Hazardous Waste Disposal Target:297 tons.

Due to varying national definitions, the Italian plant classifies waste oil, grinding sludge, coolant emulsions, aqueous washing solutions, contaminated packaging, filters, absorbents, and exhausted wheels as hazardous waste, whereas these are deemed non-hazardous industrial waste in other countries.

Unit: Tons



Metal	Iron	62.85%
	Silicon Steel	2.99%
	Copper	1.75%
	Aluminum	0.78%
Wood	Wood	9.89%
	Paper	5.43%
Livehood	General Garbage	6.65%
Process	Solvent	0.04%
	Waste Oil Blending	3.41%
	Activated carbon	0.91%
	Sludge	0.2%
	Paint	1.02%
	Packing	0.16%
	Resin	0.65%
Other	Plastic	0.56%
	PCBA	0.01%
	Other	2.7%

In 2024, the total weight of general industrial waste composition was 15,097.85 tons.

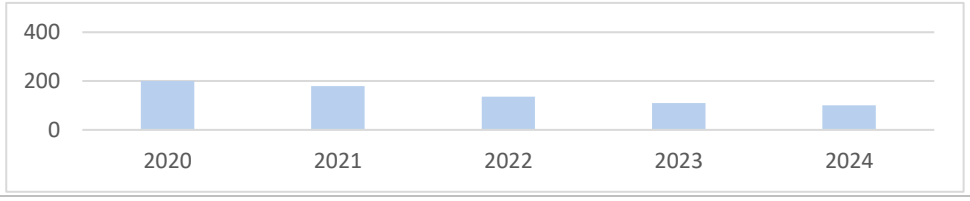
In 2024, TECO managed plant waste with a 2% annual reduction target and 84.34% data coverage. Waste removal, treatment, and landfill operations are handled by government-approved vendors, with contracts ensuring third-party certification of transfers (e.g., Taiwan vendors approved by the Ministry of Environment).

Wooden Pallet Recycling and Reuse

In Taiwan, TECO reuses wooden pallets from incoming shipments by remanufacturing them into crates for internal use or donating them to nearby military facilities. In 2023–2024, 8.4 tons (≈490 pallets) were donated, saving the defense budget NT$640,000.

Pollution Prevention

At the Chungli plant, air pollutants—mainly VOCs from motor manufacturing—are reduced by replacing solvent-based coatings with water-based paints and low-VOC varnish. Chungli and Tesen plants operate qualified air pollution control equipment, managed by certified personnel, ensuring compliance with standards. Pollutants include SOx, NOx, particulates, and VOCs.

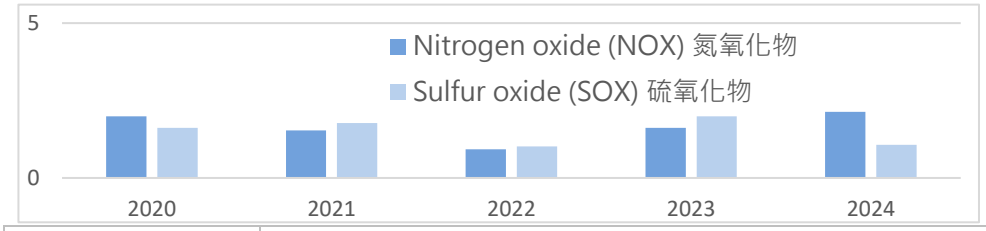


Unit: Tons

	2020	2021	2022	2023	2024
VOCs	200.77	179.7	136.7	110.4	101.21
Coverage	78.5%	89.5%	80.3%	84.6%	84.3%

- 2024 VOC Emissions Target:104 tons.

Unit: Tons



	2020	2021	2022	2023	2024
NOx	1.99	1.53	0.92	1.62	2.13
SOx	1.62	1.77	1.02	1.99	1.07
Coverage	78.5%	89.5%	80.3%	84.6%	84.3%

- Data coverage rate is calculated based on the annual revenue proportion from each operating site.(Annual revenue from sites with VOCs emission/ Total consolidated revenue for the year)
- I In 2024, 11 sales-related affiliates and subsidiaries, including Shanghai TECO, were newly added, expanding the data coverage to 84.34% of the TECO Group's total consolidated revenue.
- Due to the expanded data inventory boundary in 2024, the target setting method has been re-adjusted, with an annual 10% reduction as the management goal.

Biodiversity and Ecosystem Restoration

Citing the WEF 2025 Global Risks Report, TECO recognizes biodiversity loss, climate change, and resource scarcity as key business risks. Guided by the TNFD framework, ISO 14001, and enterprise risk management, TECO identifies and manages nature-related dependencies, impacts, and risks across its value chain, integrating biodiversity protection and ecosystem restoration into its sustainability strategy to enhance environmental resilience and operational adaptability.

Biodiversity and Ecosystem Restoration Management Framework

Identification of natural dependencies, impacts, and sensitivities in the value chain	Risk and opportunity identification and analysis	Establishment of measurement indicators and management goals	Oversight, communication, and disclosure
● Prioritize Defining the Scope and Boundaries for the Company's Natural Capital Assessment ● Establish principles for identifying natural dependencies, impacts, and sensitivities within TECO's value chain based on value chain characteristics and databases (e.g., Encore, IBAT). ● Analyze key dependent ecosystem services, natural impacts, and sensitive locations within the value chain.	● Analyze international reports and industry trends to compile a list of key nature-related risks and opportunities for TECO. ● Identify key risks and opportunities by following risk and opportunity identification principles. ● Develop management strategies	● Develop corresponding management indicators and measures, and further formulate mid- to long-term implementation plans	● Refer to international reporting frameworks like TNFD for disclosure. ● Regularly report the achievements and progress of relevant issues to top management and the Board of Directors.

Natural Dependencies and Environmental Impact Identification

Aligned with natural capital management principles and the TNFD framework, TECO inventories its operations and key upstream suppliers to identify value chain dependencies and impacts on natural capital and ecosystem services. Using ENCORE and value chain data, TECO maps reliance and negative impacts as the basis for major risk/opportunity analysis, management measures, and resource allocation.

- Ecosystem Service Dependencies

TECO's value chain activities have a high dependency on ecosystem services such as water supply and hydrological regulation.Specifically, TECO's own operations and key supply chains, encompassing industries such as electrical and machinery manufacturing, home appliance and electronic component manufacturing, and iron and metal processing, all rely on natural water resource supply and regulation services.Among these, the dependency of the iron and basic metal manufacturing industries is the most significant.Furthermore, TECO's value chain also relies on regulation services provided by the natural environment, such as stable rainfall, flood prevention, and storm mitigation, to reduce the impact of extreme climate events on operational sites and supply chain facilities.In the future, TECO will continue to strengthen the identification and management of value chain water resource risks, to prevent operational disruptions caused by unstable water supply and climate change.

- Natural Capital Impact

TECO’s operations and supply chain exert potential environmental pressures, including noise/light disturbance, GHG emissions, other air pollutants (SOx, NOx, PM), and toxic pollutants affecting water and soil. Energy-intensive upstream sectors—such as steel smelting, non-ferrous metal refining, and heavy machinery—contribute significantly to climate and air quality risks. TECO will prioritize pollution control and resource efficiency measures, using this analysis to guide natural capital risk identification, hotspot mapping, and ecosystem restoration strategies.

Business activities			Own operations			Upstream suppliers				
Industry categories			AI Business Group	GM Business Group	IE Business Group	Electronic components and circuit board manufacturing industry	Basic iron and steel manufacturing industry	Precious metal and other non-ferrous metal basic manufacturing industry	Other special-purpose machinery manufacturing industry	Bearing, gear, and transmission device manufacturing industry
Dependencies	Provisioning services	Biomass supply								
		Genetic materials								
		Water supply								
		Other provisioning services – animal-based energy								
	Regulating and maintenance services	Global climate regulation								
		Rainfall pattern regulation								
		Local (micro and meso) climate regulation								
		Air filtration services								
		Soil quality regulation services								
		Soil and sediment retention services								
		Solid waste remediation								
		Water quality improvement								
		Water flow regulation								
		Flood prevention								
		Noise reduction								
		Storm mitigation								
		Pollination								
		Biological control services								
		Nursery population and habitat maintenance								
		Other regulating and maintenance services – atmospheric and ecosystem dilution								
		Other regulating and maintenance services – regulating sensory impact (excluding noise)								
	Cultural services	Recreational services								
		Landscape services								
		Education, scientific, and research services								
		Spiritual, artistic, and symbolic services								
Impacts	Disturbance (e.g., noise, light)									
	Freshwater use area									
	Greenhouse gas emissions									
	Seabed use area									

	Non-greenhouse gas air pollutant emissions								
	Other biological resource extraction (e.g., fish, timber)								
	Other non-biological resource extraction								
	Toxic pollutant emissions to water and soil								
	Nutrient pollutant emissions to water and soil								
	Solid waste generation and emissions								
	Land use area								
	Water consumption								
	Introduction of invasive species								

Dependency and Impact Rating:

Very High	High	Medium	Low	Very Low	No clear research information available

- Ecosystem Service Dependencies

Using TNFD's LEAP methodology with IBAT and other public data, TECO assessed natural sensitivity for 24 operational sites and 10 key supplier sites, focusing on proximity to sensitive ecological areas (e.g., wildlife habitats, migratory corridors, buffer zones, and internationally important conservation areas). The analysis covers Taiwan and overseas sites, referencing Taiwan's National Ecological Net and the global KBA database. In Taiwan, limited land area and high population density mean that even sites within legal industrial parks may fall within the National Ecological Network, increasing the need and complexity of such assessments.

- Own Operation Sites

  - Taiwan sites: ~10% within the National Ecological Network, ~5% within 0–2 km, and ~25% within 2–5 km.
  - Overseas sites: ~5% within 0–2 km of a KBA, and ~25% within 2–5 km.
  - Sensitive species: Leopard Cat, Pangolin, Yellow-headed Box Turtle, Black-breasted Leaf Turtle, and the endemic Georgetown Salamander (Texas, USA).

- Supplier Sites

  - Taiwan supplier sites: ~20% within the National Ecological Network, ~10% within 0–2 km.
  - Overseas supplier sites: ~30% in South Korea and within 2–5 km of a KBA.
  - Sensitive species: Eastern Grass Owl, Russet Sparrow, Leopard Cat, Pangolin, Yellow-margined Box Turtle, Yellow Pond Turtle.

Analysis shows that TECO's value chain locations overlap with or are near sensitive ecological areas. This assessment will guide natural risk identification, hotspot mapping, and ecosystem management planning. TECO will prioritize management and stakeholder engagement in highly sensitive areas,

and monitor the status of sensitive species around operational and supplier sites to help preserve local biodiversity.

TECO Natural Sensitivity Evaluation and Description		Own operation sites			Supplier sites		
		Ratio	Country	Sensitive species	Ratio	Country	Sensitive species
VH	Taiwan: Located within the Taiwan Ecological Network Abroad: Located within a KBA area	10%	Taiwan	Leopard cat, yellow pond turtle	20%	Taiwan	Eastern grass owl, russet sparrow, yellow-margined box turtle, yellow pond turtle
H	Taiwan: Located 0–2 kilometers from the Taiwan Ecological Network Abroad: Located 0–2 kilometers from a KBA area	5%	Taiwan	Leopard cat, pangolin, yellow-margined box turtle, yellow pond turtle	10%	Taiwan	Leopard cat, pangolin, yellow-margined box turtle, yellow pond turtle
M	Taiwan: Located 2–5 kilometers from the Taiwan Ecological Network Abroad: Located 2–5 kilometers from a KBA area	25%	Taiwan, USA	Leopard cat, pangolin, yellow-margined box turtle, yellow pond turtle, Georgetown Salamander	30%	Korea	-
L	Taiwan: Located 5–10 kilometers from the Taiwan Ecological Network Abroad: Located 5–10 kilometers from a KBA area	15%	Taiwan, Malaysia	Yellow pond turtle	0%	-	-
VL	Taiwan: Located more than 10 kilometers from the Taiwan Ecological Network Abroad: Located more than 5–10 kilometers from a KBA area	45%	Taiwan, Vietnam, Malaysia, Italy	-	40%	Japan, Denmark, Germany, China	-

Note: Georgetown Salamander, scientific name Eurycea naufragia, is a species of salamander mainly distributed in Georgetown, Texas, USA and its surrounding areas. is a species of salamander mainly distributed in Georgetown, Texas, USA and its surrounding areas.

Biodiversity Management Framework and Indicators

Guiding principles	Corresponding measures
Top Leadership Oversight of Nature-Related Risks and Opportunities	Governance: The highest oversight body is the *Corporate Governance and Sustainability Committee* (five directors), with the ESG Office as the executive unit. TECO's sustainability policies include biodiversity commitments, with related plans reported to the Board. Nature-related Risk Identification: 1. Spatial mapping – use of public map data to assess site impacts. 2. Since 2023 – formal assessment processes implemented to identify and evaluate nature-related risks. verall nature-related risks and opportunities.
Biodiversity Risk Assessment –Identification of Dependencies, Impacts, and Sensitivities of Organizational Operations on Nature	Biodiversity Risk Assessment –Identification of Dependencies, Impacts, and Sensitivities of Organizational Operations on Nature ● Dependence analysis: Through value chain and operational activity inventory, identify and assess the Company's key operations' dependency on ecosystem services (such as water resources, pollination, climate regulation, etc.), and utilize ENCORE, IBAT, and other databases for locational cross-analysis. ● Impact analysis: Identify and assess the potential negative environmental pressure that the Company's activities may exert on nature. ● Sensitivity Analysis: Based on the natural characteristics of the operational site's location (e.g., protected areas, red-listed species habitats), conduct natural sensitivity assessments at site and regional levels.
Biodiversity risk assessment – Nature-related risks and opportunities that may have significant impact on the organization's business, strategy, and financial planning	Nature-related Risk Management Process: Guided by policies and commitments, TECO follows a hierarchy of actions—avoid, mitigate/offset, and implement additional conservation. Short-term ● Risks: Operational processes indirectly contribute to air pollution, affecting ecological air quality. ● Opportunities: Develop eco-friendly water-

	based paints to cut VOCs and air pollutants. Mid-term ● Risks: Extreme climate events (e.g., droughts, heavy-rain flooding). ● Opportunities: Implement water-saving measures and integrate assessments of energy, GHG, water, and biodiversity. Long-term ● Risks: Raw material sourcing disrupts biodiversity; species habitat loss; operational impacts on ecosystems affecting stakeholders. ● Opportunities: Advance biodiversity conservation programs (marine, terrestrial, other ecosystems) to achieve environmental coexistence.
Indicators used by the organization for assessing nature-related risks and opportunities under alignment with strategy and risk management	● Implement operational standards compliant with regulatory air pollution permits, regularly inspect and increase the proportion of eco-friendly water-based paints. ● Set water reduction targets to achieve water pollution management; increase the utilization of recycled water to improve the reuse ratio. ● Manage the procurement ratio of certified deforestation-free wood products and paper.
Commitments and Progress Indicators for Organizational Management of Nature-Related Risks and Opportunities	● Increase the proportion of eco-friendly water-based paints to over 90% by 2025. ● By 2025, target an annual reduction of 2%, ultimately reaching equivalence with recycled water usage. ● By 2025, ensure all copier paper and timber procured by headquarters are certified with deforestation-free certification and labeling.

Note: According to the risk management framework and definitions, TECO defines short-term (one year), mid-term (one to three years), and long-term (more than three years).

2.2 Empower Employees and Enhance Their Well-being

2.2-1 Human Rights Policy Declaration

TECO respects and supports the labor standards set forth in "Universal Declaration of Human Rights," the "UN Global Compact," and the "International Labour Organization Conventions," and is committed to ensuring that everyone involved with TECO,stakeholders, supply chains, and partners — including but not limited to formal employees and contract employees in our own operations, as well as suppliers, contractors, new business relationships (mergers, acquisitions, joint ventures), customers, and local communities — is treated with equality and dignity. Our Human Rights Policy Declaration is as follows:

Investment

Conduct human rights due diligence and incorporate human rights clauses in key investment agreements.

Fairness and Non-Discrimination

Strictly prohibit any acts of sexual harassment and discrimination in the workplace, and ensure equal employment opportunities without regard to race, color, nationality, gender, age, marital and family status, disability or pregnancy, political stance, or religious beliefs in employee recruitment, evaluation, and promotion.

Fostering Good Labor-Management Relations

Provide diverse and open communication channels, strive to promote harmony between labor and management, and foster sound labor-management relations.

Prohibiting child labor

Employment standards shall comply with the local legal minimum age requirements.

Prohibiting Forced and Compulsory Labor

Respect employees' free will and prohibit all forms of forced and compulsory labor.

Establishing a Safe and Healthy Work Environment

Provide a safe and healthy working environment and commit to complying with applicable safety and health regulations. Through the implementation of preventive measures, we aim not only to minimize work-related injuries and illnesses but also to further create a healthy, safe, and respectful workplace. We are dedicated to helping employees maintain physical and mental well-being and a balanced work-life.

Education and training

Ensure that employees and security personnel regularly receive training on human rights policies related to operations.

Supplier

Conduct human rights assessments for new suppliers as one of the criteria for supplier selection, and commit to eliminating human trafficking and forced labor from the supply chain, including our temporary workforce, while respecting the rights of all migrant workers and their family members.

Complaint and Grievance Mechanisms for Employee Rights

To achieve full communication and effectively resolve human rights issues, the Company has established complaint channels to allow employees, suppliers, partners, and other stakeholders to provide feedback to TECO or report suspected violations.

Working Hours

Working hour standards shall comply with local legal requirements, and maximum daily and weekly working hours shall be set in accordance with relevant laws. In addition, the Company has an overtime monitoring mechanism and provides statutory leave such as paid annual leave to protect employees' physical and mental health and to prevent and reduce overtime and excessive working hours.

Competitive Compensation and Benefits

Provide employees with basic wages and related benefits that comply with local regulations, and strive to pay a living wage to ensure that employees and their families can meet their basic living needs. We also commit to implementing the principle of equal pay for equal work, ensuring equal pay for men and women performing the same work. The Company also regularly reviews its compensation structure to maintain fair, dignified, and inclusive treatment.

Handling Major Violations

If any employee engages in any infringement or violation of human rights, the code of conduct, or the integrity management code, and such actions are verified through investigation, appropriate disciplinary action shall be taken depending on the severity, such as warning, demerit, major demerit, or termination of the labor contract. In addition, the aforementioned parties must be duly informed, audited, and supervised to prevent recurrence. If any partner engages in any infringement or violation of human rights, the code of conduct, or the integrity management code, and fails to make improvements after persuasion by the Company or if the violation is deemed serious, the business relationship may be terminated at any time.

＊TECO complies with regulations by providing a 60-day advance notice to employees and relevant government authorities, along with necessary explanations and assistance.

Employee Welfare

Labor Practices Plan	Concrete Actions in 2024
Ensure wages meet or exceed cost of living estimates or benchmarks	According to the internal salary management regulations, a minimum threshold mechanism is established to ensure that wages are not lower than the minimum standard wage approved by the central competent authority. Wages are reviewed regularly based on market levels and cost of living indicators to ensure alignment with living costs.
Monitor working hours, including overtime management	Overtime regulations are formulated, and daily and monthly overtime hours are controlled through an overtime system. Overtime notification letters are issued weekly to remind employees of

	their monthly attendance status.
Ensure employees receive overtime pay	Overtime pay is issued in accordance with regulations. It is automatically calculated and paid through the payroll system. All overtime requires supervisor approval and record-keeping.
Regularly Communicate with worker representatives on working conditions	Labor-management meetings are held quarterly, and union symposiums are held every six months to communicate on issues such as labor rights, compensation and benefits, or working conditions.
Monitor gender pay gaps to achieve equal pay for equal work	Gender pay is reviewed regularly, and a review and improvement mechanism is in place to implement gender pay equality.
Expand social security /social insurance beyond national regulations (e.g., health insurance, maternity leave, pension benefits, etc.)	1. Social insurance is provided in accordance with the law, along with group insurance funded by the Company. Family members may also join the group insurance at their own expense. 2. Pregnant employees are granted 10 days of prenatal check-up leave; employees hospitalized due to illness may subsequently apply for convalescence leave; employees are entitled to 3 days of non-deductible welfare leave annually. 3. Other benefits include scholarships for employees' children, hospitalization allowances, gift money, and condolence payments.
Ensure employees enjoy the right to paid annual leave	The HR system automatically calculates leave types, days, and leave records. At the end of each year, employees pre-schedule their annual leave for the following year to pre-plan their vacation itineraries, with flexibility to adjust as needed. Supervisors can query employees' pre-scheduled and actual leave status in the system to avoid leave accumulation.
Provide training or retraining to mitigate the negative impacts of industrial or climate transition	Provide sustainability education and training for procurement department employees to receive ESG-related training in supply chain management. The Company also offers ESG courses through the TECO e-Academy, allowing all employees to take online courses and enhance their awareness of sustainable development and sustainable supply chains. In 2024, sustainability-related training includes 15 courses totaling 32.5 hours, such as: "TECO's Sustainable Development Strategy," "Analysis of Taiwan's Green Energy Policy Vision and Industry Development," "AI Trends and Net Zero Opportunities in Architecture," and "2024 Economic Outlook and Future Prospects."

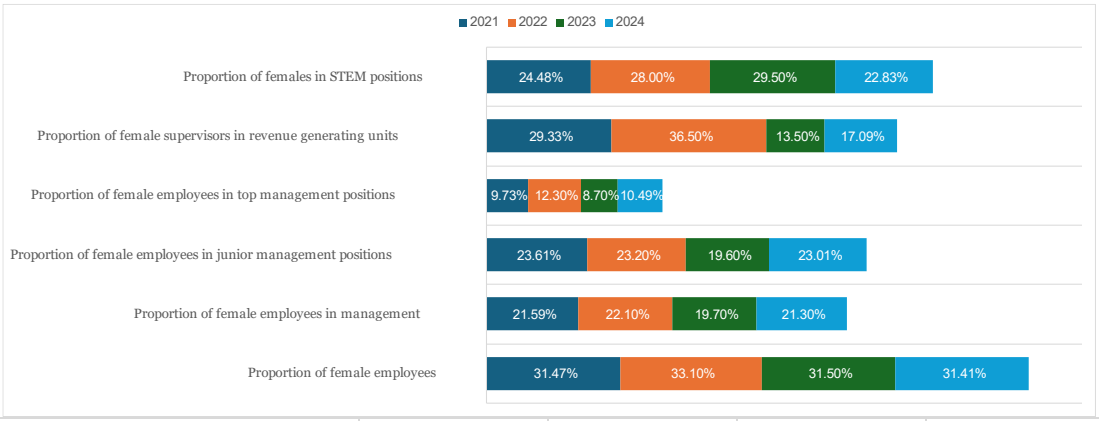
2.2-2 Equal Treatment and Opportunity

In 2024, the total number of regular employees at global core business production and sales sites was 5,259; the number of contract and part-time employees was 658.

The scope of this report covers 5,917 individuals; parent company headcount: 2,494 (as of December 31, 2024, including contract and part-time employees).

Total number of hires by gender and region	Regular employees		Temporary		Part-time	
Region	Male	Female	Male	Female	Male	Female
Taiwan	1854	848	39	4	178	39
North America	250	87	4	1	9	6
China	768	462	142	52	37	89
Europe	398	114	5	11	11	8
Southeast Asia	235	111	0	0	0	0
Other	102	30	0	11	7	5

- Regular employees are permanent or fixed-term regular employees; unpaid employees are those without guaranteed hours.
- The scope of regular employees in global core business operations, including production and sales sites, covers: TECO parent company in Taiwan, China region, Vietnam region, Europe region, Americas region, ZIMTECH CO., LTD., E-JOY ELECTRONICS INTERNATIONAL CO., LTD., YATEC ENGINEERING CORPORATION, TAIAN-ECOBAR TECHNOLOGY (TET), A-OK, SODICK (TAIWAN) CO., LTD., TECO Singapore, Sankyo, TAC, and TNZ – all 100% regular employees.
- No significant fluctuation in the number of employees compared to 2023



	2021	2022	2023	2024
Proportion of female employees	31.47%	33.10%	31.50%	31.41%
Proportion of female employees in management	21.59%	22.10%	19.70%	21.30%
Proportion of female employees in junior management positions	23.61%	23.20%	19.60%	23.01%
Proportion of female employees in top management positions	9.73%	12.30%	8.70%	10.49%
Proportion of female supervisors in revenue generating units	29.33%	36.50%	13.50%	17.09%
Proportion of females in STEM positions	24.48%	28.00%	29.50%	22.83%

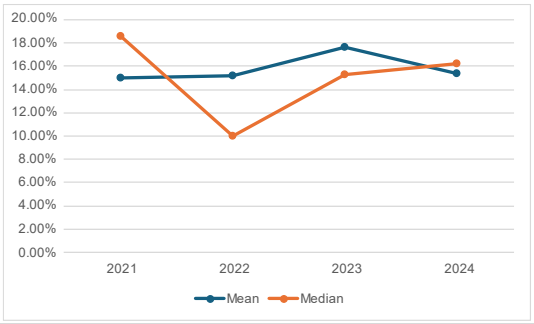
- Data disclosure scope includes: (5259/5259) Number of regular employees in global core business operations including production and sales sites / Number of regular employees in global core business operations including production and sales sites.
- Definition of junior management level: Supervisors, and managers.
- Definition of top management level: Directors, vice presidents, and business group general managers.

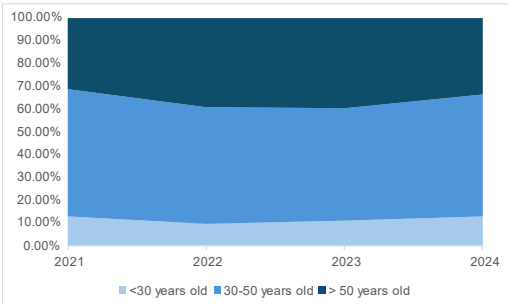
Women 31.4% in 2024; targets set for 2025 in management and STEM.

Indicator	Percentage (0–100%)	Public Target (at least one set target)
Female employees (%)	31.41%	Actual: 32% Target year: 2025
Female employees in managerial positions (% of total managerial positions)	21.30%	Actual: 22% Target year: 2025
Female employees in junior management (% of total junior management positions)	23.01%	Actual: 24% Target year: 2025
Female employees in top management (e.g., positions within two levels below CEO or equivalent senior positions, % of total top management positions)	10.49%	Actual: 11% Target year: 2025
Female employees in revenue-generating positions (excluding support units, e.g., HR, IT, Legal)	17.09%	Actual: 18% Target year: 2025
Female employees in STEM-related positions (Science, Technology, Engineering, Mathematics)	22.83%	Actual: 23% Target year: 2025

- Gender pay

Employee age





Gender pay gap

Item / Year	2021	2022	2023	2024
Mean	15.01%	15.20%	17.60%	15.40%
Median	18.58%	10.00%	15.30%	16.20%
Bonus Difference	0	0	0	0

Employee age

Age range / Year	2021	2022	2023	2024
<30 years old	12.90%	9.60%	11.20%	12.71%
30-50	55.80%	51.50%	49.30%	53.71%
> 50 years old	31.30%	38.90%	39.50%	33.58%

Data disclosure scope includes: (4306/5259) 82.43% of regular employees (excluding contract-based and part-time employees) from TECO parent company in Taiwan, TESEN ELECTRONIC CO., LTD., WUXI TECO Electric & Machinery Co., Ltd., WUXI TECO Precision Industry Co., Ltd., Taian Technology (Wuxi) Co., Ltd., JIANGXI TECO, Jiangxi TECO AC + Dongguan, TECO Vietnam, MTV, TAC, ZIMTECH CO., LTD., SODICK (TAIWAN) CO., LTD., E-JOY ELECTRONICS INTERNATIONAL CO., LTD. / Number of regular employees in global core business operations including production and sales sites.

Data disclosure scope includes: (5259/5259) Number of regular employees in global core business operations including production and sales sites / Number of regular employees in global core business operations including production and sales sites.

Gender pay gap (by level)

	Male	Female (as reference)
Supervisors	-2.22%	1.00
Managers	-4.37%	1.00
Top management	-7.67%	1.00
Non-manager	17.13%	1.00

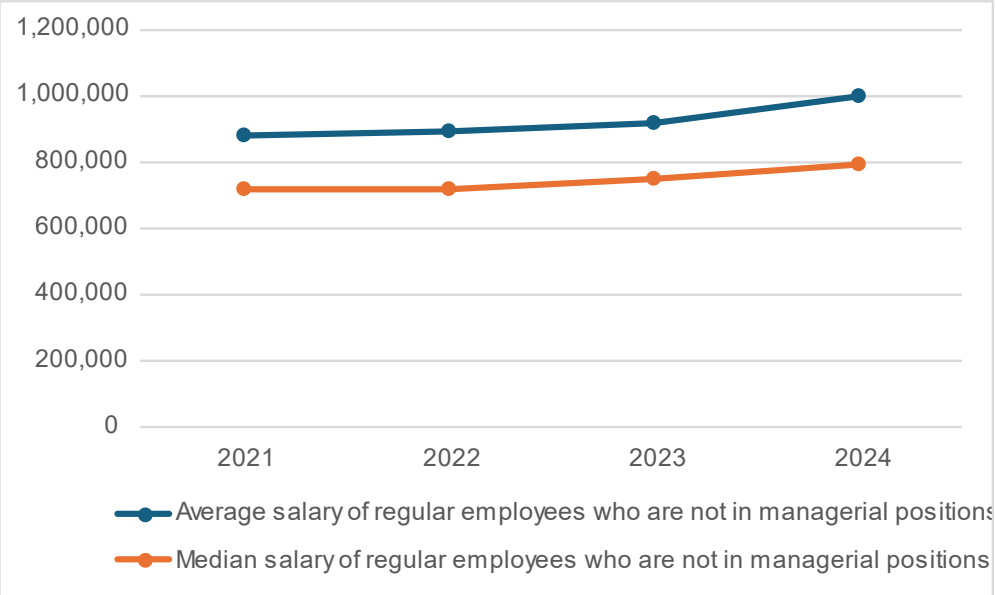
- Male-to-female base salary ratio (with female as base 1)
- Management-level salaries: higher for females;
- Non-management-level employee salaries: higher for males
- Data scope: 42.7% of TECO parent company in Taiwan (2,244/5,259)

Labor Force Indicators

Continent	Proportion of total labor force(as a percentage of total labor force)	Analysis of all management positions, including junior, middle, and top management levels (as a percentage of total number of managers)
Asia	93.38	93.67
North America	2.76	3.75
Europe	1.64	0.06
Oceania	0.34	0.53
Africa	0.82	0.64
Central and South America	0.01	0.00
Total	100.00	100.00

- The data disclosure scope covers 100% of the core business under regulatory management.

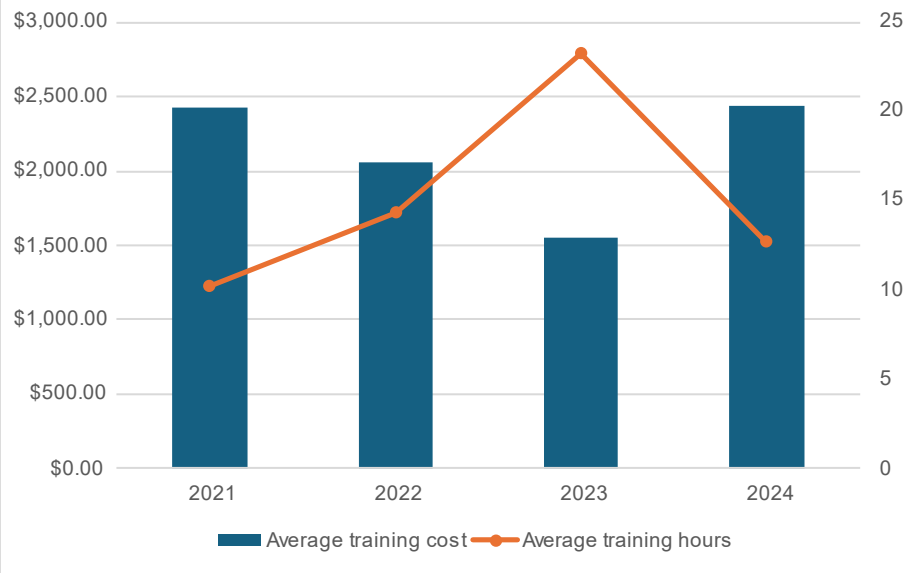
In 2024, TECO employed 5,259 regular and 658 contract/part-time employees worldwide, with 2,494 at the Taiwan headquarters (42.7% of total workforce, 100% data coverage). Female junior managers increased from 19.7% (2023) to 21.3% (2024), and female supervisors in revenue-generating roles rose from 13.5% to 17.1%. Recruitment and promotion follow a merit-based process, ensuring decisions are based on competence, qualifications, and experience. In the male-dominated power machinery sector, TECO's female representation meets or exceeds industry averages. Targeted programs strengthen female leadership pipelines, advancing women and diverse talent into strategic and decision-making roles.



Item / Year	**2021**	**2022**	**2023**	**2024**
Number of regular employees who are not in managerial positions	2,177	2,221	2,170	2,066
Average salary of regular employees who are not in managerial positions	877,000	893,000	920,000	998,777
Median salary of regular employees who are not in managerial positions	717,000	715,000	748,000	792,708

- TECO discloses the number, average salary, and median salary of regular non-managerial employees in Taiwan, together with year-on-year changes, in line with the Taiwan Stock Exchange and Taipei Exchange salary disclosure requirements.
- Data coverage: 2,244/5,259 (42.7%) —employees of the Taiwan parent company in core business operations, excluding those with less than six months' employment during the year. All figures are calculated using consistent internal procedures, enabling transparent year-over-year comparison.

2.2-3 Talent Career Development



Item / Year	2021	2022	2023	2024
Average training hours	10.21	14.36	23.26	12.73
Average training cost	$2,431.94	$2,054.05	$1,553.61	$2,444.01

Average training hours by gender

Gender	Average training hours
Male employees	12.03
Female employees	11.64

Average training hours by job level

Job Level	Average training hours
Non-manager	10.54
Supervisors	20.46
Managers	24.27
Top management	26.87

Average training hours by training type

※ The calculation method differs from previous years. The average training hours by training type is calculated based on “number of participants” as the calculation basis.

- In 2024, TECO prioritized competency development for supervisors and key talents, while general employees received mandatory compliance and foundational skills training.
- Total training hours: 56,499 (average 12.73 per employee)
- Total investment: NT$10,845,610
- Adjustments in training format and scope from the previous year resulted in a shift from higher total hours to more targeted, high-impact courses.
- The overall data showed a significant difference compared to the previous year, mainly due to adjustments in the coverage rate and the fact that most training at the Taiwan parent company in 2023 was conducted online.
- Data disclosure scope includes: (4,438/5,259) Regular employees from the Taiwan parent company, China plants, Southeast Asia, Europe, and other regions. Scope coverage / Number of regular employees in global core business operations including production and sales sites.

Training Type	Average training hours
In-person courses	2.39
Online courses	1.10
On-the-job training (OJT)	1.49
External training courses	15.07

- This refers to the average training hours per participant

HCROI was 6.51 in 2024, up from 6.31 in 2023, reflecting sustained positive returns from human capital investment.

	2021	2022	2023	2024
Total Revenue	51,248,387,334	58,315,216,068	59,393,660,773	55,234,745,889
Total OPEX	7,676,220,886	8,110,648,508	8,278,338,000	7,907,899,455
Employee-related expenses	9,058,465,120	9,267,153,692	9,633,399,879	8,596,982,843
Resulting HC ROL	5.81	6.42	6.31	6.51
Total Employees	14,617	13,030	13,415	12,968

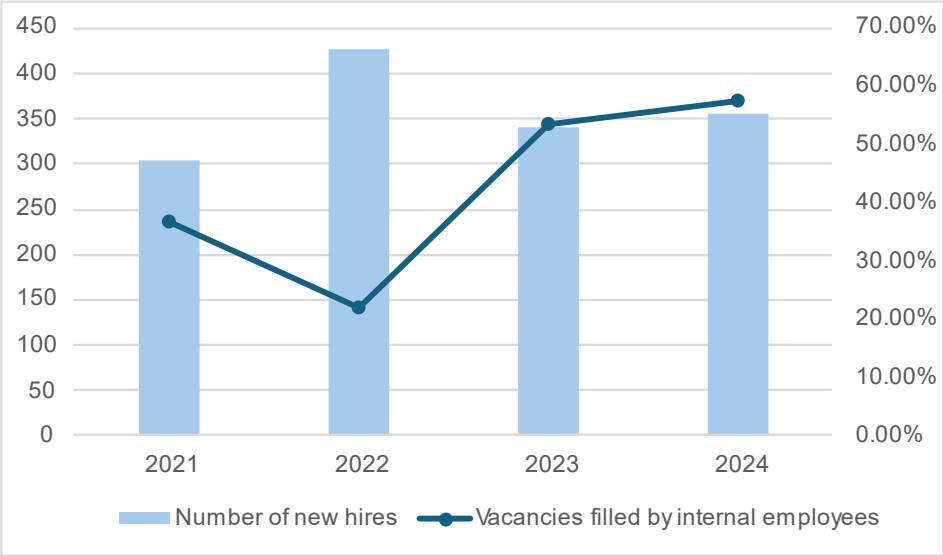
Talent Development Programs

Development plan	Benefit Descriptions	Quantified benefits	Participa-tion Ratio
Digital Seed Cultivation and Digital Competition: To respond to the rapid development of digital transformation, the company officially introduced the M365 collaboration platform in 2023. In 2024, we not only conducted basic tool training for all employees, but also selected digital seeds from each business unit, focusing on cultivating their capabilities in using M365 tools to promote process automation and visualization. Through the method of digital competition, the application of M365 was practically implemented, further enhancing the overall digital effectiveness of the company.	Through digital talent development and competitions, TECO enhanced teams' ability to apply digital tools, driving process optimization and collaboration efficiency. Accumulated application cases have improved real-time data acquisition, streamlined processes, and strengthened cross-departmental integration, advancing the strategic goal of digitally driven operations and boosting overall efficiency and market responsiveness.	In 2024, TECO developed 58 "digital seeds" from various business units, producing 40 process optimization proposals, with 11 winning entries recognized for excellence. These initiatives are expected to deliver annual savings of approximately NT$4 million, enhance process automation, and improve cross-departmental collaboration efficiency, supporting the company's long-term digital transformation goals.	2.58% (58/2244)
Key Talent Development Program: To actively cultivate successors for supervisory positions, the company has established a "key talent" system for job grades 5–8. Every two years, key talents from each unit are selected, and individual development plans (IDPs) are planned for them. Through IDPs and the allocation of training resources to key talents, the company cultivates a successor team for junior and mid-level supervisors.	1. Ensure continuity and stability in each unit by developing key talents, minimizing disruption from management changes. 2. Strengthen strategy execution by preparing successors who understand company strategies, enabling agile responses to market changes and challenges. 3. Enhance employee motivation and engagement through a transparent key talent system, providing clear career paths, fostering belonging, and improving team productivity.	Among the 44 key talents in 2024, during the program period, 23 colleagues were promoted in job grade (including 2 promoted to grade 9 and 5 non-managerial colleagues promoted to managerial positions), with a promotion rate of 52.2%.	1.96% (44/2244)

Mentor Program To deepen the succession and organizational capabilities of mid-to-top management, high-level executives are arranged to serve as Mentors for potential successors based on 360-degree managerial competency evaluation reports and individual needs, sharing their own experiences and management philosophies, offering advice and assistance to accelerate the comprehensive growth of Mentees. In addition, a group of potential successors is selected from mid-level managers, and the President personally serves as their Mentor.	1. Under the President's mentorship, the program develops top management thinking and fosters cross-business group collaboration. Mentee exchanges drive cross-unit projects, leverage external resources, expand networks, and broaden perspectives. Participants gain inspiration, growth opportunities, and have achieved promotions or overseas assignments, demonstrating the program's tangible impact. 2. Through this platform, members integrated TECO's engineering, motor, and HVAC expertise to launch a Data Center project spanning Taiwan, Southeast Asia, and North America, projected to generate over NT$10 billion in annual synergy benefits.	In 2024, among the 18 mid-to-senior-level potential talents, 3 colleagues were promoted in job grade, and 2 colleagues obtained overseas assignment opportunities.	0.8% (18/2244)

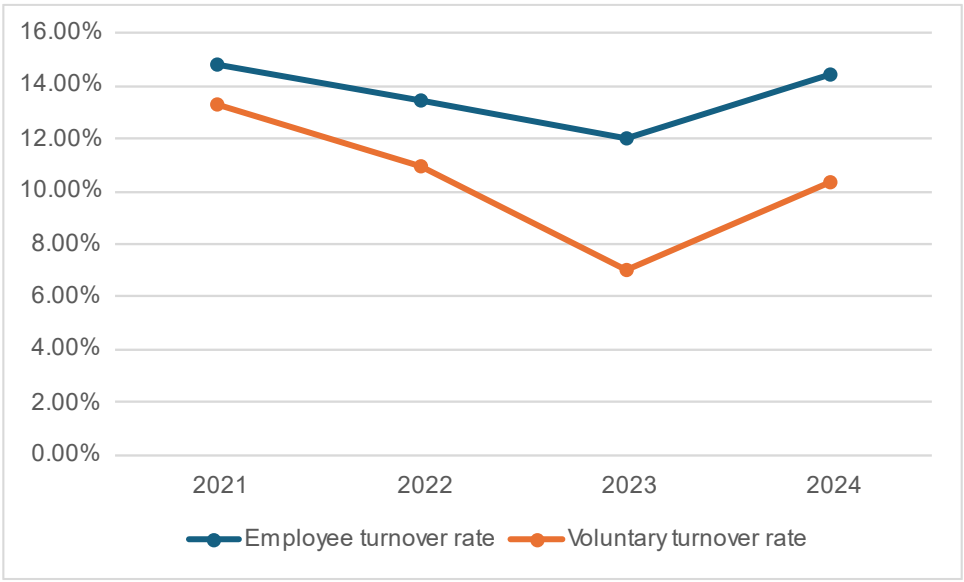
- Data scope: 42.7% (2,244/5,259) Number of regular employees at TECO parent company in Taiwan / Number of regular employees in global core business operations including production and sales sites.

Talent Retention



Item / Year	2021	2022	2023	2024
Number of new hires	304	427	340	355
Vacancies filled by internal employees	36.80%	21.90%	53.6%	57.6%

Data disclosure scope includes: 42.7% (2,244/5,259) number of regular employees at TECO parent company in Taiwan / number of regular employees in global core business operations including production and sales sites.



Item / Year	2021	2022	2023	2024
Employee turnover rate	14.80%	13.44%	12.04%	14.41%
Voluntary turnover rate	13.30%	10.96%	7.04%	10.33%

- The data disclosure scope covers 100% of the core business under regulatory management.

Internal recruitment: 37.8% manufacturing-related vacancies filled internally; male-to-female ratio 2.33:1; 37.24% aged 30–39 as the main composition.

External recruitment: Compared to 2023 new employees, male employees still accounted for the majority, with 226 males and 129 females, a male-to-female ratio of 3:2. Although there were more male employees, the proportion of female employees increased compared to the past. In terms of age distribution, employees aged 20–50 accounted for the majority, among which the 40–50 age group had the largest number, indicating that the middle-aged group became the main labor force in 2024.

Departing employees were statistically categorized by gender: males accounted for 67.26%, females accounted for 32.73%; categorized by age into three groups: under 30, 30 to 50, and over 50, with proportions of 25.56%, 62.78%, and 11.65% respectively. The 30 to 50 age group accounted for the highest proportion. Therefore, the Company will plan a knowledge transfer mechanism in the future to remind departments to establish internal SOPs to prevent the impact of personnel turnover, and improve the workplace experience to enhance retention willingness.

Reference date: December 31, 2024	Number of new hires			Number of departures			Total number of employees		
Age group / Gender	Male	Female	Total	Male	Female	Total	Male	Female	Total
<30 years old	60	42	102	32	30	62	139	82	221
(Number of people / Total number of people)	58.82%	41.18%	100.00%	51.61%	48.39%	100.00%	62.90%	37.10%	100.00%
30–50 years old	119	68	187	83	82	165	725	395	1120
(Number of people / Total number of people)	63.64%	36.36%	100.00%	50.30%	49.70%	100.00%	64.73%	35.27%	100.00%
> 50 years old	47	19	66	59	28	87	645	258	903
(Number of people / Total number of people)	71.21%	28.79%	100.00%	67.82%	32.18%	100.00%	71.43%	28.57%	100.00%
Total	226	129	355	174	140	314	1509	735	2244

- Data disclosure scope includes: 42.7% (2,244/5,259) number of regular employees at TECO parent company in Taiwan / number of regular employees in global core business operations including production and sales sites.

Performance Measurement and Long-Term Rewards

Items	Execution Method
Performance measurement	● Goal Management: TECO implements a biannual performance evaluation under the Employee Performance Management Guidelines and Evaluation Guidelines. Assessments are conducted by the direct supervisor and the next-level supervisor (including project or dotted-line supervisors in matrix structures) and rated on a five-level scale (Level 1 = highest). Weighting: Key objectives 70%, competencies (innovation, communication, adaptability) 15%, attitude (achievement motivation, proactiveness, responsibility, customer orientation, teamwork) 15%. At least one performance interview is held per cycle to review results, provide feedback, and confirm development plans. Employees with poor results enter a formal improvement plan; in 2024, 229 employees were included. ● Multi-faceted Appraisal: Senior executives, manager-level promotion nominees, selected matrix personnel, and expatriates receive 360° feedback on performance, responsibility, leadership, continuous improvement, and organizational contribution. ● Team Performance Evaluation: The Chairman, President, and senior executives conduct quarterly reviews of business group and staff department goal achievement. ● Agile Conversations: In 2024, a mandatory performance interview check was introduced, targeting >90% completion. Units not meeting the target have 0.5 KPI points deducted. Completion rate reached 75.9%, enhancing supervisor–employee communication and alignment.
Long-term compensation plan	● Long-Term Incentive (LTI) Program: Established in 2023 for managerial-level and above. Annual LTI grants are vested and paid over three years based on individual KPIs and performance evaluation results. Project-based KPIs are tailored to execution nature, with sustainability project participants having KPIs directly linked to relevant ESG indicators. ● Employee Stock Ownership Plan (ESOP): Designed to enhance long-term retention and align employee interests with corporate growth. TECO has increased the proportion of employees whose evaluations incorporate sustainability indicators. Eligible employees meeting performance and tenure criteria may participate. In 2024, participation reached 71.8% (1,611 of 2,244 eligible), with 275 employees holding 2,684,769 shares,Average payment period:2 years.

- Data disclosure scope includes: 42.7% (2,244/5,259) number of regular employees at TECO parent company in Taiwan / number of regular employees in global core business operations including production and sales sites.

Link between sustainability KPIs and performance

Applicable Group	Sustainability Performance Weight In KPI	Indicator Content
President and Business Group General Managers	2%	Achievement of total carbon emission reduction, improvement of carbon intensity, promotion of green supply chain
General Managers of Major Manufacturing Affiliates	4%	Achievement of total carbon emission reduction and improvement of carbon intensity, performance in key carbon reduction projects, achievement of green supply chain
General Managers of Sales Affiliates	4%	Improvement of carbon intensity, growth in proportion of low-carbon product sales
Mid- and Senior-level Managers and Sustainability Project Personnel	Individually set	ESG project progress and performance indicators, KPIs designed based on departmental responsibilities

TECO embeds sustainability KPIs into performance appraisal and incentive systems for top and mid-level executives as the table above. This structure directly links executive compensation to TECO's climate strategy, green innovation, and long-term sustainability objectives.

Working Conditions and Communication

TECO demonstrates its commitment to labor-management relations through its Industrial Union, established in 1974, with a collective agreement first signed in 1981 under the Labor Union Act. In 2023, a revised agreement—effective until February 20, 2026—was finalized after 13 formal meetings over four years, exceeding legal requirements and covering 100% of union members (1,983 employees; 75–100% revenue coverage).

The union governance body, elected every four years (11 directors, 3 supervisors), engages members via annual assemblies, semiannual top management meetings, and monthly board sessions with company participation. Union offices at all plant sites support continuous communication.

Aligned with ILO Conventions and the Labor Standards Act, TECO provides 60-day advance notice for major operational changes, supported by transparent communication. Annual employee recognition programs further strengthen engagement and relations.

Committees	Ratio of labor representatives
Plant labor-management meetings	50%
OSH committee	33%

Percentage of employees in Taiwan covered by the union: 100%

- Data disclosure scope: Taiwan parent company accounts for 42.7%. The number of employees eligible to participate the union is 1,983, and the number of union participants is 1,983 (100%).

TECO maintains multiple grievance channels, including quarterly labor-management meetings and ad-hoc consultations, to ensure continuous employee–management dialogue. Meeting agendas cover workforce changes, business and talent development, compensation and benefits, work environment, and employee complaints. Employees may raise issues through formal procedures or labor-management representatives, safeguarding rights and fostering constructive relations.

- TECO Group has union organizations in Taiwan, Wuxi, Mexico, and Vietnam. The group's core business coverage rate is 60.7%.

Parental Leave, Insurance, and Retirement Measures

Items	Contents
Workplace Stress Management	TECO has signed contracts with professional psychological counseling institutions to provide employees with psychological counseling services. Employees may receive counseling via phone or in-person appointments, with up to 4 hours (1 hour per session) of free professional psychological counseling services per year.
Exercise and Health Programs	TECO holds regular quarterly health seminars. Additionally, AEDs (Automated External Defibrillators) has been installed in offices, and CPR/AED courses are designated as mandatory, encouraging employees to gain health knowledge. Annual screenings for four major cancers are also regularly held to protect employee health. Additionally, sport classes are organized after work, with the company covering part of the tuition fees for employees.
Flexible Employee Working Hours	In order to help employees handle family affairs and care for their families, achieve work-life balance, avoid traffic congestion during peak hours, work according to personal life rhythms, and reduce work-related psychological stress, thereby promoting physical and mental health. Employees may choose to work between 07:50 and 09:00 depending on their personal situation.
Conversion to part-time work	Flexible adjustments based on individual cases are discussed.
Childcare Measures and Subsidies	To show consideration for employees who need to take care of young children, the Company has established paid family care leave and signed special agreements with nearby kindergartens, allowing employees to settle down and focus on their careers with peace of mind.
Breastfeeding Facilities or Benefits	For pregnant employees, the Company provides designated parking spaces upon request, offers maternity health protection consultations, and has set up breastfeeding rooms, which have been certified as excellent by the Taipei City Government.
Workplace First Aid	In 2023, the Nangang Headquarters installed an AED, and over 70% of employees completed CPR + AED training, earning the Taipei City AED Safe Location Certification.
Paid Maternity/Prenatal Checkup Leave for Primary Caregivers	During pregnancy, the Company grants primary caregivers 10 days of fully paid prenatal checkup leave and 8 weeks of paid maternity leave before and after childbirth, totaling 9.5 weeks of paid leave.
Paid Paternity/Prenatal Checkup Leave for Non-Primary Caregivers	During their partner's pregnancy, non-primary caregivers are granted 7 days of fully paid prenatal checkup leave and 7 days of paid paternity leave, totaling 2 weeks of paid leave.
Paid Family Care Leave	The Company provides 3 days of paid welfare leave annually to help employees balance work and family life.

GRI Disclosure Requirements	Description of Content Data scope: Taiwan parent company, 42.7% (2,244/5,259) of regular employees at covered entities; excludes contract and part-time employees.

Parental Leave Information and Data

GRI 401-3

	Parental Leave Information and Data	Female	Male
a	Total number of employees entitled to parental leave	41	66
b	Total number of employees who actually used parental leave	7	2
c	Total number of employees who returned to work during the reporting period after completing parental leave	3	6
d	Total number of employees still employed 12 months after returning from parental leave	6	4
e	Return-to-work rate after parental leave	75%	100%
	Retention rate after parental leave	75%	100%

Retirement Transition Assistance Programs

GRI 404-2

Retired Employees
TECO provides a comprehensive retirement transition program to maintain engagement and support quality of life after employment:

- Offers courses for mid-aged and retired employees, including financial planning and lifestyle enhancement.
- Employs retirees aged 65+ to transfer professional skills and experience to younger staff.
- Supports TECO Retiree Association activities to promote social connection and well-being.

Employees Whose Employment is Terminated
TECO maintains a responsible separation policy to ensure fair treatment and career continuity for employees whose employment ends. Support measures include:

- Internal job referrals and opportunities within affiliated companies.
- Career counseling and vocational training to facilitate re-employment.
- Structured processes to minimize disruption and reduce the impact of job changes.

Standard Benefits for Regular employees

GRI 401-2

- TECO publicly discloses comprehensive insurance for employees, covering 75%-100% revenue-generating operations. In compliance with the Labor Standards Act and ILO Convention, all employees are enrolled in labor insurance, labor pension, and national health insurance. The Company fully funds group insurance, including life, accident, medical, critical illness, and cancer medical coverage. Dependents can enroll at preferential rates.
- TECO's "Labor Retirement Measures" comply with all legal requirements, with monthly retirement fund allocations deposited into the Taiwan Bank Trust Department. For employees under the Labor Pension Act (since July 1, 2005), the Company contributes 6% of monthly salary to personal accounts at the Bureau of Labor Insurance.

GRI Disclosure Requirements	Description of Content Data scope: Taiwan parent company, 42.7% (2,244/5,259) of regular employees at covered entities; excludes contract and part-time employees.
	● All employees are eligible to join the Employee Stock Ownership Trust under the Association Charter. TECO provides subsidies to encourage long-term stock holding, fostering a culture where employees are also company shareholders. ● Comprehensive Leave System – Above Legal Requirements In addition to statutory leave, TECO incorporates annual leave usage rates into supervisors' performance evaluations to promote effective leave management. Above-legal benefits include: 1. Parental Leave: Up to 2 years unpaid before the child reaches age 3. 2. 3 paid days/year for social welfare activities, with no impact on performance evaluation. 3. Birthday leaves: 1 paid day during the birthday month. 4. Prenatal Checkup Leave: 10 paid days (exceeds legal 7 days). 5. Convalescence Leave: Paid leave post-hospitalization equal to hospitalization days. 6. Welfare Leave: 3 paid days/year to support work–life balance.
Non-occupational Medical and Health Services Provided by the Organization GRI 403-3 GRI 403-6	1. Health Promotion Measures – Beyond Legal Requirements In addition to legally mandated periodic health checkups, on-site physician services, and compliance with the four major occupational safety laws, TECO provides: ● Quarterly Health Seminars for all employees to strengthen health knowledge. ● Lactation Rooms in company facilities to support postpartum employees. ● Monthly Health Education Materials to enhance health awareness. ● Regular Employee Health Checkups once every three years (biennial executive checkups provided separately).
Prevention and Mitigation of Major Negative Occupational Health and Safety Impacts GRI 403-7	2. Voluntary Health & Safety Resources TECO offers additional health and safety resources for voluntary employee participation: ● Massage Services by the Visually Impaired (Nangang Office): Two days per week, employing visually impaired professionals to relieve ergonomic discomfort. ● CPR & AED Training (Nangang Office): Promotes life-saving skills; certified as a Taipei City "Safe Location." ● Psychological Counseling: Up to 4 free hours per employee annually under the EAP program, plus annual seminars to promote mental health awareness.

GRI Disclosure Requirements	Description of Content Data scope: Taiwan parent company, 42.7% (2,244/5,259) of regular employees at covered entities; excludes contract and part-time employees.

- Annual Cancer Screenings (All Employees): On-site screenings to reduce cancer risk.
- Contractor & Non-Worker Safety Management: Strict compliance with the Occupational Safety and Health Act, including hazard notification, accident insurance coverage, emergency response plans, and verification of licenses for special operations before site entry.

3. Vaccination (all employees): Vaccinations (publicly funded/self-paid) are held annually, allowing employees to conveniently receive them at the office to reduce the risk of contracting influenza and COVID-19.

4. Scope covered under management systems and internal regulations (entire group: 4,661 persons):

ISO 45001 Standard Specification (Total number: 3,753 persons)	Workers (employees)	Non-workers	Contractors
Number covered	3,599 (77.2%)	154 (3.3%)	234

Regulations established in accordance with legal requirements (Total number: 908 persons)	Workers (employees)	Non-workers	Contractors
Number covered	903 (19.4%)	5 (0.1%)	21

5. Occupational disease tracking progress:

Workers

Occupational disease information and data statistics

GRI 403-10

Occupational disease grading / year	2021	2022	2023	2024
Grade 4 (Abnormal health check results and related to work)	1 (0.1%)	0	0	4 (0.127%)
Grade 3 (Abnormal health check results, work-relatedness cannot be determined, requires further evaluation by occupational physician)	25 (1.4%)	7 (0.4%)	0	0
Below Grade 2 (No abnormal health check results or unrelated to work)	1,766 (98.5%)	1,785 (99.6%)	1,792 (100%)	1,452 (99.73%)

GRI Disclosure Requirements	Description of Content Data scope: Taiwan parent company, 42.7% (2,244/5,259) of regular employees at covered entities; excludes contract and part-time employees.
	In 2024, annual health checks were conducted, and all individuals with abnormal results are being regularly tracked and cared for, and are required to return for follow-up consultations (chronic prescriptions).

2.2-4 Employee Engagement

Employee Satisfaction Survey

TECO conducts an annual employee opinion survey covering four dimensions—satisfaction, engagement, happiness, and work stress—across 13 aspects, including leadership, teamwork, innovation, digital awareness, benefits, performance, career development, and work-life balance. In 2024, wording was refined to align with Diversity, Equity, and Inclusion (DEI) principles while maintaining survey structure and comparability.

The survey covers all employees at TECO's major plants in Taiwan, the United States, and mainland China, with results provided to plant-level and above department heads across business groups. Findings are incorporated into annual training and performance review discussions led by the Human Resources Center to drive improvement actions.

	2021	2022	2023	2024	Goal
Score	Supervisors: 73.6 Colleagues: 71.3 Average: 72.4	Supervisors: 84.8 Colleagues: 88.8 Average: 86.8	Supervisors: 76.7 Colleagues: 69.9 Average: 71.8	Supervisors: 76.5 Colleagues: 75.0 Average: 74.6	78
Participation rate (%)	51.0%	51.6%	45.9%	36.0%	-

1. In September 2024, TECO conducted an anonymous online employee opinion survey across domestic and overseas affiliates, covering four dimensions: satisfaction, engagement, happiness, and work stress. Key indicators include job satisfaction, role clarity, workplace happiness, and stress levels. Analysis identified career development, engagement, and work stress as lower-scoring areas, with stress showing the largest decline, attributed to innovation-driven changes and decentralized management. The global response rate was 36% (parent company: 58%, up 2% YoY), with 62.9% of employees expressing strong recognition of TECO. The Company aims to raise global recognition to 70% by 2025, with results integrated into HR-led improvement actions.

2. Issues identified and improvement measures for overseas affiliates are as follows:

   (1) Issues identified: Employees at overseas affiliates generally reported higher levels of work stress, particularly mentioning issues related to compensation, benefits, and engagement, but have not perceived significant improvement.

   (2) Improvement measures: Strengthen internal communication; it is recommended to review and gradually adjust the compensation structure annually. Improve and optimize employee benefit programs so that employees can be properly cared for outside of work.

2.2-5 Occupational Safety and Health Commitment

Aligned with International Regulations: Adhering to international occupational safety and health (OSH) and sustainable development trends, as well as ISO 45001 standards.

Safe Working Environment: Continuously promoting the occupational safety and health management system and risk improvement to achieve zero workplace accidents and build a safe and healthy workplace; implementing preventive management and audit systems, with an " OSH Committee" jointly formed by labor and management to collectively reduce workplace occupational safety and health risks and promote the physical and mental well-being of employees.

Enhanced Risk Assessment: Strengthening value chain risk assessment, promoting sustainable risk and occupational safety and health impact management and prevention education and training, and maintaining a safe, healthy, and clean working environment throughout the value chain through internal and external occupational safety and health audits to improve overall safety and environmental performance.

Occupational Safety and Health

Environmental Safety Concept: “Pollution-free Environment, Zero Occupational Accidents”

TECO has established a dedicated Safety and Health Team under the Office of the President, responsible for company-wide EHS policy formulation, program oversight, and internal supervision. In addition, each plant has its own EHS unit to ensure effective implementation and continuous improvement of the occupational health and safety management system.

TECO has established an environmental and occupational safety and health management system based on ISO 14001 and ISO 45001 (Environmental Management, and Occupational Safety and Health Management Systems) and promotes the operation of its management system model.

TECO has a total of 15 production sites, all of which have obtained ISO 14001 environmental management system certificates, demonstrating the Company’s emphasis on environmental governance. Among them, 10 sites have obtained ISO 45001 occupational safety and health management system certificates; the remaining 5 sites (Jiangxi TECO, Jiangxi TECO AC, Wuxi TECO Electro Devices, Shen Chang Electric, and Westinghouse USA) have not yet completed the certification of this system. However, they have implemented self-management and internal audits in accordance with the unified Group environmental safety and health management policy and internal control mechanism to continuously monitor their environmental and occupational safety risks and ensure operational safety and compliance.

In addition, three sites—including Chungli Plant, Hukou Plant, and TESEN—have also obtained CNS 45001 (formerly TOSHMS) national occupational safety and health management system certificates, further strengthening compliance with local regulations and standards.

The Occupational Safety and Health Committee (with more than one-third of members being labor representatives) convenes quarterly (January/April/July/October) to carry out occupational safety and health communication and management exchanges.

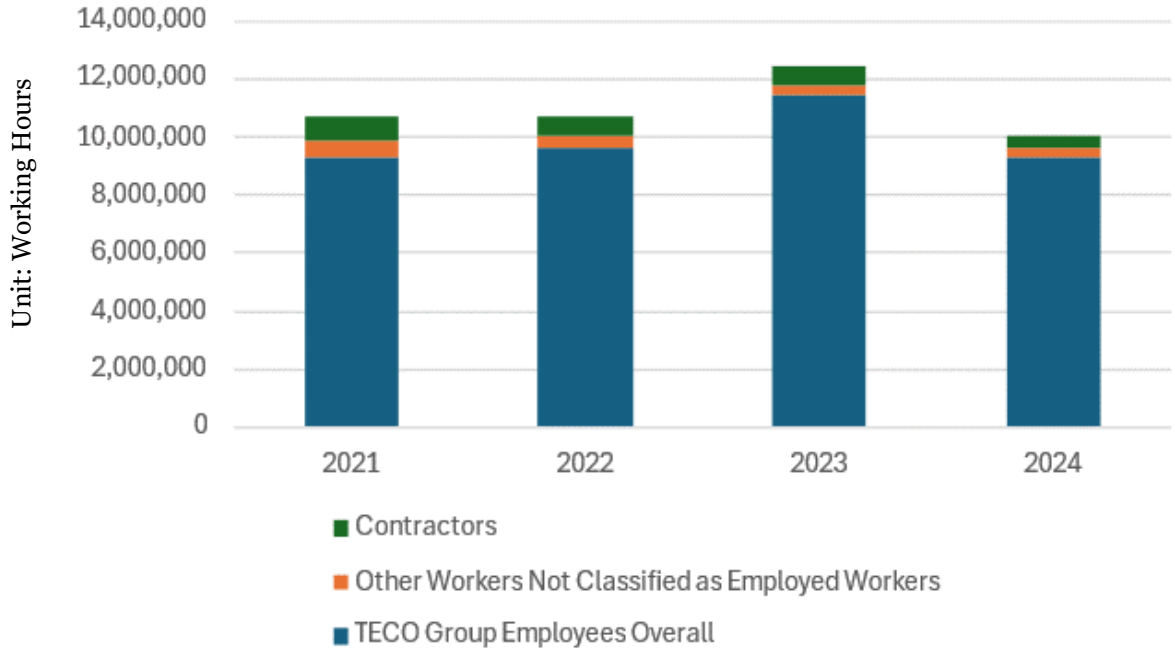
In accordance with the ISO 45001 Occupational Safety and Health Management System, the

following are implemented：

Identification of Legal and Stakeholder Requirements	Legal compliance in environmental protection and safety and health regulations is identified quarterly. In 2024, 193 environmental regulations and 119 safety and health regulations were updated, with no instances of non-compliance.
Identification of Hazards, Risks, and Environmental Aspects	In 2024, 3,282 environmental identifications and 4,795 safety and health identifications were conducted. There were 0 high-risk cases, 49 medium-to-high-risk cases, and the rest were low-risk or negligible risk.
Quantified Target Management	In 2024, there were 11 environmental targets and 8 safety and health targets; all were completed.
Standard Operating Procedures	A total of 146 procedure documents were issued in 2024; 4 documents were reviewed and revised on schedule.
Education, Training, and Information Dissemination	In 2024, the number of trainees was 1,324, with total training hours of 4,699; 90 copies were disseminated.
Regular Inspections and Safety Patrols	In 2024, 457 inspections were conducted, all corrective actions completed.
Investigation and Statistics of Occupational Accidents and Near Misses	In 2024, the total number of no-accident work hours was 9.3 million hours; there were 24 moderate injuries.
Improvement Proposals and Change Management	In 2024, there were 294 proposals and 4 change management cases.

Occupational Injury Statistical Data

TECO assesses environmental and occupational health and safety issues by likelihood and impact, setting annual quantitative targets and action plans covering energy efficiency, carbon reduction, pollution control, and safety protection, thereby ensuring risk-controlled operations and enhancing sustainability performance.



	2021	2022	2023	2024
TECO Group Employees Overall	9,324,030	9,616,537	11,423,538	9,308,721
Other Workers Not Classified as Employed Workers	522,408	413,600	331,432	311,520
Contractors	856,688	668,809	692,488	459,630

TECO independently calculates the Disability Injury Frequency Rate (FR) and Severity Rate (SR) for all formal employees across global operations, as well as for other workers, engineering, and outsourced contractors at Taiwan plants. This dual coverage strengthens occupational injury management and fulfills the Company's responsibility to supervise OHS performance across its supply chain partners.

Disability Injury Frequency Rate (FR)

Lost Time Injury Frequency Rate (LTIFR)

(GRI 403-9)

Disability Injury Severity Rate (SR)

	2021	2022	2023	2024
TECO Group Employees Overall	1.77	1.66	0.87	2.57
Other Workers Not Classified as Employed Workers	0	0	0	0
Contractors	0	0	0	6.52
Coverage	89.5%	82.7%	84.6%	84.6%

	2021	2022	2023	2024
TECO Group Employees Overall	20	74	13	118
Other Workers Not Classified as Employed Workers	0	0	0	0
Contractors	0	0	0	39161
Coverage	89.5%	82.7%	84.6%	84.6%

The Disability Injury frequency rate (FR) for TECO official employees (excluding traffic accidents) is 2.57.

The Disability Injury frequency rate (FR) for

The Disability Injury severity rate (SR) for TECO official employees (excluding traffic accidents) is 118.

The Disability Injury severity rate (SR) for

TECO other workers (excluding traffic accidents) is 0; the Disability Injury frequency rate (FR) for engineering contractors and outsourced contractors (excluding traffic accidents) is 6.52.

(Note): According to Article 6 of Taiwan's Enforcement Rules of the Labor Inspection Act, the definition of Disability Injury frequency rate (FR) = number of disabling injuries / total hours worked × 1,000,000. The scope of Disability Injury count is limited to occupational injury incidents that occurred in 2024; this standard also applies to subsidiaries and affiliated companies in the United States, Italy, China, and Vietnam.

TECO other workers (excluding traffic accidents) is 0; the Disability Injury severity rate (SR) for engineering contractors and outsourced contractors (excluding traffic accidents) is 39,161.

(Note): According to Article 6 of Taiwan's Enforcement Rules of the Labor Inspection Act, the definition of Disability Injury severity rate (SR) = total lost workdays / total hours worked × 1,000,000. The scope of total lost workdays is limited to occupational injury incidents that occurred in 2024; this standard also applies to subsidiaries and affiliated companies in the United States, Italy, China, and Vietnam. In accordance with the requirements of the Occupational Safety and Health Act, SR is calculated to the nearest integer.

- TECO regards contractors as important work partners. To ensure the work safety of contractor personnel, each production site not only holds coordination organization meetings with contractors and conducts hazard communication prior to construction in accordance with relevant occupational safety and health regulations, but also promotes various management mechanisms to strengthen contractors' safety and health management.

- A contractor evaluation system has been established. Relevant personnel conduct regular evaluations of contractors, and the evaluation results help the procurement unit to preliminarily understand contractor sources, while also meeting practical needs such as improving the quality of contracted work and the level of occupational safety.

According to internal regulations, occupational injury incidents are classified into major, moderate, minor, and near miss levels. In 2024, there were no employee fatalities due to occupational injuries. For contractors, there was 1 fatal occupational injury case involving 3 people.

Details are as follows:

Level	Number Of Cases	Type Of Case
Moderate injuries	24	Improper movements: 4 cases Caught/crushed/cut: 6 cases Collision/impact injuries: 6 cases Falls: 4 cases Electric shock: 1 case Hypoxia: 1 case Others: 2 cases
Major accident	1	Hypoxia: 1 case

Regardless of the injury level, all occupational injuries must follow the "General Accident Handling Procedure" for reporting, accident investigation, and documentation, and be summarized monthly into the occupational injury report form for presentation at the quarterly occupational safety committee meeting. For moderate injuries, after accident investigation, the tools and procedures were improved and internal training was completed. Minor injuries were mainly due to insufficient individual awareness, and safety operation standards for process procedures were re-emphasized.

Major Accident: The cause of the incident has been analyzed, related improvement and preventive measures have been completed, and a report has been submitted to the competent authority for review.

- The scope of data disclosure is consistent with that stated in the "Report Scope and Boundary."

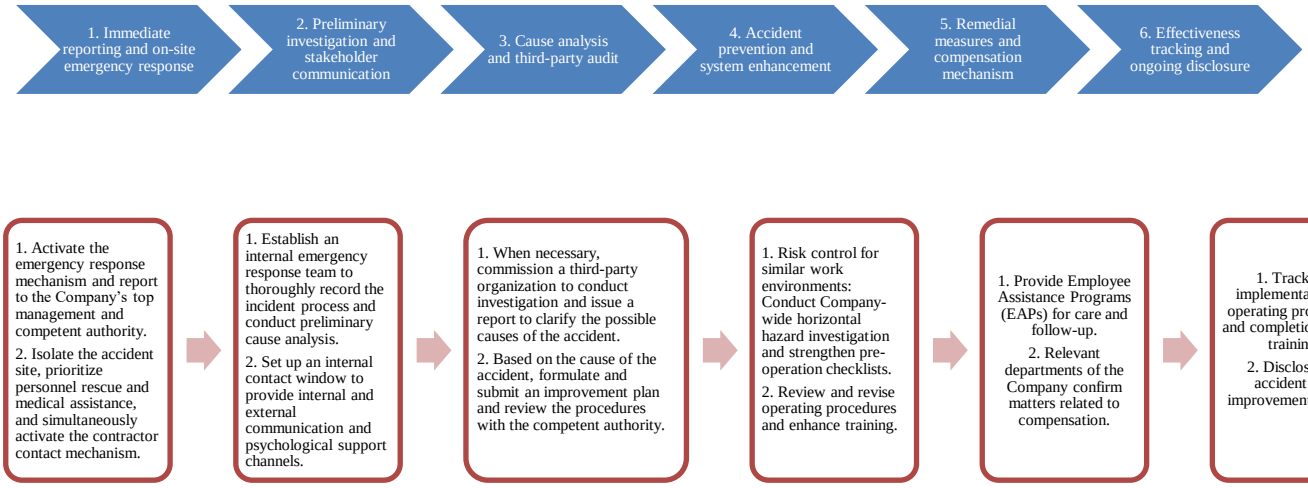
Hai Long Incident

On August 20, 2024, during the TECO-contracted "Hai Long Offshore Wind Farm Onshore Substation Construction Project," a CO_2 fire extinguishing system leak accident occurred on site.
Three contractor personnel unfortunately lost their lives.

Follow-up Emergency Handling and Remedial Actions

1. **Emergency Response and Handling of the Accident**
   - Immediately formed an on-site rescue team.
   - Immediately notified the fire department for search and rescue and subsequent medical treatment.
   - Completely sealed off the site to prevent secondary disasters.
2. **Accident Analysis**
   - Commissioned TÜV Rheinland Taiwan Ltd. to analyze the possible causes of the accident.
   - Completed Fault Tree Analysis (FTA) and Bow-Tie Analysis to identify root causes.
3. **Improvement Measures and Prevention of Recurrence**
   - Revised the CO_2 fire extinguishing system construction and self-inspection procedures, and added risk assessments and pre-construction safety confirmation (Permit-to-Work system).
   - Fully updated relevant Standard Operating Procedures (SOPs).
   - Implemented specialized safety training and emergency drills for the CO_2 system.
   - Made HAZID Workshop a required course to strengthen general hazard knowledge and risk identification.
   - Installed fixed gas detectors and remote alarm systems on site to improve real-time leak detection capability.
4. **Ongoing Tracking and Review**

Major Occupational Safety Accident Handling Procedure



Environmental, Safety and Health Violations	In 2024, there were 4 violations with fines totaling NT$830,000; in 2023, 3 violations with fines totaling NT$250,000; in 2022, 7 violations with fines totaling NT$780,000; in 2021, 6 violations with fines totaling NT$1,563,000. Details of the 2024 violation cases are listed in Appendix "5.6 Legal Compliance Violations." The number of violations has shown a declining trend since 2022, supported by strengthened internal audits and training initiatives.

Human Rights Identification and Risk Mitigation

TECO upholds the labor standards of the Universal Declaration of Human Rights, UN Global Compact, and ILO Conventions, ensuring equal and dignified treatment for all employees and stakeholders. The Company has established a Human Rights Due Diligence Procedure, conducting annual assessments to identify human rights risks, affected individuals, and risk sources, and to define mitigation strategies. All 2024 follow-up actions have been completed. The Human Resources Center also advances Diversity, Equity, and Inclusion (DEI) initiatives to further mitigate rights-related risks.

Safe Work Place Certification

Excellent Breastfeeding Facility Certification

Issues of Concern	Target topics	Risk assessme-nt	Stakeh-olders	Risk mitigation measures	Impact compensation measures	Implementation results
Safe and healthy work environment	Formulation of health care plans for maternal employees	Assessments are carried out based on work environment and operating hazard evaluation charts	Female employees	Provide nursing rooms and dedicated parking spaces	1. Provide professional consultation through on-site physicians. 2. Employees may apply for convalescent leave for prenatal care.	2024 Maternity Employee Health Protection Plan tracked and cared for a total of 16 individuals throughout the year.

	Prevention plan for unlawful infringement during duty	Employee-initiated complaints	Employees	1. Promote related topics through training courses and occasional seminars to prevent unlawful infringement. 2. Establish a reporting and assistance mechanism, with a dedicated unit responsible for accepting, investigating, and handling incidents.	1. Upon receiving a complaint, Human Resource Center will have the President designate and establish an investigation team to conduct the investigation and implement corresponding measures based on protecting the complainant. 2. Collaborate with external psychological counseling institutions to provide psychological counseling services.	Reported cases: 6 (4 substantiated; 2 unsubstantiated); 100% investigation completion rate.
	Operating environment monitoring	Work environment sampling and improvement conducted every six months	Employees	Track through government regulations and standards	If environmental monitoring exceeds standards, improvement measures are immediately implemented	No instances of work environment monitoring exceeding standards; well-controlled with no risks.
Prohibition of forced labor	Discouraging Overtime, Respecting Employee Rest Time	HR and Occupational Safety track overtime statistics on a monthly basis	Employees	1. Overtime regulations promoted at labor-management meetings and company quarterly meetings; respect for employees' rest time. 2. System includes overtime monitoring mechanism.	Continual promotion and daily/monthly control of overtime hours through the overtime system.	Regardless of low or peak production seasons, overtime is well controlled.

	Overload hazard risk assessment (once every three years)	Proportion of employees at overload risk level 3 or 4: 0.22% (5/2,244)	Employees	Establish overload hazard prevention plan	Conduct counseling, health education, and task adjustments based on assessment results	Proportion: 0.22% (5/2,244). The number of employees at risk level 3 for overload was 16 individuals. After regular follow-up management and counseling in collaboration with occupational physicians, and re-evaluation in the fourth quarter, only 5 individuals remained at risk level 3.
Prohibition of child labor	Supplier Code of Conduct: Signing of "Letter of Commitment to Human Rights and Environmental Sustainability"	Compilation and audits in the context of supplier evaluation standards	Employees Supplier	Audits of employees aged 15 and above in accordance with relevant laws starting from recruitment	Review and strengthen contractor management and audit mechanisms to prevent recurrence	Controlled adequately without risks
Elimination of discrimination	Focus on the spirit and future development of the Modern Slavery Act	Examination of the living and work conditions of foreign workers to rule out unequal treatment	Migrant workers	Foreign workers are all employed as formal employees.	If discrimination or unequal treatment is confirmed, immediately initiate an internal investigation and impose punishment on the perpetrator	Controlled adequately without risks
Freedom of association and right to collective bargaining	Guarantee of the right to form labor unions and convene labor-management meetings	Guarantee secure and unobstructed employee grievance channels, and regular employee satisfaction surveys	Employees	Monthly Director and Supervisor meetings are convened to discuss various employee-related issues. Company representatives attend these meetings to communicate with the labor representatives.	Explain improvement measures to union representatives or employees, rebuilding the dialogue platform	Percentage of union-protected employees: 100%

DEI Activities

The data disclosure scope includes: 42.7% (2,244/5,259) of regular employees in the Taiwan parent company / global core business.

In 2024, a DEI training course was launched: "Easily Grasp Gender Perspectives in DEI and Create a Respectful and Inclusive Work Environment." This course was delivered through the “TECO e-Academy” platform for colleagues to learn online. The overall completion rate among all employees was 64.8%, and 63.98% among management-level staff.

Since 2022, the company has actively promoted gender equality and DEI culture. Through systematic planning, it has actively enhanced internal employee identification with and participation in DEI at TECO, and externally, helped potential applicants understand that TECO is a company that respects differences and values workforce diversity.

In 2024, the results of these efforts were recognized, and TECO received the following honors: Womany’s Visionary Award for Diversity & Inclusion – Gold Award, Taipei City Gender Equality Certification – Silver Award, and DEI Friendly Employer for a Multigenerational Workforce Award.

Award Benefits:

1. Expand employer branding externally to attract diverse and cross-generational talent.
2. Internally cultivate talent in sustainability and promote team effectiveness.
3. Exposure via news media/social platforms (official website, FaceBook, Instagram, LinkedIn)
4. Dedicated practical case study article written by Womany
5. Physical trophy/medal/certificate

Human Rights-Related Training:

In 2024, human rights-related training included 55 courses totaling 162 hours, such as “Easily Grasp Gender Perspectives in DEI and Create a Respectful and Inclusive Work Environment,” “Personal Data Protection and Information Security,” “Occupational Safety and Health Education and Training,” and “Civil Defense Firefighting Drill.”

Human Rights Related Agreements and Contracts:

TECO protects employee human rights through the union and labor-management meeting system. The union coverage rate for employees eligible to join the union is 100%. For suppliers, TECO uses the “Human Rights and Environmental Sustainability Commitment” as a binding agreement.

2.3 Advance Sustainability Governance and Information Transparency

2.3-1 Sustainable Governance

Board of Directors

TECO's Board of Directors is the highest governance body, responsible for appointing senior executives and formulating the company's sustainable development strategy. It also holds ultimate accountability for enterprise risk management and ESG oversight.

The Board has five functional committees: Audit, Corporate Governance and Sustainability, Remuneration, Nomination, and Strategic Committees. The Corporate Governance and Sustainability Committee, comprising at least three directors, oversees ESG performance, corporate governance, and ethical conduct. It reviews and monitors annual plans from the ESG Office, Corporate Governance Center, Compliance and Legal Affairs Office, and Information Security Committee.

Each committee operates under Board-approved charters and regularly reports its activities and resolutions to the Board.

Management Objectives	Current Status	Achievement Level
At least one female director on the board	The current Board includes three female directors, with the proportion of female directors rising from 18.18% to 27.27%	✅
The number of independent directors exceeds one-third of total board seats	Independent directors account for 36.36%	✅
Directors concurrently serving as managerial officers do not exceed one-third of the total board seats	The number of directors concurrently serving as managerial officers does not exceed one-third of the total board seats.	✅
No more than two directors have spousal or second-degree kinship relationships	No directors have spousal or second-degree kinship relationships	✅

To enhance board oversight of sustainability, TECO provides ongoing ESG-related training to directors. In 2024, multiple sessions were conducted on topics including: "ESG Legal Issues the Board Should Focus On," "International Carbon Management Practices," "Trends in Sustainability Reporting," and "ESCO Energy Service Development." Each session lasted three hours, with some directors completing over six hours of training.

These initiatives strengthened directors' knowledge of sustainability, carbon management, energy transition, and information security, thereby improving board-level governance and ethical oversight.

Average Tenure of Current Directors	
Average tenure of all directors	6.36 years
Average tenure of executive directors	0
Average tenure of non-executive directors	6.36 years
Average tenure of independent directors	1.75 years

*Executive Director: Refers to employees within the company who usually hold senior management positions with executive functions (such as CEO, CFO, etc.).
*Independent Director: Refers to a non-executive director who meets the independence standards listed in the "Director Independence" section.
*Other Non-executive Directors: Refers to directors who are not executive directors and do not meet the standards for independent directors. They are not categorized as executive or independent directors, and some may be employed by the company in a non-executive capacity.

Nomination and Selection Process of the Highest Governance Body and Its Committees

The Board of Directors, the highest governance body, appoints top management and sets strategies for corporate social responsibility and sustainable development. It comprises 11 directors (four independent), each serving a three-year term, nominated and appointed in accordance with the Company Act.

Director selection follows the Corporate Governance Guidelines, emphasizing gender equality and diversity of professional backgrounds. Members possess core competencies in strategic judgment, financial analysis, leadership, crisis response, industry expertise, and global perspective, with experience spanning manufacturing, finance, and law, ensuring competence and diversity in governance.

To strengthen corporate governance and sustainability management, the Board has established five functional committees:

1. **Audit Committee**: Composed entirely of independent directors, who elect one independent director as the convener and chairperson.
2. **Remuneration Committee**: Composed of at least three members, with more than half being independent directors. The convener and chairperson are elected by the members.
3. **Corporate Governance and Sustainability Committee**: Composed of three or more directors, responsible for sustainable strategy planning and governance performance oversight.
4. **Nomination Committee**: Composed of at least three directors, with more than half being independent directors. The convener is elected by the members. In this term, the Chairman Morris Li serves as the convener.
5. **Strategic Committee**: Composed of at least three directors or external experts. The chairman of the Board serves as the convener and meeting chairperson, assisting in the formulation of long-term development strategies.

Performance Measurement Indicators for Senior Executives' Compensation

Senior executives are evaluated quarterly based on KPIs, with 60% linked to financial performance (e.g., revenue, profit, ROA, ROIC) and 40% to strategic execution and sustainability KPIs. Sustainability KPIs focus on greenhouse gas emissions, carbon intensity, and green supply chain performance (via GHG inventory). KPI results directly determine variable bonus payouts. Since 2023, an internal carbon price of NT$1,600/ton has been applied to collect carbon fees, influencing business group profitability and executive compensation.

Long-Term Performance Reward Mechanism

The Company's ESOP Committee allows managerial-level employees and above to allocate part of their monthly salary, matched by the Company, to purchase TECO stock via a trust. The program strengthens the link between compensation and medium- to long-term performance by increasing the weight of sustainability indicators in performance appraisals, enhancing cohesion, and sharing operational results with employees.

Sustainability Information Operations Management Guidelines

To strengthen sustainable governance and ensure reliable disclosures, TECO established the Sustainability Information Operations Guidelines as the internal SOP for collecting, validating, assuring, and disclosing sustainability data. The framework enhances cross-functional collaboration, ensures data accuracy, consistency, and completeness, mitigates misstatement risks, supports regulatory compliance, and enables transparent communication of sustainability performance to stakeholders.

Preparation for IFRS S1 and S2 Disclosures

TECO is preparing to align sustainability disclosures with IFRS S1 and S2. Led by the Finance Department and co-executed by the ESG Office, cross-functional teams are conducting a comprehensive inventory and readiness assessment. External consultants provide diagnostic reviews and technical guidance to ensure completeness, compliance, and transparency, strengthen internal capabilities, and build a robust foundation for consistent, globally aligned reporting.

Role of the ESG Office

The ESG Office reports directly to the Chairman and is responsible for driving the Company's sustainability agenda. Key responsibilities include:

- Analyzing international trends and industry dynamics to formulate group-wide sustainability strategies and advance net-zero goals
- Fostering a sustainability-oriented culture and enhancing sustainability empowerment
- Planning and implementing sustainability initiatives, tracking target progress to strengthen competitive advantage
- Evaluating alignment with global sustainability initiatives and maintaining substantive stakeholder engagement
- Disclosing sustainability performance and continuously improving in domestic and international ESG ratings

2.3-2 Business Ethics and Governance of Group Subsidiaries

To promote ethical behavior, TECO has implemented a Rules of Ethical Conduct to Directors and Managerial Officers, based on national best practice principles, as a standard for all employees.

The Board has adopted three governance policies—Sustainable Development, Ethical Corporate Management, and Corporate Governance Best Practice Principles—and issued the TECO Group Sustainability Management Policy and Commitment to integrate sustainability into corporate culture and daily operations.

TECO has issued the Sustainability Management Commitment Letter, signed by all employees. For suppliers, the Company enforces the Supplier Code of Conduct and requires signing of a Human Rights and Environmental Sustainability Commitment Letter with procurement contracts.

For listed entities and controlled manufacturing subsidiaries included in the consolidated report, the TECO Group Sustainability Management Policy and Commitment serves as the ESG guideline to align operations with the Group's sustainability strategy and stakeholder expectations.

TECO promotes a culture of integrity through new employee orientation, annual integrity campaigns, executive training, and supplier contract clauses. In 2024, the integrity declaration signing rate reached 100%, and anti-corruption training covered all employees. Integrity education was also extended to business partners, reinforcing the Company's comprehensive anti-corruption governance system

Zero Political Donations	The amount of political donations in 2024 was zero.
Zero Integrity Violations	In 2024, there were no incidents of unfair competition, bribery and corruption, conflicts of interest, money laundering, or insider trading.

Intellectual Property and ESG Linkage

Recognizing the shift toward ESG-driven value, TECO integrates ESG principles into its intellectual property (IP) strategy. IP insights are used to guide internal business planning and enhance corporate branding.

TECO's IP portfolio focuses on forward-looking areas including low-carbon industries, automation, EV power systems, high-efficiency electromechanical equipment, and mobility platforms. As of 2024, the Company holds 85 granted patents, supporting sustainable innovation and competitiveness.


台灣智慧財產管理規範
驗 證 通 過 證 書
Certificate of Taiwan Intellectual Property Management System

東元電機股份有限公司
TECO ELECTRIC and MACHINERY CO., LTD.

級別 Level：A
證 書 號 Number of Registration：TIPS-2024-cert.-045
證 書 效 期 Date of Expiration：December 31, 2026
驗證執行單位 Certification Body：TIPS 推行體系工作小組 TIPS Working Group

管理標的 Item | 專利 Patent | 商標 Trademark | 著作權 Copyright | 營業秘密 Trade Secret

受評部門：法遵暨法務室、公關小組、人力資源中心（人才開發課、訓練發展課、總務課）、AI 事業群（發展課、廣告行銷小組、觀音廠採購課）、GM 事業群動力系統研發中心（機電系統產品處、車電產品處）

Registered Department：Legal & Compliance Division, Public Relations Team, Human Resources Center (Recruiting & Staffing Department ,Training & Development Department , General Administration Department), Air & Intelligent Life Business Unit (Development Department, Marketing Communications Team, Procurement Department), Green Mechatronic Solution Business Unit Power System R & D Center (Mechatronic System Products Division, EV Products Division)

受評地點：台北市南港區三重路 19-9 號 5 樓

Registered Address：5 F., No. 19-9, Sanchong Rd., Nangang Dist., Taipei City 11501, Taiwan (R.O.C.)

經濟部產業發展署 署長
Director General
Industrial Development Administration, MOEA

楊志清 Chih-Ching Yang

2.3-3 Internal Control and Risk Management

TECO is committed to establishing a comprehensive risk management system. The Board of Directors serves as the highest decision-making body for the Company's risk management, responsible for approving risk management policies and major risk control frameworks. The Audit Committee and the Corporate Governance and Sustainability Committee assist the Board by reviewing various types of risks, ensuring clear division of responsibilities and specialized oversight across different dimensions of risk control. Overall risk analysis is consolidated and managed by the Head of the Finance and Management Center, who reports directly to the Chairman. In addition, the Audit Department, which reports directly to the Board, monitors and audits the effectiveness of the entire risk management mechanism through internal audit practices to ensure the adequacy of risk controls and proper management of potential risks. Top management is required to report risk management performance indicators to the above-mentioned committees and is evaluated against sustainability KPIs, which directly impact their variable compensation.

The Board of Directors has formulated a "Risk Management Policy and Procedures" to define and regulate operational risks. To integrate sustainability-related risks into the overall risk management framework, TECO regularly updates sustainability topics in line with international sustainability standards and trends, business objectives, benchmarking practices, and key industry issues, while also considering the views of diverse stakeholders. Using a double materiality analysis, the ESG Office identifies and explains the causes, impact areas, assessment methodologies, and corresponding risk management measures for ten material topics. At the same time, the Finance Department provides the Company-wide "Risk Assessment and Analysis Report" to outline climate-related risks and sustainability priorities, monitor the effectiveness of mitigation measures undertaken by responsible units, and disclose progress in the Sustainability Report. The process of materiality identification and sustainability goal setting is conducted annually.

Auditing Committee

The Audit Committee is composed entirely of four independent directors and is responsible for overseeing financial reporting, internal controls, and risk management. Director Hsieh-Hsing Huang serves as the convener.

Corporate Governance and Sustainability Committee

The Committee comprises five directors, including two independent directors, and is responsible for overseeing sustainability, compliance, and information security risks. Director Chwen-Jy Chiu serves as the convener.

Audit Team (Third Line of Defense): The Audit Team develops an annual audit plan based on the COSO internal control framework, prior audit findings, budget proposals, and the current organizational structure. The audit assesses the Company's ability to manage internal and external risks, operational risk controls, and the design and effectiveness of internal control systems. Audit results are documented in reports submitted regularly to the Audit Committee and the Board of Directors.

ESG Office, Compliance and Legal Office, Information Security Office (Second Line of Defense): responsible for the ongoing identification, assessment, and monitoring of sustainability, climate, legal, and information security risks. Results are reported regularly to top management, functional committees (e.g., Audit Committee, Corporate Governance and Sustainability Committee), and the Board of Directors to ensure effective oversight and integration into the Company's risk governance framework.

Business units (First Line of Defense): responsible for identifying key operational risks and implementing appropriate risk planning and mitigation measures in response to internal and external changes, including regulatory developments. Risk assessments and management outcomes are regularly documented and submitted to the internal audit function for independent review.

Risk Management Operations

The Finance and Management Center led a comprehensive review of risk control practices by consolidating risk items reported by each business unit. A risk matrix was developed and refined through interdepartmental discussions, reclassifying 61 risk sub-items into 13 consolidated risk categories. Corresponding mitigation measures were defined, resulting in the establishment of a company-wide enterprise risk control matrix.

TECO has implemented a comprehensive risk management process, including the assessment of risk impact tolerance (divided into three levels based on impact to assets or revenue: <5%, 5%-10%, >10%) and the Company's ability to control those risks for systematic identification and handling. Through this risk management process, TECO evaluates various major risks the Company faces and incorporates them into the risk management framework.

	Risk Item	Management unit	Response Measures	Reduction	Avoidance	Transfer
1	Macroeconomic Risk	President Office	Adjust the global operation plans and resource allocation of each business unit.	√		
2	Geopolitical Risk	President Office	Effectively reduce geopolitical risks through a strategy of diversifying production bases.	√		
3	Disaster Risk	Asset management project team	Regular drills. Purchase insurance to cover potential disaster risks.	√		√
4	Information security risks	Information Security Office	Hardware replacement, software upgrades, increased backups, firewall establishment, and enhanced drills.	√		
5	Market risk	Financial Division	Interest rate, exchange rate, and price risk control.	√		
6	Supply Chain Risk	Central Procurement and Materials Center	Effectively reduce supply chain risk through diversification of production bases, building a resilient and flexible supply chain, combining diversified procurement, hedging transactions, real-time tracking, and risk control to ensure raw material stability and smooth logistics.	√		
7	Credit Risk	Financial Division	Control credit risk to banks and customers.	√		
8	Internal Control Risk	Audit team under the board of directors	Conduct regular audits and update relevant standards and control methods. Track abnormal items to reduce the risk of failure in internal control design and operations; continue to conduct cybersecurity training.	√		
9	Operational Risk	Performance Management Division	For recurring and persistent quality incidents, prioritize and handle urgently, propose improvement measures, regularly review execution progress, and track and control effectiveness.	√		
10	Corporate Responsibility and Sustainability	ESG Office	Ensure the Group's overall sustainable development policies and commitments meet the expectations and	√		

	Risk		requirements of stakeholders. Set a target to reduce operational emissions by 50% over ten years and promote energy-saving and carbon reduction. Participate in Ministry of Economic Affairs supplier-related programs and expand the Group's renewable energy installations.		
11	Health and Safety Risk	Health and Safety Task Force, President's Office	Conduct annual reassessments of risks and environmental aspects, enhance implementation of on-site management by leadership, and strengthen occupational safety and health management at construction sites.	√	
12	Human Resources Risk	Human Resources Center	Expand recruitment channels while implementing mechanisms for key talent development and retention; carry out employee training and enhance internal knowledge transfer.	√	
13	Legal Compliance Risk	Legal Compliance and Legal Affairs Office	Implement ethical management and protect corporate intellectual property.	√	

2.3-4 Information Security Management

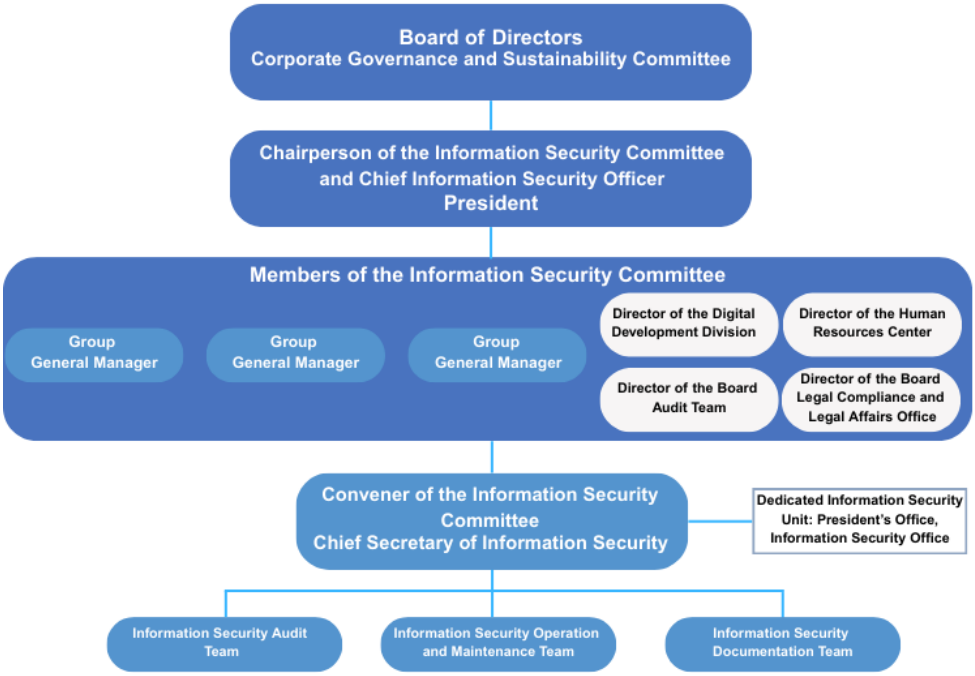
TECO has established a comprehensive Information Security Management System (ISMS), aligning with international standards such as ISO 27001:2022, IEC 62443, and NIST SP 800-82. Cybersecurity risk assessments are regularly conducted through structured evaluation services, and continuous improvement mechanisms are in place to enhance resilience. In 2024, TECO successfully completed the transition and certification to ISO 27001:2022.

Cybersecurity Governance	To enhance cybersecurity governance, TECO established the Information Security Committee under the Board's Corporate Governance and Sustainability Committee, chaired by the President as Chief Information Security Officer (CISO) to oversee Group-wide planning and supervision. A dedicated Information Security Office, established on September 1, 2024, supports implementation and continuous improvement of cybersecurity measures. The Board of Directors includes members with relevant expertise: ● Director Chwen-Jy Chiu: Oversees digital transformation and information security strategies across the TECO Group. ● Director Jong-Chin Shen: Former National CISO and Deputy Premier, led national cybersecurity strategies and industry development. ● Independent Director Mei-Chun Chao: Legal expert with experience in information system governance and restructuring. ● President Fei-Yuan Kao: Serves as CISO and Chairperson of the Information Security Committee, planning the group's information security systems and overseeing information security management operations. TECO obtained ISO/IEC 27001 and CNS 27001:2014 ISMS certifications in 2021 and completed transition to ISO/IEC 27001:2022 in 2024.
Cybersecurity Protection	TECO embeds information security into corporate governance to safeguard stakeholder interests. Guided by its Information Security Policy and aligned with international standards, the Company ensures the confidentiality, integrity, and availability (CIA) of information assets. Regular training strengthens employee awareness and organizational resilience, supporting business continuity and long-term sustainability.
Cybersecurity Audit	TECO conducts annual internal audits based on the ISO/IEC 27701 Privacy Information Management System (PIMS) standard. This systematic review mechanism ensures that our information security and personal data protection measures are operating effectively, while continuously strengthening our privacy governance and compliance management capabilities.

Process Structure	TECO conducts biannual business continuity drills for critical systems, including ERP, global order platforms, and core network infrastructure. In 2024, cybersecurity was strengthened through log management, Network Detection and Response (NDR), and automated traffic monitoring for rapid threat mitigation. The Company achieved ISO 27001:2022 certification and is assessing ISO 27701 adoption to enhance data privacy management, supported by a Personal Data Security Maintenance Plan ensuring regulatory compliance and protection of sensitive information.
Risk Control	To ensure operational resilience, TECO implements a defense-in-depth strategy with enhanced firewalls, antivirus, network allowlists, and Data Loss Prevention (DLP). Intrusion Detection Systems (IDS) proactively detect and block malicious traffic, safeguarding the confidentiality, integrity, and availability (CIA) of critical information assets. These measures are centered on three key objectives: anti-virus, anti-hacking, and data leakage prevention.

The Information Security Committee oversees corporate information security policies and governance. Semiannual management review meetings are held to evaluate the effectiveness, applicability, and adequacy of the Information Security Management System (ISMS), ensuring continuous improvement through audits and the implementation of protective measures.

The Information Security Committee Organizational Structure



TECO identifies information security as a material governance and operational risk, with ultimate Board oversight delegated to the Corporate Governance and Sustainability Committee. A second line of defense—comprising the Information Security Committee, ESG Office, and Compliance & Legal Affairs Office—monitors, assesses, and mitigates cyber risks.

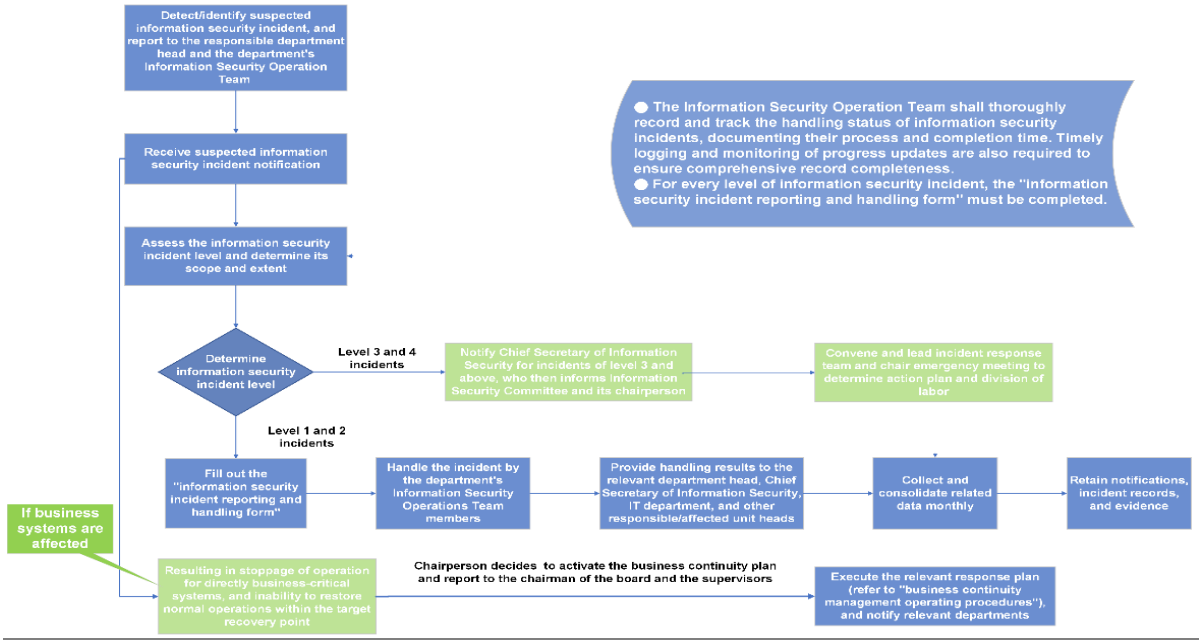
The Company's ISO/IEC 27001–aligned information security management system undergoes annual internal audits for continuous improvement. To build a security-aware culture, TECO delivers mandatory cybersecurity training and communication campaigns; in 2024, four dedicated sessions (7 hours total) trained 392 employees.

Organizational resilience is reinforced through annual unannounced social engineering drills, with results used to strengthen departmental response and refine risk mitigation strategies.

Item	Course title	Hours	Number of Participants
1	Corporate Digitalization and Cybersecurity Resilience	2	64
2	Cybersecurity for IoT and Cloud Applications	2	73
3	Basic Cybersecurity Specifications for Digital Application Mobile Apps	2	74
4	Social Engineering Drill Retraining	1	181
Total Number of Participants			392

In July 2024, TECO experienced a cyberattack targeting several information systems. The Company immediately activated its incident response and recovery mechanisms, reported the case to relevant government authorities, and conducted a thorough impact assessment. No material impact on financial or operational activities was identified. Following the incident, TECO enhanced its cybersecurity governance and strengthened network protection and response frameworks to prevent recurrence and ensure continued information security resilience.

Information Security Incident Reporting Process



2.3-5 Participation in Industry Associations and Policy Influence

TECO actively engages with industry associations, non-profits, and multi-stakeholder platforms to advance industrial innovation, net-zero transition, fiscal reform, and sustainable development, supporting policies aligned with national and global economic goals. Climate advocacy aligns with the Paris Agreement and UN 2030/2050 targets, committing to a 50% operational emissions reduction by 2030 and net-zero by 2050 across all subsidiaries, aiming to limit global warming to 1.5°C.

All external participation undergoes internal review to ensure alignment with corporate values and sustainability commitments. ESG advocacy is assessed by the ESG Office and participation is subject to the approval of the responsible authority, under the oversight of the Corporate Governance and Sustainability Committee. action or termination, with outcomes disclosed publicly.

TECO prohibits illegal political contributions and disguised bribery. All donations and sponsorships comply with the Ethical Management Best Practice Principles, ensuring lawful, transparent, and ethical purposes.

In 2024, TECO's total amount of support for industry associations and non-profit organizations (tax-exempt groups) was NT$5,879,568. The main expenses were membership fees and sponsorships for activities. No monetary donations were made to political or lobbying organizations.

Items	2024
Lobbying representatives, interest representatives, or other similar representatives	0
Political movements/organizations/candidates	0
Trade associations or tax-exempt organizations	5,879,568
Others, such as: expenditures related to referendums	0
Total amount of donations and related expenditures	5,879,568

In 2024, TECO participated in the following major industry associations:

ISSUES OF CONCERN	NAME OF INDUSTRY ASSOCIATION	MEMBERSHIP FEE/ACTIVITY SPONSORSHIP AMOUNT	ROLE OF PARTICIPATION
Industrial transformation and upgrading development	Epoch Foundation	NT$400,000	Director
	Taiwan Electrical and Electronic Manufacturers' Association (TEEMA)	NT$135,524	Policy advisor Director
	Taiwan Association of Machinery Industry (TAMI)	NT$52,800	Regional member representative
	Electric-Electronic and Environmental Technology Development Association of R.O.C. (CED)	NT$130,500	Chairperson
	Chung-Hwa Railway Industry Development Association (CRIDA)	NT$40,000	Director
	Taiwan Excellent Brand Association (TEBA)	NT$40,000	Director

	Taiwan Power Electronics Association (TaiPEA)	NT$30,000	Director
	Taiwan Electric Power Association (TEPA)	NT$20,000	Director
	Taiwan Automation Intelligence and Robotics Association (TAIROA)	NT$25,000	Director
	Taiwan Refrigeration and Air Conditioning Engineering Association (TRAEA)	NT$10,000	Member
	Taiwan Casting Industry Association (TCIA)	NT$21,600	Member
	Institute for Biotechnology and Medicine Industry	NT$20,000	Member
Sustainable development	Taiwan Institute for Sustainable Energy (TAISE)	NT$280,000	Director (TCCS)
	Business Council for Sustainable Development of Taiwan (BCSD-Taiwan)	NT$120,000	Honorary chairperson
	Taiwan Smart City Association (TCSA)	NT$10,000	Member
Renewable/clean energy	Taiwan Wind Industry Association (TWIA)	NT$20,000	Executive Director
	Association of Atmosphere Protection in Taiwan (AAPT)	NT$6,000	Director
	PV Generation System Association (PVGSA) of R.O.C.	NT$20,000	Member
	Taiwan Photovoltaic Industry Association (TPVIA)	NT$10,000	Member
	Taiwan Smart Grid Industry Association (TSGIA)	NT$10,000	Director
	Taiwan E-intelligent vehicle & Green Energy Tech Association (TEGA)	NT$35,000	Member
Cross-border economic and trade exchange	Chinese International Economic Cooperation Association (CIECA)	NT$50,000	Director
	Taiwan-Turkey Business Association (TTBA)	NT$25,000	Honorary chairperson
	Taiwan India Business Association (TIBA)	NT$15,000	Honorary chairperson
	Chinese East Asia Economic Association (EAEA)	NT$50,000	Honorary chairperson
	Cross Strait CEO Summit	NT$100,000	Director
Local enterprise/cultural exchange	Wuxi Xinwu District Association of Taiwan-Invested Enterprises	NT$210,201	Member
	Nanchang Association of Taiwan-Invested Enterprises	NT$97,689	Member
	The Allied Association for Science Park Industries	NT$108,000	Member
	Taiwan Art & Business Interdisciplinary Foundation	NT$200,000	Founder
	The Outstanding Young Person's Foundation	NT$375,000	Vice Chairperson

Realize Shared Vision

Realize Shared Vision

Under its “Realize Shared Vision” strategy rooted in B2B2S, TECO collaborates across the value chain to align ESG goals, advance climate action, and promote responsible sourcing, fostering resilience, innovation, and inclusive growth.

Material topics	1. Supply chain management measures 2. Raw Material Sourcing and Control 3. Climate Action and Net-Zero Emissions
Force majeure or unforeseen transition failure risks	● Increased complexity in management, such as inaccurate emissions data, raises compliance risks. ● External disasters such as extreme weather, geopolitical conflicts, or pandemics may also lead to supply chain disruptions and operational delays. ● Failure to ensure low-carbon and sustainable sourcing of raw materials will be constrained by carbon footprint disclosures, eco-label requirements, and import regulations, thereby affecting product quality, increasing the risk of returns and complaints, and impacting business relationships. ● The cost of high-carbon materials is vulnerable to fluctuations caused by international carbon tariffs and geopolitical factors, placing pressure on procurement and product profitability.
Risk Mitigation	● In 2024, a brand revitalization initiative was launched with the vision of "becoming the key driver in realizing global electrification, intelligence, and green energy." Under the “One TECO” strategic guideline, the Company promotes resource sharing and collaboration within the Group to fulfill its fundamental customer-centric commitment. ● Customer satisfaction surveys are conducted annually, and improvement actions are tracked to enhance customer care and stakeholder communication within the ESG framework. ● Suppliers are guided in conducting emissions inventories and implementing energy management. ● Priority is given to sourcing low-carbon, deforestation-free, and traceable raw materials certified by third parties, while gradually promoting alternative materials and circular reuse strategies.

2024 Achievements Overview

TECO is advancing supply chain carbon management and reduction in alignment with its “50% Emissions Reduction in 10 Years” target through strategic partnerships, internal mechanism, and capacity building:

1. Supply Chain Engagement
   Partnered with National Yunlin University of Science and Technology and 11 key suppliers under the Ministry of Economic Affairs’ “1+N Carbon Management Demonstration Team” to conduct carbon inventory and reduction diagnostics, enhancing decarbonization capabilities across the chain.
2. Carbon Governance Integration
   Carbon footprint verification and reduction outcomes are integrated into annual KPIs and linked to senior executives’ variable compensation, establishing a sustainability performance-oriented culture.
3. Capacity Building and Training
   Conducted multiple training programs for suppliers on GHG inventory, carbon reduction technologies, and verification process to improve carbon management capabilities.

These initiatives are incorporated into annual KPI management and linked to performance-based incentives to institutionalize sustainability execution and governance.

3.1 Partner with Customers and Suppliers to Expand the Value Chain’s Sustainability Synergy

3.1-1 Customer Satisfaction

TECO continuously enhances customer satisfaction through structured assessments, targeted improvements, and transparent disclosure mechanisms across its three business groups:

- The Green Mechatronic Solution Business group distributes semi-annual customer satisfaction surveys to global clients, identifying key areas for service and product improvement.
- The Air and Intelligent Life business group collects customer feedback primarily via structured telephone interviews.
- Regional subsidiaries serve as the primary customer contact and feedback channels.

In 2024, TECO publicly disclosed overall customer satisfaction scores, aggregated and weighted by business revenue contribution, demonstrating its commitment to customer-centric performance monitoring and continuous improvement.

Customer satisfaction	2020	2021	2022	2023	2024	Goal
Satisfaction for the Green Mechatronic Solution Business Group	72.50%	78.10%	84.90%	65.30%	74.50%	90.00%
Questionnaire response rate	100.00%	100.00%	88.30%	83.30%	100.00%	-
Satisfaction for the Air and Intelligent Life Business Group	82.60%	84.50%	86.30%	86.80%	86.08%	85.00%
Questionnaire response rate	21.00%	57.00%	64.50%	62.00%	51.40%	-
Satisfaction for the Intelligence Energy Business Group	84.80%	86.10%	87.00%	87.70%	82.50%	88.50%
Questionnaire response rate	-	84.00%	96.00%	98.00%	92.00%	-

TECO places strong emphasis on customer experience and service quality. In 2024, although not all business groups met their satisfaction targets, overall scores improved. Notably, the Green Mechatronic Solution Business Group showed significant progress compared to 2023, reflecting the Company's commitment to continuous improvement.

Key improvement measures include:

- Enhancing customer feedback mechanisms and response timeliness
- Strengthening after-sales service quality and technical support
- Conducting root cause analysis for negative feedback and implementing corrective actions
- Improving product training for clients and regional sales teams
- Reviewing satisfaction metrics quarterly to track progress against targets

Green Mechatronic Solution Business Group	Sales and Services	• Enhance staff skills and responsiveness through process training and the application of standard working hours to accelerate delivery and service efficiency. • Improve quality with a significant reduction in external failure costs, effectively intercepting problems, reducing complaints and returns, and indirectly improving after-sales evaluations.
	After-sales service	• Strengthen customer service responsiveness and attitude by establishing a fast response and backend remediation mechanism. • Continuously track corrective actions for deficiencies, emphasizing effective countermeasures addressing the "root cause." • Promote a digital after-sales service platform to increase transparency in customer repair requests and tracking. • Establish a key customer care system, such as regular technical follow-ups and satisfaction tracking.

Air and Intelligent LifeBusiness Group		Sales and Services	● Service staff must make a phone call (diagnostic inquiry) before visits. ● Strengthen preparation of product parts and backup solutions in case of unavailable parts, ensuring materials are prepared before visiting customers. ● Increase manpower and collaborate with partners, while optimizing service staff regional grouping.
		After-sales service	● Increase phone lines and customer service personnel in the customer service center. ● Expanded smart customer service chatbot for 24/7 support
Intelligence Energy Business Group	Product Department	Improve material supply issues to enhance production capacity.	Due to unstable incoming materials affecting production, specific improvement plans were proposed and implemented to increase daily output, improving shipping efficiency and delivery stability.
		Accelerate new product rollouts to ease stock shortages of popular products.	To address "demand exceeding supply" during product transitions, future measures will include shortening transition periods and speeding up new product rollouts to enhance production scheduling flexibility, ensure timely market supply, and reduce stockouts.
	Engineering Department	Manpower Shortage	● Adjust compensation structure to support recruitment efforts, ● Strengthen employee training programs to enhance overall work efficiency.
		Schedule Control	● Utilize schedule control software (e.g., P6) and provide progress updates for preparatory work to improve team efficiency. ● Regularly review progress to ensure objectives are met on time and with quality, increasing overall project success rates.

- In the future, TECO is committed to setting more ambitious customer satisfaction targets and expanding stakeholder feedback integration into its strategic and operational planning cycles.
- Intelligence Energy Business Group does not disclose metrics on the “Number of customers using online services” or the “Revenue generated from online services.”

3.1-2 Supply Chain Management

TECO's supply chain sustainability framework integrates ESG principles and risk management. Suppliers must follow the Supplier Code of Conduct, covering labor, environmental, ethical, and compliance standards. Annual ESG assessments, including audits and third-party evaluations, achieved over 97% Tier 1 supplier compliance in 2024. Non-compliant suppliers receive improvement plans, with enhanced due diligence for high-risk sectors.

Based in Taiwan and China, the supply chain supports electromechanical and appliance products. The ESG Office classifies suppliers by procurement volume and risk:

Tier 1 Suppliers: High-volume or single-source, representing 80% or NT$6.858 billion spend (total procurement: NT$8.522 billion).

Key Tier 1 Suppliers: High ESG risk, accounting for 29.42% of Tier 1 spend.

Key Non-Tier 1 Suppliers: Non-compliant OEMs via agents.

This focused approach ensures robust ESG monitoring and responsible sourcing, enhancing sustainability performance.

Total number of Tier 1 Suppliers	136
Total number of Key Tier 1 Suppliers	49
Procurement expenditure ratio of Key Tier 1 Suppliers (Expenditure amount / Total procurement expenditure)	29.42%
Total number of key Non-Tier 1 Suppliers	14
Total number of Key Suppliers (Tier 1 and Non-Tier 1)	63

Supplier Code of Conduct

To ensure supplier alignment with TECO's sustainability belief, the Company has institutionalized sustainability requirements within procurement and supplier management procedures. Measures include:

- Integrating dedicated ESG clauses into procurement contracts and renewal processes
- Implementing a systematic ESG evaluation form for supplier assessments
- Promoting localized procurement strategies to reduce carbon emissions and support regional economies
- Requiring signed declarations and commitments such as:
    1. Prohibited/Restricted Substances Guarantee

2. Conflict-Free Minerals Declaration
3. Supplier Code of Conduct
4. Human Rights and Environmental Sustainability Commitment

Supplier sustainability performance across environmental, social, and economic aspects is regularly reviewed to reduce ESG-related risks and ensure long-term, resilient supply chain development.

Supplier Management and Audit System

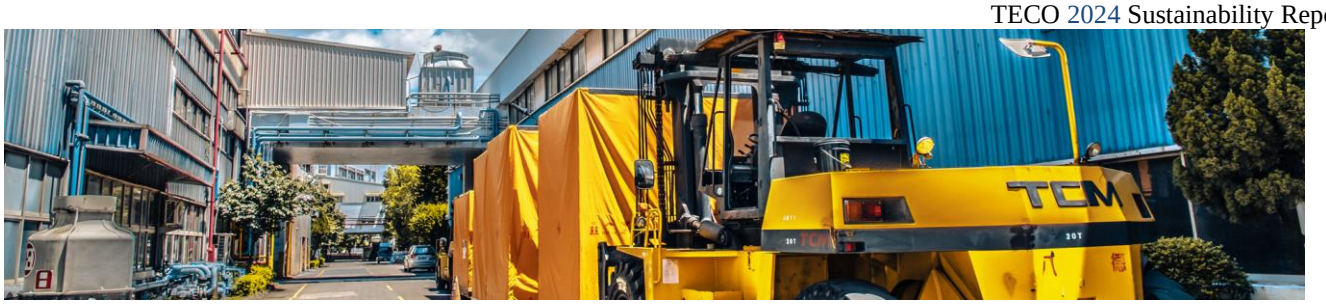
TECO evaluates all suppliers through a Supplier Assessment Form covering four aspects: environmental, social, corporate governance & ethical oversight, and operational performance. The President Office Quality Control Team requires each division to establish Contractor Evaluation Implementation Procedures as a risk assessment mechanism based on national regulations, industry, and product standards. The first six criteria represent ESG risks—suppliers failing any are deemed to have negative ESG impact. The procurement department oversees program execution, with the ESG Office providing guidance and resources. Major supplier ESG decisions are reviewed and approved by top management or relevant committees.

Risk Identification Principles for Key Suppliers

RISK #1	Suppliers' performance in wastewater, air emissions, waste, and noise control management must comply with regulations	Environment	National Regulatory Risk
RISK #2	Whether the supplier has had any major occupational safety incidents or environmental-related penalties	Environmental/Social	Industry-Specific Risk
RISK #3	Whether the supplier follows regulations related to the handling of hazardous substances (e.g., RoHS & REACH) and chemical management (e.g., safety data sheets, storage management)	Environment	Product-Specific Risk
RISK #4	Whether the supplier has violated social responsibilities related to labor and human rights	Society	Industry-Specific Risk
RISK #5	Whether the supplier has violated corporate governance and ethical business conduct codes	Governance	National Regulatory Risk
RISK #6	Whether the supplier has implemented greenhouse gas emissions reduction measures	Environment	Industry-Specific Risk
RISK #7	The supplier’s performance in delivery capability, quality control, stability, cost-effectiveness, and other operational performance indicators must meet the Company’s requirements	Business-Related	Industry-Specific Risk

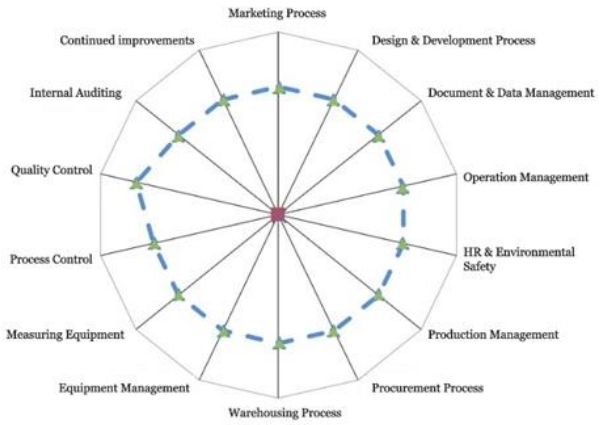
Supplier Evaluation Implementation Procedure

Pre-Transaction Evaluation	To ensure compliance with TECO's quality, environmental, and ESG requirements, suppliers must undergo pre-transaction evaluation to verify whether they have obtained international certifications such as ISO 9001, TS16949, ISO 14001, ISO 45001, etc., and meet the relevant risk principles. To ensure that suppliers fully understand ESG trends, energy-saving and carbon reduction methods, and international certifications during the evaluation process, ESG-related training seminars (online or in-person) are planned to assist suppliers in obtaining relevant certifications or developing related capabilities.
At Contract Signing	Suppliers are required to sign the "Supplier Code of Conduct," including the "Human Rights and Environmental Sustainability Commitment." If any part of the commitment is violated during the transaction period, TECO may terminate the contract to ensure that suppliers fulfill social responsibilities during their operations or production processes.
On-Site Evaluation	For new suppliers and all existing suppliers, TECO conducts evaluations according to the "Contractor Evaluation Implementation Procedure." Evaluation teams formed by personnel from R&D, quality control, production technology, procurement, environmental safety, and auditing departments within the business units conduct on-site evaluations using TECO's official contractor scoring scale, covering six aspects: quality control capability, R&D capability, business management and service systems, production technology, and ESG.
Regular Assessment	All suppliers undergo re-evaluation every three years based on ISO 9001, IATF 16949, and external audit requirements, using a standardized self-assessment form. Suppliers with strong ESG performance and compliance with TECO standards are prioritized as long-term partners. Non-conformities trigger a corrective action request, requiring a report within 30 days; TECO may provide guidance to improve environmental or labor practices. Corrective actions are tracked and verified in subsequent audits, and persistent non-compliance may result in contract termination to safeguard standards and mitigate risks.



Criteria for Supplier Scoring Scale

Items	Weigh -ting	Ratio	ESG	Responsible Unit	Description
Marketing Process	15	4.4%	G	Procurement	Covers business conduct principles
Design & Development Process	41	12.0%		R&D	Covers schedule control and design capabilities
Document & Data Management	20	5.9%		QC	Covers document life cycle management and audit efficiency
Operation Management	10	2.9%	G	Procurement	Covers organizational responsibilities, supervisory mechanisms, and operational performance
HR & Environmental Safety	38	11.1%	E, S	Health & Safety	Covers ISO management, greenhouse gas inventory, pollution prevention, energy and water conservation, labor and human rights, regular communication, forced labor, child labor prohibition, and improper discrimination, etc.
Production Management	14	4.1%		Production Management	Covers production scheduling management and handling of emergencies
Procurement Process	30	8.8%	E, G	Procurement	Covers supplier evaluation system and control of prohibited substances and conflict minerals
Warehousing Process	23	6.7%		Production Management	Covers MRP system, control of non-conforming materials, and storage criteria management
Equipment Management	21	6.2%		Production Technology	Covers maintenance, spare part management, and mold life cycle management
Measuring Equipment	21	6.2%		QC	Covers calibration management, lab personnel control, and MSA analysis
Process Control	33	9.7%		Production Technology	Covers relevant SOP, rework management, and on-site 5S management
Quality Control	54	15.8%		QC	Covers quality assessment, sampling management, authorities and responsibilities in the handling of non-conforming items, five core management tools, and technician certificates
Internal Auditing Process	7	2.1%	G	QC	Covers audit plans and tracking of corrective actions for detected anomalies
Continued improvements	14	4.1%		QC	Covers continued improvement of SOP and linkage to prevention of recurrence and control plans



Determination	Condition
Qualified	Individual item score ≧ 70 QC score ≧ 80 Key item score ≧ 80
Conditionally qualified	Individual item score does not meet the standard but at least one individual item score ≧ 60 QC score ≧ 70 Key item score ≧ 70
Disqualified	Any individual item < 60, or QC score < 70, or Key item score < 70

- All suppliers are subject to evaluation and audit once every three years. ESG-related questions account for 29.3%.

In the aspect of sustainability management, TECO has established two major ESG goals, “Labor Human Rights Social Responsibility” and “Environmental Protection,” and has formulated specific management items that suppliers are required to comply with for each goal. These are intended to guide suppliers in enhancing their sustainability management capabilities and strengthening their sense of corporate social responsibility. The concrete approach is as follows:

ESG Goal	Goal Description	Supply Chain Management Strategy
Labor human rights and social responsibility	To ensure that employee treatment of all suppliers is able to meet TECO's expectations for human rights	1. Suppliers found to employ child labor (under 15 years old) shall be classified as non-compliant suppliers and have their cooperation terminated 2. Whether the supplier has passed ISO 45001 Occupational Health and Safety Management System certification 3. List the labor human rights and social responsibility as the supplier evaluation items 4. The "Letter of Commitment to Human Rights and Environmental Sustainability" is required to be signed together with procurement contracts
Environmental protection	1. Suppliers that are friendly to the environment are selected in priority 2. Provide guidance to suppliers in order to improve the performance in environmental friendliness, energy conservation, and carbon reduction	1. Inspect whether suppliers have qualified the ISO14001 environmental management system 2. List the environmental protection compliance status and performance of energy conservation and carbon reduction as the supplier evaluation items 3. The "Letter of Commitment to Human Rights and Environmental Sustainability" is required to be signed together with procurement contracts

2024 Supplier Risk Assessment Status and Results

TECO conducts ESG audits of suppliers on a three-year cycle, utilizing a two-stage evaluation approach:

Stage 1 – Self-Assessment:

All suppliers complete a self-assessment form to determine ESG risk levels, covering presence of ISO certifications and ESG systems. Suppliers are also screened by industry type (manufacturing vs. trading).

Stage 2 – On-site or Deep-Dive Evaluation:

High-risk suppliers identified in Stage 1 undergo a second-stage assessment using TECO's official contractor scoring scale, with ESG factors weighted at 29.3%.

2024 Assessment Results:

- Total suppliers assessed: 97, including 63 key suppliers
- Social impact: No suppliers identified with significant negative impacts
- Environmental impact: 34 key suppliers had not yet completed GHG inventory and were flagged for assistance
- Termination: No suppliers were removed due to ESG violations

These assessments ensure early identification of ESG risks and enable targeted improvement actions to strengthen supply chain resilience and sustainability alignment.

Total number of suppliers assessed (greenhouse gas inventory) 2024 Target: 50% (68 suppliers)	97
Percentage of key suppliers assessed (have not conducted greenhouse gas inventory)	64.95%
Number of suppliers required to conduct (greenhouse gas inventory)	34
Percentage of suppliers already assisted or requiring assistance (greenhouse gas inventory)	100%
Number of suppliers to be terminated	0

To support key suppliers in carbon management, TECO implemented a structured supplier engagement and capacity-building program in 2024:

- Supported 34 suppliers with simplified GHG inventories
- Conducted 4 internal training sessions (totaling 24 hours), covering environmental management and carbon inventory, with participation from SMEs across business units
- Launched ISO 14064-based training through the green supply chain enhancement project, strengthening supplier capabilities in GHG and carbon footprint verification
- Formed a "1+N Carbon Management Demonstration Team" in collaboration with the Ministry of Economic Affairs and National Yunlin University of Science and Technology
- Provided on-site coaching to 9 key suppliers, covering boundary setting, emission source identification, activity data collection, and carbon calculation
- All 9 suppliers completed GHG inventories by end of 2024

In 2025, TECO will continue to monitor and guide suppliers in annual inventory updates and reduction actions, embedding ESG risk control and resilience across the supply chain.

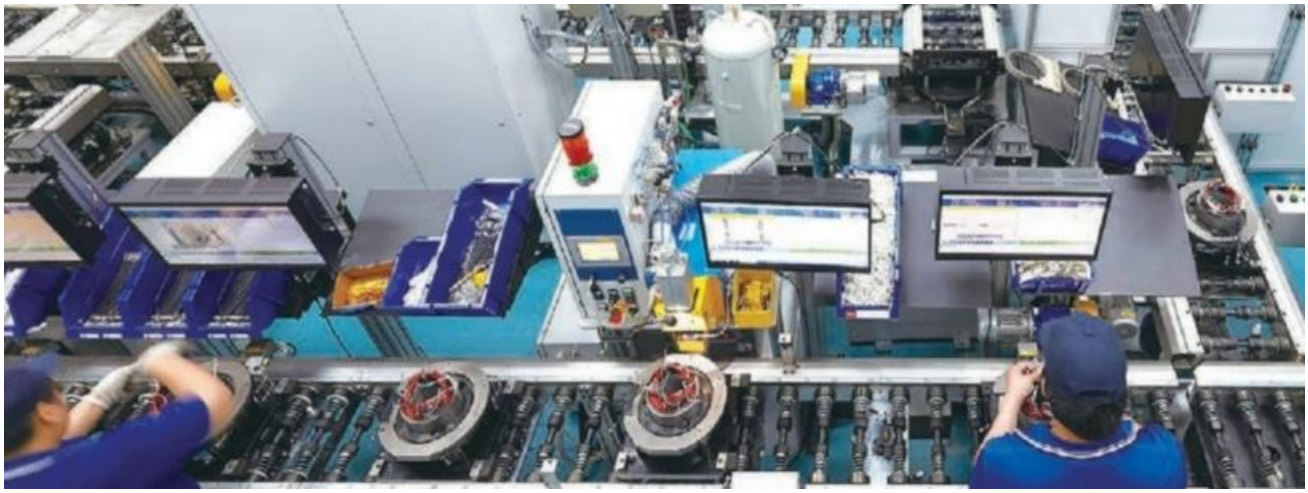
Supplier Guidance and Training

Number of Key Suppliers Assisted with Improvements 2024 Target: 50% (32 suppliers)	34	Percentage (as a proportion of suppliers required to be assessed)	100%
Number of Key Suppliers Participating in Empowerment Program 2024 Target: 5% (5 suppliers)	9	Percentage (as a proportion of all key suppliers)	9.3%

To strengthen suppliers' ESG risk awareness and carbon reduction capabilities, TECO organized four sustainability training sessions in 2024. Through physical seminars, suppliers received:

- Guidance on global ESG trends and regulatory developments
- Updates on energy-efficient product innovation and practices by ESG benchmark companies
- Practical knowledge on energy-saving, carbon reduction strategies, and management systems

These efforts aim to deepen suppliers' understanding of sustainability practices and enhance the overall resilience and performance of the supply chain.



Hazardous Substances Policy and Materials Management

In 2024, TECO ensured 100% compliance of all motor and home appliance products and raw materials with international regulations and its own Prohibition/Restriction of Environmental Hazardous Substances policy. Conflict-free materials are selected from the design stage, and a hazardous substance management mechanism requires adherence from all employees, suppliers, contractors, and stakeholders. New regulated substances identified through scientific or regulatory changes are phased out or replaced based on product characteristics.

International Regulatory Trends	To accommodate the diversified development of TECO's electromechanical products, the Company continuously monitors various regulations related to hazardous substances. For example, the European Union's "Restriction of Hazardous Substances in Electrical and Electronic Equipment Directive" (RoHS) and "Registration, Evaluation, Authorization and Restriction of Chemicals" (REACH) regulations must be anticipated in advance, and incorporated into management measures and implementation at least one year before the regulations take effect.
TECO Hazardous Substances Management Mechanism	All major manufacturing and operational sites comply with the Group's Regulations on the Prohibition/Restriction of the Use of Environmental Hazardous Substances, ensuring that TECO's hazardous substance management specifications are consistently enforced across the Group, subsidiaries, and affiliates. The scope covers raw materials, components, processed products, and production consumables, all of which must be implemented in accordance with the regulations. Currently, TECO adheres to the REACH-regulated list of prohibited/restricted hazardous substances and manages substances relevant to the Company's operations. Materials are categorized into non-ferrous metals, ferrous metals, plastic packaging, paper packaging, wooden packaging, foam packaging, and process chemicals.
Implementation and Execution	TECO reviews and updates its Prohibition/Restriction of Environmental Hazardous Substances regulations annually, or as needed for major regulatory or policy changes, through cross-departmental discussions. Each site implements control procedures, including inspection reports and supplier guarantee letters. In 2024, no hazardous substances were found in operations or products.
Hazardous Substances Disclosure	Due to the complexity of electronic product components, this issue is of high concern to stakeholders. TECO references the regulatory limits of REACH regulations as the risk assessment for product impact on human health and the environment, evaluating that electromechanical product revenue accounts for 68% of the Green Mechatronic Solution Business Group's revenue. Raw material acquisition at the product design stage for the Green Mechatronic Solution Business Group, the Intelligence Energy Business Group, the Air and Intelligent Life Business Group, and the Integrated Research Institute all meet TECO's 10 hazardous substance standards' exemption limits, which demonstrates that 100% of TECO's products comply with regulatory standards for hazardous substance content

- TECO aligns conflict mineral due diligence with OECD Guidance. In 2024, recycled materials accounted for 81.6% of motor housing inputs, and green sourcing training reached all procurement staff.

Conflict-free Minerals Commitment

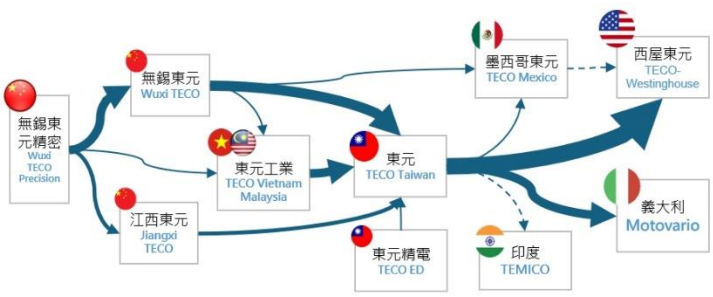
TECO has issued a Declaration of Non-Use of Conflict Minerals, requiring suppliers to trace the origins of metals such as Gold (Au), Tantalum (Ta), Tin (Sn), Tungsten (W), and Cobalt (Co). Suppliers must ensure that these materials are not sourced from armed groups or illegally mined in conflict-affected areas, particularly the Democratic Republic of Congo (DRC) and neighboring countries, such as Rwanda, Uganda, and Burundi, as defined by UN Security Council sanctions.

Through supply chain due diligence and traceability mechanisms, TECO actively prevents the use of conflict minerals in its production processes, upholding ethical sourcing standards and supporting responsible mineral procurement practices.

100% procurement of conflict-free metals

- Copper and aluminum raw materials: Suppliers are required to purchase from the London Metal Exchange (LME)
- Steel materials: Procured from China Steel Corporation (Taiwan), Nippon Steel & Sumitomo Metal Corporation (Japan), and top-tier steel mills in China

3.1-3 Sustainable Materials Management



Globally, TECO's raw material procurement primarily consists of steel, iron, copper, aluminum, and small amounts of plastic. Regional analysis shows that the main origins are China, Taiwan, Vietnam, and Europe.

Taiwan has foundries capable of melting scrap generated during the production process using electric furnaces to remake motor housings. In 2024, the recycling rate reached approximately 82.3%.

TECO's Sustainable Materials Management Plan	2024 Management Actions
Raw material assessment to identify priority materials	TECO is committed to promoting multiple sustainable materials management initiatives. Motors are TECO's main product, with over 90% of material composition being metal. Based on product carbon footprint analysis, metals and plastics are the primary sources of environmental impact and are therefore designated as the priority for management .
Traceability of raw material sources	TECO tracks and traces all procured materials. In 2024, a preliminary biodiversity impact analysis was conducted on major steel suppliers from China. Supplier audits are also used to further reduce the environmental and social risks posed by raw material suppliers.
Reducing negative environmental and social impacts from raw material production	TECO commits to 100% conflict-free metal sourcing and integrates ESG criteria—such as GHG reduction and human rights—into supplier selection and evaluation. All suppliers must sign the Supplier Code of Conduct, and regular ESG risk assessments focus on labor rights and environmental protection.
Target setting for proportion of sustainable raw materials	Currently, no specific targets have been set, and continuous promotion is expected to commence in 2025.
Target setting for proportion of recycled raw materials	During the design and manufacturing of IE3 high-efficiency motors, ~86% of materials used are steel and iron. TECO promotes circularity by reusing silicon steel scrap for motor housings. In 2024, 3,111.83 metric tons of residual materials were recycled, achieving an 82.3% recycling rate. 81.6% of cast iron housings contained recycled content, supporting resource efficiency and reduced dependence on primary raw materials.
Disclosure of progress in sustainable raw material procurement	Currently, there are no specific disclosure targets, and continuous promotion is expected to commence in 2025.
Providing internal stakeholders with training on sustainable raw materials	To enhance sustainable supply chain management, TECO provides ESG-related training to procurement staff and promotes company-wide awareness through the TECO e-Academy. In 2024, 16 sustainability-related courses totaling 32.7 hours were offered, including topics such as green energy policy and economic outlook. These programs strengthen employee understanding of ESG issues and supplier oversight capabilities.

2024 Annual Procurement Volume

Raw Material Name	Procurement Location	Usage Volume (ton)	Recycled Material Ratio	Description
Aluminum	China	240	-	Aluminum raw materials (aluminum products, aluminum ingots) are the main materials, and the total global procurement volume in 2024 is considered as the usage volume.
	Taiwan	485	-	
Copper	China	3,284	-	Copper raw materials (enameled wire, copper bars, copper tubes for air conditioning) are the main materials, and the total global procurement volume in 2024 is considered as the usage volume.
	Taiwan	2,963	-	
Iron/Steel	China	40,922	-	Steel raw materials (silicon steel coils, steel plates, steel bars), with the total global procurement volume in 2024 considered as the usage volume. Taiwan has foundries capable of melting scrap materials to remanufacture motor housings.
	Taiwan	16,994	31,11.83 (20.5%)	
Plastics	Taiwan	105	0.35%	Mainly used in household appliance products.

Note: In addition to raw material procurement controls, TECO incorporates audits for compliance with ISO 9001 and IATF 16949 into all merger, acquisition, and joint venture processes, while strengthening ISO 14001, ISO 45001, and hazardous substance management capabilities. This ensures that business partners meet quality, environmental, and occupational health and safety requirements, and that products comply with green management and control standards.

Note: In 2023, TECO analyzed the properties of plastic raw materials and the proportion of recycled content usage based on greenhouse gas inventory data. The scope of the investigation covered unified procurement and all production plants in Taiwan. Investigation results showed that the proportion of recycled plastic used was 0.35%. Furthermore, because the Quality Control Department, based on product quality and safety considerations, set an upper limit for recycled plastic content not exceeding 15%. In the future, TECO will continue to conduct data investigations to ensure quality without concerns, improve the utilization rate of recycled materials, and strengthen resource circularity.

Drive Low-Carbon Transition

Drive Low-Carbon Transition

TECO's strategy to drive low-carbon transition stems from its "B2B2S" belief—creating business value that contributes to broader societal sustainability. The company accelerates decarbonization by becoming the key driver in realizing global electrification, intelligence, and green energy.

Material topics	1. Climate Action and Net-Zero Emissions Pathways 2. Renewable Energy Development and Utilization 3. Employee Development and Career Growth
Force majeure or unforeseen transition failure risks	● The market acceptance of high-carbon products is gradually decreasing. In addition, the high initial investment cost of energy-saving and carbon-reduction facilities may cause short-term financial pressure. ● Insufficient talent mobility and training resources may affect the advancement of organizational low-carbon transition and pose a risk of talent loss.
Risk Mitigation	● Enhance a diversified product portfolio to flexibly respond to the low-carbon market demands of different regions. ● Introduce external digital and sustainability expertise to strengthen internal carbon reduction capabilities and low-carbon talent training.
2024 Achievements Overview	1. **Green Products & Energy-Saving Services** • Green products accounted for 73.82% of total sales, reflecting TECO's commitment to low-carbon product development. • The "Super ESCO" program provided integrated energy-saving solutions combining high-efficiency equipment with intelligent energy management systems. • Adoption of high-efficiency motors and renewable energy solutions further improved product energy performance. 2. **Talent Development & Social Inclusion** • TECO advanced talent cultivation through industry-academia collaboration in automation and sustainability-related fields. These initiatives are integrated into annual KPIs and linked to senior executive performance appraisals, enhancing TECO's sustainability implementation.

4.1 Be Dedicated to Create Low-Carbon and Sustainable Growth

In 2024, TECO applied EU Taxonomy-Eligible criteria to classify sustainability-related revenue and investments. The company disclosed detailed breakdowns of taxonomy-eligible business segments across three main business groups, achieving 52.0% sustainable revenue ratio, 13.5% CAPEX, and 15.6% OPEX allocation.

2024 sustainable revenue proportion: 52.0%; capital investment proportion: 13.5%; operating expense proportion: 15.6%

Classification	Business Organization and Output	EU Taxonomy Item	Revenue Ratio	Capital Ratio	Expense Ratio
Taxonomy Eligible	Electromechanical System and Automation Business Group: High-efficiency motors and electric vehicles	3.3 Manufacture of low-carbon technologies for transport 3.6 Manufacture of other low-carbon technologies 4.1. Electricity generation using solar photovoltaic technology. 8.2 Data-driven solutions for GHG emissions reductions	37.7%	7.7%	15.6%
	Air Conditioner and Smart Life Business Group: Green home appliance products	3.5 Manufacture of energy efficiency equipment for buildings	5.9%	2.6%	
	Smart Energy Business Group: Clean energy engineering	4.1. Electricity generation using solar photovoltaic technology. 4.9 Transmission and distribution of electricity 4.10 Storage of electricity	8.4%	3.2%	
Not Eligible	Other business units	No	48.0%	86.5%	84.4%

- Note: The business organizations covered by "not eligible" in the above table include the three major business groups and other subsidiaries.
- Because there is no industry consensus on the definition of “do no significant harm (DNSH)”, TECO adapts Taxonomy Eligible only in 2024.
- Sustainable CAPEX: Includes solar installations, R&D on green products/processes, safety and environmental protection equipment, automation, etc.
- Sustainable OPEX: Includes R&D, employee training, environmental protection expenses, low-carbon solution operations, and NGO sponsorships.

We are currently evaluating the EU Taxonomy and integrating the business goals of each business group to set performance targets on the sustainability front, thereby realizing low-carbon and sustainable growth through TECO’s business operations.

4.1-1 Product/Service Sustainability Classification

Referring to the ISO 14020 series standard and based on the principles of Type I, II, and III environmental labels and declarations, TECO has self-declared TECO GO ECO as our low-carbon products and services standard to calculate the portion of sold low-carbon motors and home appliances annually. In 2024, we achieved 73.82% green product revenue. Product classification and alignment are subject to annual review to ensure consistent application.

TECO GO ECO - TECO Low-Carbon Products and Services

To strengthen the identification of TECO's low-carbon products and services, TECO referred to the ISO 14020 series standards and, based on the principles of Type I, II, and III environmental labels and declarations, identified motors and home appliance products as low-carbon products and services according to their environmental characteristics.

TECO's low-carbon product sales proportion in 2024 is 73.82%.

- Type I: Standard motors that meet the IE3 energy efficiency standard or higher, and home appliance products with Level 1 energy efficiency and energy/water-saving standards
- Type II: TECO continues to use the "TECO GO ECO" low-carbon label, with custom motors of efficiency >95% as the first batch of products included under the TECO low-carbon label
- Type III: Motors and air conditioners certified with carbon and water footprint verification

- Green Mechatronic Solution Business Group (GM): High-efficiency motor sales ratio – 86.1%
- Air & Intelligent Life Business Group (AI): Green home appliance sales ratio – 62.0%
- Intelligence Energy Business Group (IE): Engineering revenue from offshore wind, grid resilience, green buildings 52.0%

4.1-2 Future Business Opportunities in Climate Change

TECO's vision of "becoming the key driver in realizing global electrification, intelligence, and green energy" closely aligns with the current global trend of low-carbon transformation.

Electrification

Benefiting from the global net-zero emissions goal for 2050, governments around the world are formulating policies to accelerate the spread of electrification. TECO's business opportunities focus on:

- **Power Grid Resilience Construction**

Taipower's "Power Grid Resilience Enhancement Project" is planned around three main pillars: "pursue decentralization, continue reinforcement, and enhance defense." The project aims to invest NT$564.5 billion over ten years to expand and accelerate grid improvements, including the opportunity to construct over 15 indoor substations. TECO products provide equipment for electricity demands, such as 161KV, 69KV GIS, switchboards, equipment switches, and overhead line switches. TECO also actively seeks opportunities in Taipower's turnkey substation projects, such as proposing the 23KV C-GIS SF6-free solution (in cooperation with Siemens).

- **Commercial Vehicle Electrification**

Vehicle electrification is applied to electric buses, retrofitted vehicles, commercial trucks, and ship propulsion. In Taiwan, TECO's power system holds over 85% market share. In India, TECO plans to complete the EV production line deployment and begin mass production in 2025, continuing to explore local electric bus opportunities. In addition, through hairpin motor technology, TECO targets the European and American commercial EV market with E-Axle drive systems, aiming to capture a potential multi-billion-dollar opportunity. In North America, responding to the "Buy America" policy, TECO established a new sales company, Teco NexE, and with its partners provides comprehensive EV charging station solutions, including tailored one-stop services for hardware, software, communications, and commissioning.

- **Mobile Variable-Frequency Control Station (VBskid)**

The combination of VBskid with high-efficiency motors has established a successful model in North America's petrochemical industry and will be extended to Southeast Asia and Australia markets. As the world enters a phase of grid transformation with massive demand for power transformers, TECO's high-efficiency energy-saving transformers are well-positioned to capture market opportunities.

In the future, TECO will continue to lead Taiwan's energy storage market with its experience, safe and reliable products, advanced technologies, and localized delivery services.

Energy-Saving and Decarbonization Intelligence

The International Energy Agency (IEA) emphasizes that "energy efficiency is the first fuel." At the Climate Change Strategy Conference, President Lai Ching-te advocated for "advancing the second energy transition, promoting diversified green energy, and achieving deep energy savings," highlighting the critical role of Energy Service Companies (ESCOs) in realizing these objectives. According to international market research, the global ESCO market was valued at approximately USD 32.35 billion in 2023, with the IEA projecting growth to USD 82.4 billion by 2030.

TECO integrates its group-wide products and expertise under the Super ESCO model to deliver comprehensive energy solutions, fostering cross-industry alliances to enhance sustainability. Our services encompass energy diagnostics and consulting, energy-saving solutions for power equipment and utility systems (e.g., air conditioning, air compressors, pumps, and fan systems), process automation, equipment operation and maintenance management, and digital platforms for energy-saving performance, decarbonization, carbon inventories, and carbon trading. Key initiatives include:

- **AI High-Tech Carbon Inventory**
  TECO's affiliate, Tecom, has developed an AI-powered greenhouse gas inventory solution (AI-CNm), enabling enterprises to conduct carbon inventories with greater efficiency and accuracy. Through an intelligent dashboard, it identifies carbon emission hotspots, facilitating targeted emission reduction strategies. To date, this solution has supported 105 units under Taiwan's Ministry of Economic Affairs and approximately 25,000 small and medium-sized enterprises (SMEs) in achieving their carbon management goals.

- **Smart Energy-Saving Solutions for Power Equipment and Utility Systems**
  TECO has introduced high-efficiency, energy-saving products, such as the IE5 ultra-high-efficiency reluctance motor, featuring a rare-earth-free design to enhance supply chain resilience and reduce customers' carbon emissions. By integrating intelligent control systems and sensor-based data analytics, TECO enables precise regulation of power equipment and utility systems, achieving significant energy savings and supporting decarbonization objectives.

- **Smart Air Conditioning Systems**
  Through advanced energy-saving diagnostics, TECO optimizes chiller group control, delivering customized, cost-effective solutions. The application of AI technology enhances operational efficiency, achieving energy-saving rates of 10%–12% while improving system stability.

Looking ahead, TECO is committed to integrating green financing solutions to support customers in accessing government subsidies, thereby reducing investment costs and accelerating the adoption of sustainable technologies.

2024 strategic collaboration with a major PCB manufacturer → Expansion of smart energy management applications → Increased sales of high-performance equipment
↓
Green product innovation (motors + appliances) → Enhanced energy-saving and carbon-reduction benefits

Green Energy

TECO is committed to advancing green energy infrastructure, aligning with global sustainability goals and supporting the transition to a low-carbon economy. Our strategic investments focus on the following key areas:

- **Offshore Wind Power Substations**
  To support the expansion of renewable energy, the Taiwanese government has set a target of achieving 15 GW of offshore wind power capacity from 2026 to 2035, with an anticipated total installed capacity of 20 GW by 2035, generating an economic output exceeding NTD 1.3 trillion. TECO has secured contracts for approximately 2.5 GW of onshore substations for offshore wind power, representing a 35% market share. Our turnkey engineering solutions integrate collaboration with midstream and downstream suppliers, leveraging TECO-manufactured primary power equipment to advance the localization objectives of Taiwan's offshore wind power initiative.

- **Photovoltaic and Energy Storage Systems**
  TECO has completed the development of 21 MW of self-built solar power facilities, with a contracted capacity exceeding 15 MW. We have introduced solar inverters rated at 1500V DC and above 800V AC, alongside power conditioners for energy storage systems, enabling efficient energy exchange between solar power and storage batteries for optimized charge and discharge management. Our commercial energy storage solutions enhance power stability, reduce electricity costs for enterprises, and support participation in demand response (DR) and ancillary service markets, contributing to grid resilience and sustainability.

- **Virtual Power Plants**

  TECO's Hukou Plant has established the Group's first virtual power plant demonstration center, integrating solar power generation, energy storage systems, hydrogen fuel cells, hybrid air conditioning, and a war room center Energy Management System (EMS), with green electricity trading functions, achieving integrated applications of energy generation, storage, and trading. Through demand response and load management, green electricity transfer is optimized to enhance grid stability.

- **Hydrogen Energy Projects**

  Including fuel cell applications, hydrogen refueling station engineering, and hydrogen production equipment. In the field of hydrogen fuel cells, TECO also focuses on the development of hydrogen energy and fuel cell technologies, exploring their applications in distributed generation, backup power, and green energy supply chains, aiming to further enhance sustainable energy development through clean energy technologies.

Employees at TECO's Mexico plant

- **Creating a Sustainable Future for Customers**

  TECO advances its vision of “becoming the key driver in realizing global electrification, intelligence, and green energy” by continuously investing in green innovation.

  In 2024, TECO earned five honors at the 33rd Taiwan Excellence Awards, showcasing its capabilities in green R&D and its commitment to low-carbon transformation and smart living.

Product Name	Application Field	Main Benefits
Rotor structure with edge notches	Motor design	Enhances rotational performance and innovation
Dual-drive six-phase high-power power systems for electric buses	Electric vehicles (commercial buses)	Improves power performance and operational stability
Commercial long-range heavy-load hybrid drone power system	Drones, logistics	Enhances endurance and transportation efficiency
T-Hipro low-carbon high-voltage industrial motor	Industrial motors, smart manufacturing	Reduces energy consumption, improves output
Smart green energy hybrid variable-frequency air conditioning system	Building energy saving	Increases air conditioning efficiency, lowers operating costs
Smart green energy industrial two-phase cooling unit	Industrial cooling equipment, high-power electronics	Optimizes thermal management performance, improves system stability

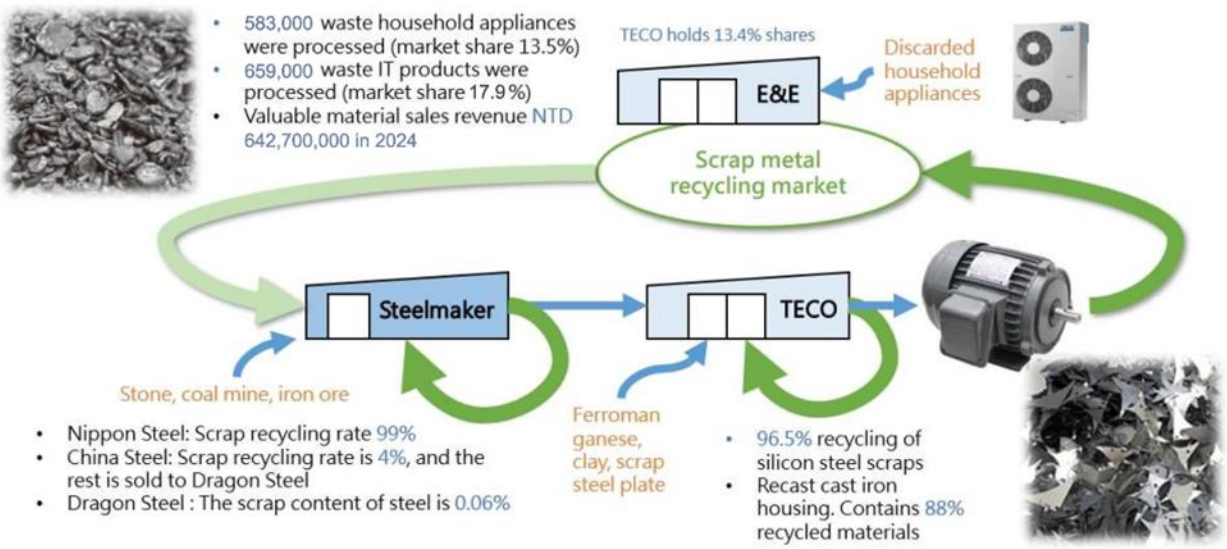
Transforming into a Circular Economy

How does the raw material circulate? There are two cycles in TECO: "In-plant circular" and "Life cycle circular"

TECO promotes circularity through both internal and external material cycles:

- **In-plant circular**: TECO's Taiwan-based foundry melts silicon steel scrap generated during production via electric furnaces to remanufacture motor frames, achieving a 96.5% reuse rate and reducing reliance on virgin pig iron.
- **Lifecycle circular**: Industrial motors, with a typical lifespan of 10–15 years and special designs can extend life up to more than 30 years, are dismantled at end-of-life by metal recyclers. Over 90% of materials—steel, iron, copper, aluminum—are recovered for remelting. In 2024, joint venture *E&E Recycling* reclaimed NTD 642.7 million worth of valuable materials from discarded items.

While high-efficiency motors require premium-grade silicon steel (not commonly available from recycled scrap), recovered materials continue to support circular use in sectors such as construction.


583,000 waste household appliances were processed (market share 13.5%)
659,000 waste IT products were processed (market share 17.9%)
Valuable material sales revenue NTD 642,700,000 in 2024
TECO holds 13.4% shares
E&E
Discarded household appliances
Scrap metal recycling market
Steelmaker
TECO
Stone, coal mine, iron ore
Ferroman ganese, clay, scrap steel plate
Nippon Steel: Scrap recycling rate 99%
China Steel: Scrap recycling rate is 4%, and the rest is sold to Dragon Steel
Dragon Steel : The scrap content of steel is 0.06%
96.5% recycling of silicon steel scraps
Recast cast iron housing. Contains 88% recycled materials

4.1-3 Product Lifecycle Management

TECO implements lifecycle-based sustainability strategies from recycling to end-of-life. In 2024, the company enhanced lightweight motor design with T-HiPro+ models, reducing motor weight by 28.6% and associated emissions by 27,532 kg per unit. Silicon steel scrap and metal components reached an 82.3% recycling rate for motor housings, and 87.2% of paints used were water-based, cutting VOC emissions by 4,568.33 kg. Over 99.65% of residential air conditioners adopted eco-friendly refrigerants. Product design is supported by robust internal audits, ensuring safety and regulatory compliance. TECO's recycling ecosystem achieved 96.5% reuse of foundry scrap, while post-use appliances and motors are dismantled for metal recovery through joint ventures. These initiatives strengthen circularity and product sustainability.

Design Stage	Motor lightweighting: In 2024, TECO developed the T-HiPro+ series motors. Taking the 11,000kW model as an example, the optimized lightweight motor is approximately 28.6% lighter than the original product, with each motor reducing weight by 11,591 kg and carbon emissions by 27,532 kg.
	Use of recycled materials in motors: Motor housings are cast using silicon steel scrap as well as manganese iron, clay, and scrap steel plates. In 2024, recycled material accounted for 81.6% of the materials in cast iron housings.
	Water-based paint introduction plan for motors: By the end of 2024, the proportion of water-based paint usage reached 87.2% of total production, reducing VOC emissions by 4,568.33 kg compared to 2023, representing a 6.6% reduction.
	Eco-friendly refrigerant replacement: In residential air conditioners, TECO promoted the adoption of R32 eco-friendly refrigerant and refrigerant recovery in the production process. In 2024, approximately 99.65% of produced units adopted this.
Production Stage	The total electricity savings in 2024 amounted to 591,654 kWh through process and equipment optimization as part of energy-saving and carbon-reduction programs. These efforts included promoting smart automated production and energy-saving equipment solutions.
	For waste valorization, silicon steel scrap is melted down and reused for motor casings. In 2024, a total of 3111.83 tons of recycled scrap was used, with a scrap recycling rate of 82.3%. Casting production amounted to 3811.89 tons, and cast iron casings contained 81.6% recycled material.
	SF_6 leakage control: For overhead line switch products (POLE SW), measurement and filling equipment were improved to reduce leakage.
Quality management	Most TECO production sites are ISO 9001 certified, implementing full-process quality control from product design and manufacturing to after-sales service. Continuous internal and external audits drive process and service improvements, enhancing customer satisfaction and operational resilience. All products undergo rigorous internal reviews under established quality management and inspection procedures before external certification, ensuring compliance with safety and performance standards. TECO has recorded no product recalls due to defects in the past four years, demonstrating robust quality management and risk prevention capabilities.

Transportation Stage	Through direct delivery to customers by courier service company Taiwan Pelican Express, delivery processes were shortened. In 2024, courier service revenue increased by NTD 573,000.
Usage and Maintenance Stage	TECO is committed to developing high-efficiency motors. In 2024, motors meeting IE3 standards or higher accounted for 86.1% of total motor product revenue.
	TECO is dedicated to developing energy- and water-saving home appliances. In 2024, green home appliance revenue accounted for 62%, with cumulative carbon emissions reduction of 87,476 tons over three years.
	TECO developed the T-Power+ (bus) electric vehicle power system to reduce environmental harm from fuel-powered vehicles. It was the first power system to be selected for the DMIT (Design and Manufacture in Taiwan) industrial innovation program. In 2024, 700 units were shipped in Taiwan and over 85% market share was held.
Recycling Stage	The majority of motor product components are made of recyclable metal materials. For example, the AEHF series motors contain up to 88% recyclable materials upon disposal.
	Home appliance products participate in the Taiwan Ministry of Environment's Waste Four Machine Recycle Policy (television, washing machine, refrigerator, air conditioner/heater), offering consumers free transport of discarded items to qualified processors. In 2024, products complying with the Waste Four Machine Recycle Policy accounted for 52.2% of annual sales value.
	TECO co-founded the E&E Recycling company in Taiwan with other home appliance manufacturers and appointed board members to provide recycling services for discarded electronic and electrical products. In 2024, TECO recovered valuable materials totaling NTD 86.25 million from discarded items.

Product End-of-Life Responsibility

TECO focuses on electromechanical and home appliance products. Based on annual shipment weights and recycling scenarios, the recyclable proportion and related revenue are as follows:

	2021	2022	2023	2024
Product Recyclability Ratio	76.85%	79.62%	74.04%	74.24%
Actual Recycling Ratio	69.04%	73.71%	63.95%	62.85%
Recycling Revenue (NTD thousands)	116,463	117,670	121,648	111,342

Product Recycling Estimation Methodology

1. Estimated Recyclable Ratio of Sold Products
   To estimate the recyclable ratio of sold products in a specific year (motors and home appliances), TECO uses the following formula:

Estimated total weight of recyclable products × average recyclable material ratio by product category / Estimated total weight of all products sold in a specific year

Due to the wide variety of product models, the estimated total weight is calculated by multiplying the quantity of each product type sold by the weight of the most commonly sold model.

2. Calculation of actual recyclable ratios:
   - Denominator:
     Due to the large variety of products, it is not feasible to retrospectively track the production weight of products; therefore, sales weight is used as a substitute.
   - Numerator:
     As it is difficult to accurately track actual recovery volumes due to product characteristics, the recovery rate is estimated based on the following scenario: if a customer's purchase in the current year is assumed to replace an existing product of the same brand, then motors are assumed to have a 100% recovery rate, while home appliances are assumed to have a 50% recovery rate.

3. Recycling Infrastructure and Partnerships
   TECO co-founded E&E Recycling, a joint venture with other home appliance manufacturers, to process waste electrical and electronic equipment. TECO's recycling revenue is recognized based on its equity share in the joint venture.

4. Motor Product Lifecycle and Recovery
   Industrial motors have a typical lifecycle of 10–15 years and contain up to 88% recyclable metal. Customers typically handle disposal independently, and TECO has not received direct requests for motor recycling services.

5. Policy and Data Limitations in Taiwan
   Under the Ministry of Environment's Waste Four Machine Recycle Policy (television, washing machine, refrigerator, air conditioner/heater), retailers are responsible for forwarding discarded appliances to certified processors. Consequently, manufacturers generally do not obtain direct recycling volume data.

6. Product Safety and Customer Complaints
   Over the past four years, there have been no product recalls due to defects. All customer complaints are handled promptly via the sales or service departments, with immediate on-site verification when necessary.

4.2 Undertake Forward-Looking Social Investment and Talent Cultivation

Forward-looking social investment and talent development is focused on cultivating technological talent and promoting forward-looking social investment or collaboration aimed at social advancement, to create mutual prosperity and shared well-being.

4.2-1 Industry-Academia-Research Collaboration

TECO integrates the capabilities of its domestic and overseas R&D units with market experience, proactively enhancing core businesses and investing in green industries through industry-university-institute collaboration. To meet mid- and long-term R&D needs for new technologies and products, as well as short-term goals to improve cost-performance, TECO's R&D team actively engages in technical consulting, joint research, and technology introduction. Collaborations have been established with the Industrial Technology Research Institute, National Taiwan University, National Cheng Kung University, and other universities on data service management, high-efficiency motors, and motor control. For electromechanical engineering and factory design projects, TECO works closely with National Taiwan University of Science and Technology, National Taipei University of Technology, and National Chin-Yi University of Technology.

Since early 2025, TECO has strengthened its technical deployment with the appointment of a Chief Technology Officer (CTO) and the establishment of the CTO Office, integrating R&D capabilities across Nangang (Taiwan), Austin (U.S.), and Hangzhou (China). Leveraging each region's expertise, TECO has initiated talent cultivation programs in collaboration with academia. These programs involve assessing R&D talent needs across business units, selecting partner departments and universities, defining collaboration terms (scholarships, internships, etc.), recruiting and screening students, and connecting them to employment. This initiative aims to build a sustainable industry-academia collaboration mechanism and enhance TECO's R&D strength.

4.2-2 TECO's Social Investment

TECO and the TECO Technology Foundation is committed to "cultivating technological talent, advocating forward-thinking, and promoting social progress." For many years, it has encouraged sustainability and innovation through various awards and competitions, including:

TECO Award

TECO's ongoing promotion of industry-academia collaboration and technological innovation. In 2024, the 31st TECO Award's science and technology category winners facilitated a total of 174 industry-academia cooperation projects, with total collaboration funds reaching NT$500 million and 267 technology transfers completed, with transfer amounts exceeding NT$400 million. These outcomes not only demonstrate effective links between academia and industry but also promote technological innovation and industrial upgrading, embodying TECO's long-term support for "industry-academia application" and the sustainable value of innovation and R&D.

Net Zero Tech International Contest

The TECO Technology Foundation co-hosted the "2024 Net Zero Tech International Contest @ Taiwan" with National Taiwan University. The competition attracted 99 international teams and 141 main competition teams, composed of students and teachers from countries including the United States, Denmark, India, Indonesia, Sri Lanka, and Malaysia, with a total of 998 participants. The international competition was won by a team from Virginia Polytechnic Institute and State University (U.S.), and the main competition was won by a team from National Tsing Hua University (Taiwan). Through this international competition, the Foundation actively advocates for "talent cultivation" as the fundamental source driving 2050 net zero emissions.

Project Exclamation Mark

TECO and corporate partners have jointly promoted the “Project Exclamation Mark” for over 20 years. The annual “Exclamation Music & Dance” performance has become a signature event combining indigenous songs and symphonic music, attracting over 5,000 attendees. The success of “Project Exclamation Mark” stems from its “apprenticeship education” approach, with its key success factor being an organizational capability to lead, accompany, and guide the tribe’s cultural inheritance educators.

Formula Student Taiwan

TECO actively responds to the United Nations Sustainable Development Goals:

SDG 4 Quality Education and SDG 7 Affordable and Clean Energy. TECO provides students with platforms for hands-on learning, encouraging innovation and team spirit, while also actively engaging in the electric vehicle sector to support clean energy usage.

Rural Science Innovation Teaching Program

Since 2009, the TECO Technology Foundation has implemented the “Rural Science Innovation Teaching Program,” which has entered its 17th year. The program has served 230 rural schools and 135,266 students, promoting educational equity through themed STEM courses. Each year, the program introduces new themes, self-made teaching aids, and on-site instruction, bringing natural science education to mountain tribes and remote areas. It helps bridge the urban-rural education gap and fulfills the mission of knowledge transfer and sustainable talent cultivation.

Green Brain Innovation Competition

The Green Brain Innovation Competition is an annual event hosted by TECO. The third edition attracted enthusiastic participation from junior high and elementary school students across Taiwan. Students fully demonstrated their sustainability thinking, and appreciation is extended to the schools and teachers for their strong support, which brought greater potential to the competition. Through scientific innovation competitions, the aim is to instill energy-saving concepts from a young age, inspiring Taiwan's next-generation children to think creatively and develop experimental spirit, and to implant the DNA of sustainability early on.

Appendix

5.1 GRI Content Index Table (In Accordance with GRI Standards)

Statement of Use	TECO Electric & Machinery Co., Ltd. has reported the information for the period January 1 to December 31, 2024 in accordance with the GRI Standards.
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	No applicable sector standards.

GRI 2: GENERAL DISCLOSURES		PAGE NUMBER
2-1	Organization Details	10
2-2	Entities Included in the Organization's Sustainability Reporting	10
2-3	Reporting Period, Frequency, and Contact Point	5
2-4	Restatements of information	No restatements of information
2-5	External Assurance	5
2-6	Activities, value chain, and other business relationships	10, 113
2-7	Employees	69, number of personnel covered in this report: 5,917; number of personnel in the parent company: 2,494 (as of December 31, 2024, including contract and part-time

		personnel). For total number of employees categorized by gender and region, please refer to P69. regular employees refer to those employed permanently or on a fixed-term basis. There are no employees without guaranteed working hours.
2-8	Non-employee workers	Non-employee workers include contractors and subcontractors (including security, cleaning, catering, and on-site project contractors). The total number of non-employed labor and contractors across the entire group is 96,394.
2-9	Governance Structure and Composition	100, For details, please refer to the annual report: (1) Director Information
2-10	Nomination and selection of the highest governance body	100, In accordance with the "Director Candidate Nomination Guidelines," the "Corporate Governance and Sustainability Committee" selects and nominates candidates for directors, and after review by the Board of Directors, officially nominates them at the shareholders' meeting. The "Board Performance Evaluation Results" of each year are submitted to the "Corporate Governance and Sustainability Committee" as a reference for the re-nomination of directors. For details, refer to the annual report: "Implementation of Board Diversity Policy and Board Independence," and "Succession Planning for Board Members and Key Executives." In the future, the ability to manage ESG impacts will be gradually included in the nomination and selection criteria for the Board of Directors.
2-11	Chair of the highest governance body	The chairperson of the Board of Directors does not concurrently serve as president
2-12	Role of the highest governance body in overseeing the management of impacts	15, See this report section: "1.4 Stakeholder Identification and Communication."
2-13	Responsible person for managing impacts	105, See "2.3-3 Internal Control and Risk Management." The ESG Office is responsible for identifying material topics and setting sustainability goals through "double materiality analysis." This process is conducted annually.
2-14	Role of the highest governance body in sustainability reporting	Data and figures are compiled by the ESG Office and submitted to the "Corporate Governance and Sustainability Committee" under the Board of Directors for review.
2-15	Conflict of interest	● Positions held on other boards of directors: 10 directors concurrently serve on other boards. ● There are no spousal or second-degree kinship relationships among the directors. For proposals listed on the board agenda, any director or the legal entity they represent who has a conflict of interest shall explain the material content of the conflict at the relevant board meeting. If the conflict is likely to be detrimental to the interests of the Company, the director shall refrain from participating in the discussion and voting, and shall not act as a proxy for another director in voting. Please refer to the annual report section titled "Implementation of Recusal by Directors with Conflicts of Interest in Board Proposals." ● For information on cross-shareholdings with suppliers or other stakeholders and the existence of controlling shareholders, please refer to the annual report section titled "The number of shares held by the Company, its directors, managers, and businesses directly or indirectly controlled by the Company in the same reinvested enterprise, and the calculation of the combined shareholding ratio." ● For related-party transaction information, please refer to the annual report section "VII. Related-Party Transactions." For information regarding concurrent positions held by directors, please refer to the annual report section "VI. Information on whether the Company's Chairman, President, or other managers have held positions at accounting firms or their affiliated enterprises in the past year."

2-16	Communication of Key Material Issues	● ESG Aspect: In 2024, key issues communicated to the Board included: promoting "50% Emissions Reduction in 10 Years," planning for RE30 renewable energy, social care and ecological conservation, strengthening green supply chain management, enhancing information transparency and ethical management. Please refer to the annual report section "Operations of the Corporate Governance and Sustainability Committee." ● Financial Aspect: In 2024, key issues communicated to the Board included: the Company's strategic planning and resource investment plan for the next three years, report on cybersecurity incidents, report on the Hai Long safety incident, real estate revitalization project, proposed investment in Shen Chang Electric Co., Ltd., Shen Chang investment, and streamlining of investment businesses, totaling seven items. ● Internal Audit Aspect: In 2024, independent directors communicated with the internal audit unit on four scheduled occasions. Please refer to the annual report section "Communication between Independent Directors and the Internal Audit Unit."
2-17	Collective knowledge of the highest governance body	In 2024, Directors received a total of 54 hours of continuing education, averaging 6.75 hours per person. Courses included topics on carbon management and cybersecurity, sustainable governance, and practical measures TECO should adopt in response to climate change. Please refer to the annual report section "Director Continuing Education." TECO's ESG material topic "climate change" was included in the Board's continuing education program.
2-18	Performance evaluation of the highest governance body	An annual "Board Performance Evaluation" is conducted. In 2024, the self-evaluation result was rated "Excellent." The evaluation covered five key aspects: participation in Company operations, enhancement of Board decision-making quality, Board composition and structure, Board member selection and continuing education, and internal controls, comprising a total of 45 evaluation indicators. In addition, every three years, an evaluation is carried out by an external professional independent organization. The most recent external evaluation was in 2023 and was conducted by the Taiwan Institute of Ethical Business. The evaluation aspects included: Board professional competencies, Board composition and member selection, decision-making effectiveness, Board attention to and oversight of internal controls, and the Board's attitude toward sustainable operations. Please refer to the annual report section "Implementation of Board Performance Evaluations."
2-19	Remuneration policy	100, Individual Director remuneration is referenced against the results of the "Board Performance Evaluation" for each year and provided to the Remuneration Committee for review. Top management performance evaluations are conducted quarterly based on Key Performance Indicators (KPIs). KPI assessment items include: value-added operations, accelerated operations, in-depth management, and forward-looking deployment. Approximately 60% of the evaluation items are linked to financial indicators (e.g., operating revenue, operating profit, net income, total asset turnover, ROA, ROIC, etc.), and 40% are linked to the execution of short-, medium-, and long-term plans. Please refer to the annual report section "Analysis of the Total Remuneration Paid to Directors, President, and Vice Presidents of the Company and Consolidated Entities as a Percentage of Net Income for the Past Two Years, as well as a Description of the Remuneration Policy, Standards and Structure, Determination Procedures, and Linkage to Operational Performance."
2-20	Remuneration Decision Process	102, The remuneration package for appointed managers is reviewed by the Remuneration Committee and submitted to the Board of Directors for resolution. During the review process, both internal equity and external market salary data are considered to ensure the overall compensation system is fair and market-competitive. External compensation data primarily references market salary surveys provided by

		Willis Towers Watson (WTW). To further strengthen the appropriateness and attractiveness of the salary structure, the remuneration system is periodically reviewed and optimized in cooperation with external professional organizations such as WTW and PwC Taiwan, to continuously enhance talent attraction and retention.
2-21	Annual Total Remuneration Ratio	● The ratio of the annual total remuneration of the highest-paid individual in the organization to the median of the annual total remuneration of all other employees (excluding the highest-paid individual) is 22.1. ● The ratio of the percentage increase in the highest-paid individual's annual total remuneration to the median percentage increase in annual total remuneration for all other employees (excluding the highest-paid individual) is -2.87. ● Remuneration is calculated in accordance with national accounting standards.
2-22	Statement of Sustainable Development Strategy	6
2-23	Policy Commitment	66, TECO Electric & Machinery Human Rights Declaration, website link: https://www.teco.com.tw/zh-tw/esg/
2-24	Incorporating policy commitments	103, The Board of Directors has established three foundational documents to set the operational standards of the Company: "Sustainable Development Best Practice Principles," "Ethical Corporate Management Best Practice Principles," and "Corporate Governance Best Practice Principles." TECO Electric & Machinery has its president sign the "TECO Sustainable Management Commitment Letter," requiring all employees to comply. For supplier management, the Company follows the "Code of Conduct and Ethical Corporate Management Procedures and Guidelines" and the "Supplier Code of Conduct," and issues the "Human Rights and Environmental Sustainability Commitment Letter," which is required to be signed and returned along with the procurement contract. Link to corporate governance and internal regulations on the company website: www.teco.com.tw/about/tecoteam
2-25	Procedure for Remedying Negative Impacts	When conducting stakeholder questionnaire surveys, the ESG Office also encourages respondents to provide negative comments and collects and compiles them. In 2024, during the analysis of 215 questionnaires (Taiwan 71%, China 21%, others 8%), negative comments were also encouraged, collected, compiled, reported to the Chairman, and disclosed in the ranking of the top ten material topics.
2-26	Mechanism for Seeking Advice and Raising Concerns	14
2-27	Regulatory compliance	● Incidents resulting in fines: In 2024, there were 4 violations related to environmental, safety, and health (ESH), with fines totaling NT$830,000; in 2023, there were 3 ESH violations, with fines totaling NT$250,000. (All business-related violations are classified as major violations.) ● 105, Non-monetary sanctions: 1.
2-28	Membership of associations	113-114
2-29	Stakeholder engagement guidelines	15
2-30	Collective bargaining agreements	82

GRI 3: MATERIAL TOPICS		PAGE NUMBER
3-1	Process for determining material topics	23

3-2	List of material topics	22-23
3-3	Material topic management	24-26

	TECO'S TOP TEN MATERIAL TOPICS IN 2024	STANDARDS TITLES
1	Climate Action and Net-Zero Emissions	GRI 305: Emissions 2016
2	Renewable Energy Utilization	GRI 302: Energy 2016
3	Regulatory compliance	Self-defined Material Topic
4	Waste Recycling and Resource Recovery	GRI 306: Waste 2020
5	Raw Material Sourcing and Control	GRI 301: Materials 2016
6	Corporate Governance	Self-defined Material Topic
7	Occupational Safety and Health	GRI 403: Occupational Health and Safety 2018
8	Pollution Prevention and Control	GRI 305: Emissions 2016
9	Labor-management communication	GRI 402: Labor/Management Relations 2016
10	Supply chain management measures	GRI 308-2 Negative environmental impacts in the supply chain and actions taken 2016 GRI 414-2 Negative environmental impacts in the supply chain and actions taken 2016

GRI STANDARDS TITLES ITEMS MARKED WITH A ★ IN THE TABLE INDICATE MATERIAL TOPICS; ITEMS NOT MARKED ARE OTHER VOLUNTARILY DISCLOSED TOPICS.		PAGE NUMBER
GRI 201: ECONOMIC PERFORMANCE 2016		
201-1	Direct economic value generated and distributed	11
205-2	Communication and training on anti-corruption policies and procedures	103
GRI 301★ MATERIALS 2016		
301-1	Materials used by weight or volume	129, Sustainable materials management
301-2	Recycled input materials used	129

GRI 302★ ENERGY 2016		
302-1	Energy consumption within the organization	45, TECO only consumes electricity and does not use heating, cooling, or steam.
302-3	Energy intensity	Types of energy included in the intensity ratio: fuel, electricity
302-4	Reduction of energy consumption	45, TECO's global production site energy consumption comes from natural gas, diesel, gasoline (Scope 1), and purchased electricity (Scope 2). The management target for Scope 1 energy consumption is a 5% annual reduction; the management target for Scope 2 is to achieve 30% of total electricity consumption through self-generated power by 2030.
GRI 305★ EMISSIONS 2016		
305-1	Direct (Scope 1) GHG emissions	40
305-2	Energy indirect (Scope 2) GHG emissions	40
305-3	Other indirect (Scope 3) GHG emissions	42, 2024 Total Scope 3 emissions: 63,906,473 ton CO_2e
305-4	Greenhouse gas emissions intensity	46, Emission intensity calculation includes direct (Scope 1) and energy indirect (Scope 2)
305-5	Greenhouse gas emissions reduction	46 • In 2024, Scope 1 reduction was 14,467 tons CO2e (base year: 2021). • Scope 2 reduction was 15,635 tons CO2e (base year: 2021). • Scope 3-6 reduction was 14,533,307 tons CO2e. The base year is 2021.
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	58
GRI 306★: WASTE 2020		
306-1	Generation of waste and significant waste-related impacts	54
306-2	Management of significant waste-related impacts	54
306-3	Generation of waste	54
306-4	Transfer of waste for disposal	55-57
306-5	Direct disposal of waste	55-56
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016		
308-2★	Negative environmental impacts in the supply chain and actions taken	125
GRI 401 EMPLOYMENT 2016		
401-1	New employee hires and employee turnover	78
401-2	Benefits provided to regular employees that are not provided to temporary or part-time employees	83

401-3	Parental leave	84
GRI 402★ LABOR/MANAGEMENT RELATIONS 2016		
402-1	Minimum notice periods regarding operational changes	Compliance with local regulations

GRI 403★ OCCUPATIONAL HEALTH AND SAFETY 2018		
403-1	Occupational Health and Safety Management System	89
403-2	Identification of hazards, risk assessment, and investigation on incidents (Exercise of the right to withdraw is protected by law and shall not be subject to additional disciplinary action.)	89 In 2024, there were 3,282 environmental identifications and 4,795 health and safety identifications. There were 0 cases of very high or high risk, 49 cases of medium-high risk, and the rest were low risk or negligible risk. Very high risk (0), medium-high risk (0), medium risk (49)
403-3	Occupational health services	84-87
403-4	Worker participation, consultation, and communication on occupational health and safety	74, Number of safety and health information deliveries: 146 (factory employees)
403-5	Training on occupational health and safety for workers	89 General and occupational health and safety education and training (ISO 45001), contractor safety and health training, statutory education and training (in 2024: 1,324 participants, 4,699 hours; 90 information deliveries)
403-6	Worker health promotion	84-87
403-7	Prevention and mitigation of occupational health and safety impacts directly related to business operations	89 In 2024, there were 8 health and safety targets; all were completed. (Safety protection management program for hazardous machinery and equipment)
403-8	Workers covered by the occupational health and safety management system	84
403-9	Occupational injuries	85
403-10	Occupational diseases	85 Exercise of the right to withdraw is protected by law and shall not be subject to additional disciplinary action.
GRI 404 TRAINING AND EDUCATION 2016		
404-1	Average hours of training per year per employee	74
404-2	Programs for upgrading employee skills and transition assistance programs	84
404-3	Percentage of employees receiving regular performance and career development reviews	80
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016		
405-1	Diversity of governance bodies and employees	There is one board member aged 30–50 and ten board members aged over 50. For relevant information, please refer to the annual report.
405-2	Ratio of basic salary and remuneration of women to men	71
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016		
414-2★	Negative social impacts in the supply chain and actions taken	125

5.2 TCFD Index

TCFD ITEM	CONTENTS AND PAGE NUMBER	
GOVERNANCE	Describe the board's oversight of climate-related risks and opportunities	31
	Describe the management's role in assessing climate-related risks and opportunities	31
STRATEGY	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	36
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	39
	Describe the organization's resilience of strategy, taking into consideration different climate-related scenarios (including a 2°C or worse scenario)	32
RISK MANAGEMENT	Describe the organization's processes for identifying and assessing climate-related risks	34
	Describe the organization's processes for managing climate-related risks	107
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	107
METRICS AND TARGETS	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	32-34
	Disclose Scope 1, 2, and 3 greenhouse gas emissions and the related risks	40-42
	Describe the targets used by the organization to manage climate-related risks and opportunities and its performance against targets	40-42

5.3 SASB Index

TOPIC	CODE	ACCOUNTING METRIC	CATEGORY (UNIT)	PAGE
ENERGY MANAGEMENT	RT-IG-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Quantitative (GJ, MWH)	45
EMPLOYEE HEALTH & SAFETY	RT-IG-320a.1	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR)	Quantitative (Rate)	89-94
MATERIALS SOURCING	RT-IG-440a.1	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	131

Based on SICS Industry: Industrial Machinery & Goods

5.4 EU Taxonomy

Product revenue to EU Taxonomy

BUSINESS GROUP	TAXONOMY ALIGNED	TAXONOMY ELIGIBLE	NOT ELIGIBLE
GREEN MECHATRONIC SOLUTION (GM)	• System and software that enable emission management. • System that enables carbon removal.	• High-voltage motors with efficiency above 95% • Mid/Low-voltage motors with efficiency above IE3. • Electric Vehicle powertrain products.	Other products and services
AIR & INTELLIGENT LIFE BUSINESS (AI)	• System and software that enable emission management	• Home Appliance product with first degree energy saving or related certifications	Other products and services
INTELLIGENCE ENERGY BUSINESS GROUP (IE)	• Constructions for renewable engery generation or storage. • System that adopts carbon neutral fuels	• Offshore wind power station, grid resilience, green building constructions	Other products and services

CAPEX to EU Taxonomy

BUSINESS GROUP	TAXONOMY ALIGNED	TAXONOMY ELIGIBLE	NOT ELIGIBLE
ALL GROUPS	Investment and M&A in creating business that make significant contributions and do no harm to the other environmental objectives.	Investments in new products, new technologies, new processes, safety and environmental equipment, automation, and intelligence equipment	Investments in general (maintenance/ retirement/ factory repair), expansion of production capacity, efficiency improvement, quality improvement, IT equipment

Economic activities	Business Group	Total CAPEX	(1) Climate change mitigation	(2) Climate change adaptation	(3) Water resources	(4) Circular economy	(5) Pollution	(6) Biodiversity
3.3 Manufacture of low-carbon technologies for transport 3.6 Manufacture of other low-carbon technologies	GM	7.7%	--	--	--	--	--	--
4.1. Electricity generation using solar photovoltaic technology			--	--	--	--	--	--
3.5 Manufacture of energy efficiency equipment for buildings	AI	2.6%	--	--	--	--	--	--
4.1. Electricity generation using solar photovoltaic technology	IE	3.2%	--	--	--	--	--	--
4.9 Transmission and distribution of electricity			--	--	--	--	--	--

OPEX to EU Taxonomy

BUSINESS GROUP	TAXONOMY ALIGNED	TAXONOMY ELIGIBLE	NOT ELIGIBLE
ALL GROUPS	Expense on in business organization that make significant contributions and do no harm to the other environmental objectives.	• Expense in R&D and sustainability related training. • Expence from low carbon solution, energy management related business units. • Expense to NGOs in sponsor and donation to sustainability related activities.	Other expense

Economic activities	Business Group	Total OPEX	(1) Climate change mitigation	(2) Climate change adaptation	(3) Water resources	(4) Circular	(5)	(6) Biodiversity
3.3 Manufacture of low-carbon technologies for transport 3.6 Manufacture of other low-carbon technologies 3.5 Manufacture of energy efficiency equipment for buildings 4.1. Electricity generation using solar photovoltaic technology 4.9 Transmission and distribution of electricity 4.10 Storage of electricity	Entire TECO Group	45.4	15.3%	--	--	--	--	--

5.5 Legal Compliance Violations

Description of violations of environmental protection laws: January 22, 2024 China

Violation of Regulation: Article 108 of the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution

During inspection by the municipal environmental protection bureau personnel, it was found that the sanding and putty application operations during painting were not carried out in an enclosed space.

Penalty Amount: RMB 140,000 (NT$630,000, calculated at an exchange rate of 4.5)

Response Measures: Added an enclosed sanding room to carry out sanding and putty application operations.

Description of violations of occupational safety and health regulations: July 10, 2024 Taiwan

Violation of Regulation: Article 19, Paragraph 2 of the Standards for Safety and Health Facilities in Construction, and Article 6, Paragraph 1 of the Occupational Safety and Health Act

Construction project of public facilities (Phase I) for Terminal 3 of Taiwan Taoyuan International Airport

The floor cover on the first floor of the energy center was opened during operation, and no fall protection measures, such as requiring workers to use safety belts, were taken when opening covers or protective equipment.

Penalty Amount: NT$100,000

Response Measures:

1. The workplace supervisor or foreman must effectively supervise and direct workers on-site to prevent unsafe worker behaviors.

2. Strengthen occupational safety and health training for workers; workers are not allowed to arbitrarily move or damage safety protection facilities.

3. The cable trough moving operation shall be conducted manually to the basement to avoid overhead work.

Description of violations of occupational safety and health regulations: August 20, 2024 Taiwan

Violation of Regulation: Article 36, Paragraph 1 of the Occupational Safety and Health Act; Article 27 of the Labor Inspection Act

Hai Long Offshore Wind Farm: onshore step-down substation construction project

An occupational hazard involving a carbon dioxide leak occurred at the fire control room of the worksite. As there is a risk of recurrence of occupational hazards at this workplace, operations must be suspended immediately.

Penalty: Partial suspension of operations

Response Measures:

1. Analysis of the cause of the incident

2. Formulation and implementation of improvement and preventive measures

3. Submission of a recovery and improvement plan to the competent authority for review

Description of violations of occupational safety and health regulations: September 16, 2024 Taiwan

Violation of Regulation: Article 004, Paragraph 1 of the Safety Standard of Machinery, Equipment and Tools; Article 6, Paragraph 1 of the Occupational Safety and Health Act

TECO Electric & Machinery Co., Ltd. Guanyin Plant

The stamping press equipment was not equipped with safety guards or other safety devices to prevent any part of the human body from entering the range of motion of the slide block.

Penalty Amount: NT$100,000

Response Measures:

1. A fixed safety guard was installed and secured to the machine with screws. The material-feeding gap prevents the operator from reaching the danger zone, effectively isolating the source of entanglement.

2. A light curtain test was conducted—if any object blocks the light curtain, the machine will not start operation.

5.6 Third-Party Assurance Statements and Reports

Links to download third-party certificates, including ISO 14001, ISO 14064-1, ISO 14067, ISO 27001, ISO 45001, and the AA1000 moderate assurance verification report for this report.