2025 ESG Information

TECO Electric & Machinery Co., Ltd.

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This document provides supplementary public disclosure of TECO Electric & Machinery Co., Ltd.'s sustainability-related information for 2025.
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TECO ESG Information

Return on Environmental Investments

Metrics	FY 2022	FY 2023	FY 2024	FY 2025
Capital investments **Currency: TWD**	35,260,000	8,130,000	36,569,000	59,715,374
Operating expenses **Currency: TWD**	21,438,000	14,065,000	26,296,000	16,356,303
Total expenses **Currency: TWD**	56,698,000	22,195,000	62,865,000	76,071,677
Savings, cost avoidance, income, tax incentives, etc. **Currency: TWD**	42,925,000 Energy Conservation 7,728,000 Solar Power Sales 35,197,000	62,800,000 Energy Conservation 8,68,0000 Solar Power Sales 54,120,000	110,812,000 Energy Conservation 8,000,000 Solar Power Sales 102,812,00	104,179,495 Solar Power Sales 104,179,495
Saving-to-expenses ratio	75.71%	282.95%	176.27%	136.95%
Percentage of operations covered	82.7%	84.6%	84.34%	83.18%

Environmental Violations

Metric	FY 2022	FY 2023	FY 2024	FY 2025
Number of violations of legal obligations/regulations	0	0	1	1
Amount of fines/penalties related to the above **Currency: TWD**	0	0	630,000	100,000
Environmental liability accrued at year end **Currency: TWD**	0	0	630,000	100,000

Energy Consumption

Total Energy Consumption	Unit	FY 2022	FY 2023	FY 2024	FY 2025	FY 2025Target
Total non-renewable energy consumption	MWh	125523.4	116289.3	103914.2	95654.5	110129.68
Total renewable energy consumption		3,024	4,852	8,268 ,	8,889	
Coverage (%)	Percentage	80.30%	84.60%	84.34%	83.18%	

Product Life Cycle Environmental Management and Performance

Product Design Criteria	TECO integrates Design for Environment (DfE) principles into the raw material and component selection stage, incorporating low-carbon design, circularity, and product safety throughout the product life cycle. For motor products, key initiatives include lightweight design, recycled material utilization, and water-based coating adoption. High-efficiency motors (IE4/IE5) further improve energy efficiency and significantly reduce life-cycle carbon emissions compared with IE1 motors. For home appliances, TECO promotes the use of environmentally friendly refrigerants and ensures compliance with RoHS and REACH requirements.
	1. Motor lightweighting: TECO continued to optimize the lightweight design of high-efficiency motors. For the 11,000 kW T-HiPro+ motor, optimized design reduced product weight by 28.6% (11,591 kg per unit) and avoided approximately 27,532 kg. 2. Circular material use: Silicon steel scrap is recycled into motor cast-iron housings. In 2025, recycled materials accounted for 68.62% of cast-iron housings, reducing virgin material consumption and supporting resource circularity. 3. Water-based coatings: Since 2016, TECO has progressively replaced conventional solvent-based coatings with water-based coatings. In 2025, the adoption rate reached 83.1%. VOC emissions decreased from 101.21 t in 2024 to 91.37 t in 2025, representing a reduction of approximately 9.84 t (9.7%).
Manufacturing process optimization	1. Process and Equipment Optimization: TECO continues to improve manufacturing processes, replace aging equipment, and strengthen energy management. Energy audits are conducted to identify energy-use hotspots and implement energy-saving and carbon-reduction initiatives. In 2025, TECO implemented 28 such initiatives, achieving total electricity savings of 638,327 kWh while continuously improving energy efficiency and reducing operational carbon emissions. 2.Waste Valorization: TECO continues to promote resource circulation by melting and reusing silicon steel scrap in the production of cast-iron motor housings. In 2025, recycled materials accounted for 68.62% of cast-iron motor housings, reducing the use of virgin materials and enhancing circular economy benefits.

Distribution, storage, and transportation	1.TECO promotes circularity in logistics by introducing reusable transport packaging, including steel butterfly cages and plywood pallets in its Taiwan logistics operations. These reusable packaging solutions reduce the use of single-use packaging materials and improve resource efficiency during the distribution stage. 2.By delivering directly to customers through the logistics company Pelican Express, we shortened the delivery process and generated an additional NT$756,000 in delivery revenue in 2025.
Environmental Performance During the Use and Maintenance Stage	1. High-efficiency motors: According to the IEC efficiency classification, IE4 and IE5 are classified as Super Premium and Ultra Premium Efficiency motors. TECO continues to develop and promote high-efficiency motor products. In 2025, IE4/IE5 motors accounted for 8.1% of motor product revenue, contributing to improved energy efficiency during product use. 2. Energy- and water-efficient home appliances: TECO continues to develop energy- and water-efficient home appliances. In 2025, green home appliances accounted for 64.9% of product revenue, contributing to an estimated 2,882 tCO_2e emissions reduction during the product use phase and reducing lifecycle environmental impacts. 3. Electric vehicle powertrain system: TECO's T-Power+ electric bus powertrain system was among the first systems certified under Taiwan's DMIT (Design and Manufacture in Taiwan) program. In 2025, it achieved an 80% market share in Taiwan, supporting the low-carbon transition of public transportation.
Environmental Performance at the End-of-Life Stage of Products/Services	1.Design for recyclability: TECO assesses end-of-life environmental performance based on the sales mix of motor and home appliance products and the recyclability of their constituent materials. In 2025, the product recyclability rate reached 78.81%, supporting greater resource circularity. 2.Product recovery management: TECO evaluates product recovery performance based on product shipment volumes and end-of-life recovery scenarios. In 2025, the actual product recovery rate reached 81.91%, enhancing resource recovery and circular use at the end of product life. 3.Resource recovery benefits: In 2025, product end-of-life recovery generated revenue of NT$108,532 thousand, contributing to the circular economy through material recovery and reuse while reducing environmental impacts from waste.

Product Reuse and Recycling Indicators

Product Recovery and Recycling	Unit	2022	2023	2024	2025
Percentage of products sold in the previous year that were reusable or recyclable	%	76.85%	76.85%	76.85%	78.81%
Percentage of products and materials actually reused or recycled by the Company—either directly or through third parties commissioned by the Company—relative to total product output. This excludes waste disposal and incineration for energy recovery.	%	69.04%	69.04%	69.04%	81.91%

Risks and Response Costs Driven by Changes in Climate-Related Regulations

To mitigate the impacts of climate change on raw material sourcing and operational stability, and to strengthen global supply chain resilience, TECO has invested approximately NT$2,213.57 million to establish new production bases in emerging regions such as Vietnam, India, and Mexico, while actively cultivating localized supply chains. These initiatives not only address both physical and transition risks related to climate change but also diversify geopolitical and carbon-related risks, ensuring the continuity of global supply networks and accelerating TECO's transition toward low-carbon operations.

Hazardous Substance Substitution and Phase-Out Commitment

The Company is committed to reducing the potential impacts of hazardous substances in its products on human health and the environment. For hazardous substances managed within its product portfolio, the Company promotes the gradual adoption of safer materials and technologies based on their level of hazard, regulatory trends, usage, and the maturity of available alternatives. The Company will continue to identify hazardous substances, prioritize risks, and develop substitution and phase-out roadmaps across its product portfolio, giving priority to substances of high concern or high hazard for which mature alternatives are available.

By 2035, the Company aims to substitute or progressively phase out hazardous substances within its product portfolio for which feasible alternatives are available. For substances that currently lack mature alternatives or remain necessary for technical reasons, the Company will continue to evaluate and prioritize safer alternative materials or technologies to progressively reduce their use.

The Company will regularly disclose progress toward this target and continue investing R&D resources and budgets in developing and validating safer alternative materials and technologies. Through industry associations and relevant collaboration platforms, the Company will also work with suppliers and other stakeholders to identify and advance feasible substitution solutions in support of achieving this target.

Scope 3 Emissions by Category, Calculation Methodologies and Rationale for Exclusions

TECO assesses and reports its Scope 3 greenhouse gas emissions with reference to the GHG Protocol Corporate Value Chain Standard. The table below presents the emissions associated with each of the 15 Scope 3 categories, together with the applicable calculation methodology or rationale for exclusion.

For categories assessed as immaterial and therefore excluded from quantitative calculation, a value of zero is reported, together with the rationale for exclusion. TECO will continue to review the significance and data availability of each Scope 3 category and adjust its inventory boundary where appropriate.

Scope 3 Category	**2025 Emissions (metric tonnes CO_2e)**	**Emissions Calculation Methodology or Rationale for Exclusion**
C1 – Purchased Goods and Services	113,321	The calculation currently covers TECO Electric & Machinery Co., Ltd. Emissions are calculated based on raw material procurement volumes multiplied by the corresponding emission factors. After excluding purchases of finished goods, semi-finished goods and engineering projects, materials representing the top 65% of annual procurement value are included. Where the same material is supplied by multiple suppliers, the supplier with the largest supply volume is used for calculation; where one supplier provides multiple materials, the material with the largest supply volume is used as the activity data.
C2 – Capital Goods	1,688	Calculated using capital expenditure data from the Group's consolidated financial statements based on a spend-based approach, covering buildings and structures, machinery and equipment, transportation equipment, leasehold improvements, other equipment and construction in progress.
C3 – Fuel- and Energy-Related Activities (not included in Scope 1 or Scope 2)	3,891	The calculation currently covers TECO Electric & Machinery Co., Ltd. Emissions are calculated based on total purchased electricity and corresponding upstream emission factors. Applicable emission factors are sourced from the Product Carbon Footprint Calculation Service Platform and Ecoinvent 3.0.

C4 – Upstream Transportation and Distribution	1,555	The calculation currently covers TECO Electric & Machinery Co., Ltd. and domestic land transportation in Taiwan, traced back to the immediately preceding transportation point. After excluding purchases of finished goods, semi-finished goods and engineering projects, materials representing the top 65% of annual procurement value are included. Where multiple suppliers provide the same material, the supplier with the largest supply volume is used for calculation; where one supplier provides multiple materials, the material with the largest supply volume is used as the activity data.
C5 – Waste Generated in Operations	200	Calculated based on waste generated at TECO Electric & Machinery Co., Ltd. sites in 2025, using applicable waste treatment service emission factors provided by Taiwan's Product Carbon Footprint Platform.
C6 – Business Travel	0	Business travel emissions were not quantitatively inventoried in 2025. Based on TECO's ISO 14064 significance assessment, business travel is currently not considered a significant source of Scope 3 emissions. The estimated emissions were therefore deemed immaterial and excluded from the 2025 quantitative inventory.
C7 – Employee Commuting	472	Employee commuting is categorized into public transportation and private vehicles. The current calculation covers operations in mainland China and applies transportation emission factors from the China Products Carbon Footprint Factors Database and relevant transportation factors from product carbon footprint databases.
C8 – Upstream Leased Assets	0	Upstream leased asset emissions were not quantitatively inventoried in 2025. Based on TECO's ISO 14064 significance assessment, upstream leased assets are currently not considered a significant source of Scope 3 emissions. The estimated emissions were therefore deemed immaterial and excluded from the 2025 quantitative inventory.
C9 – Downstream Transportation and Distribution	1,774	Downstream transportation and distribution currently cover mainland China only and are traced to the next downstream transportation point. Material weight associated with annual procurement volume is used as the activity data for the calculation.
C10 – Processing of Sold Products	0	TECO's major product categories primarily consist of finished products that generally do not require further processing by downstream customers. Where intermediate processing may occur, applications and customer structures are highly diverse. Based on TECO's ISO 14064 significance assessment, processing of sold products is currently not considered a significant source of Scope 3 emissions and was therefore excluded from the 2025 quantitative inventory.

C11 – Use of Sold Products	24,869,572	Emissions are estimated based on electricity directly consumed by sold motors during the use phase. Annual electricity consumption is estimated based on an assumed 5,000 operating hours per motor per year and the rated power of motors sold in 2025. Taiwan's 2024 grid emission factor of 0.474 tCO_2e/MWh is applied to estimate associated use-phase emissions.
C12 – End-of-Life Treatment of Sold Products	0	End-of-life treatment emissions from sold products were not quantitatively inventoried in 2025. Based on TECO's ISO 14064 significance assessment, this category is currently not considered a significant source of Scope 3 emissions. The estimated emissions were therefore deemed immaterial and excluded from the 2025 quantitative inventory.
C13 – Downstream Leased Assets	0	Downstream leased asset emissions were not quantitatively inventoried in 2025. Based on TECO's ISO 14064 significance assessment, downstream leased assets are currently not considered a significant source of Scope 3 emissions. The estimated emissions were therefore deemed immaterial and excluded from the 2025 quantitative inventory.
C14 – Franchises	0	Franchise-related emissions were not quantitatively inventoried in 2025. Based on TECO's ISO 14064 significance assessment, franchises are currently not considered a significant source of Scope 3 emissions. The estimated emissions were therefore deemed immaterial and excluded from the 2025 quantitative inventory.
C15 – Investments	0	Investment-related emissions were not quantitatively inventoried in 2025. Based on TECO's ISO 14064 significance assessment, investments are currently not considered a significant source of Scope 3 emissions. The estimated emissions were therefore deemed immaterial and excluded from the 2025 quantitative inventory.
Total Scope 3 Emissions	24,992,473	Total emissions represent the sum of Scope 3 categories quantitatively inventoried for FY2025.

TECO will continue to assess the relevance and significance of all Scope 3 categories and enhance data availability and calculation methodologies as appropriate.

2022–2025Employee Training and Development Data

	FY 2022	FY 2023	FY 2024	FY 2025
Average hours of training and development per full-time equivalent (FTE)	14.36	19.75	12.73	18.39
Average training and development expenditure per full-time equivalent (FTE)/Currency: NTD	$2054.05	$1630.67	$2,444.01	$2,867.30

2025 Employee Opinion Survey Indicators and Continuous Improvement Mechanism

TECO conducts regular employee opinion surveys to understand employees' perceptions and needs regarding their work and organizational management. The survey indicators include job satisfaction, sense of purpose, well-being, and stress, enabling the Company to continuously monitor the overall employee experience and changes in these indicators over time.

In 2025, TECO commissioned an external consultant to conduct an employee opinion survey using a sampling approach. The employee satisfaction results were 76.2% for supervisors and 74.0% for employees, with an overall average of 74.7%. The survey coverage rate was 52.0%. Based on the survey results and changes in the relevant indicators, the Company identifies key employee concerns and areas for improvement, and implements corresponding measures in areas such as internal communication, compensation and benefits, work arrangements, and stress management.

TECO also conducts follow-up reviews through annual talent assessments and employee feedback tracking to monitor the implementation and effectiveness of improvement measures. The results are used as a reference for continuous improvement of human resources policies and the working environment, forming a management cycle of indicator assessment, results analysis, issue identification, improvement measures, and effectiveness tracking.

Employee Survey and Wellbeing

TECO conducts an annual employee survey to understand employee perceptions and workplace experience and to support the continuous improvement of human capital management.

The survey covers employees of the Taiwan parent company, core business companies in the United States, Europe, Australia, Southeast Asia and China, as well as other major affiliated companies. Survey results are provided to supervisors at the plant and division levels or above in each business unit and are reviewed through the annual engagement process between the Human Resources Center and business unit management.

The employee survey covers four key dimensions: job satisfaction, purpose, happiness and stress, enabling TECO to monitor employee experience and identify areas for further improvement.

Indicator	FY2022	FY2023	FY2024	FY2025	FY2025 Target
Employee Satisfaction Score – Supervisors	84.8	76.7	76.5	76.2	-
Employee Satisfaction Score – Colleagues	88.8	69.9	75.0	74.0	-
Employee Satisfaction Score – Average	**86.8**	**71.8**	**74.6**	**74.7**	**73.7**
Survey Participation Rate	**51.6%**	**45.9%**	**36.0%**	**52.0%**	**-**

In 2025, TECO's average employee satisfaction score reached 74.7, compared with 74.6 in 2024, against a 2025 target of 78. The global survey participation rate increased from 36.0% in 2024 to 52.0% in 2025.

The survey addresses the following employee wellbeing dimensions:

- Job satisfaction: employees' perceptions of their work experience and employment conditions.
- Purpose: employees' understanding of their roles and responsibilities and the meaning of their work.
- Happiness: employees' positive feelings and experiences at work.
- Stress: employees' perceived work-related pressure and tension.

TECO reviews the survey results to identify areas requiring further attention and uses the findings to support continuous improvement in employee experience, workplace wellbeing and human capital management.

Emerging Risks

Aspects	Emerging risk 1	Emerging risk 2
Name of the emerging risk	Information Security Risk	Supply Chain Risks (Arising from Geopolitics and Trade Wars)
Category	Technology	Environment
Description	As the scope of digital operations and information systems continues to expand, information systems may be subject to information security incidents caused by factors such as cyberattacks, malware infections, data breaches, system failures, or human error, resulting in the loss of critical data, operational disruptions, financial losses, regulatory violations, and damage to corporate reputation.	Factors such as geopolitical conflicts, international trade wars, economic sanctions, adjustments to tariff policies, and export controls may lead to shortages in raw material supplies, disruptions in logistics, rising procurement costs, or supply chain disruptions, which in turn may affect production and delivery, operational performance, and market competitiveness.
Impact	TECO Electric & Machinery's business model spans both B2B and B2C markets, with products and services covering diverse fields such as electromechanical equipment, smart energy, smart manufacturing, and systems integration. Its operations rely heavily on information systems, the Internet, and digital communication technologies to support global business expansion, supply chain collaboration, and customer service. As digitalization continues to advance, cyberattack methods are becoming increasingly complex and frequent, making information security a critical issue for the company's sustainable operations. If the company fails to effectively implement information security governance, risk identification, and monitoring mechanisms, or fails to promptly adopt appropriate incident response and recovery measures, it may face risks such as malware attacks, ransomware intrusions, leaks of sensitive data, system anomalies, or service interruptions. Such incidents may not only affect production, supply chain operations, and the quality of customer service, but may also result in damage to trade secrets, customer data, and critical	As a major player in Taiwan's electromechanical and motor industries, TECO Electric & Machinery relies heavily on key raw materials such as copper, iron, aluminum, and steel for its operations. Factors such as geopolitical conflicts, international trade restrictions, and supply chain restructuring may lead to tight raw material supplies, logistics disruptions, and price volatility, thereby increasing procurement costs and operational uncertainty. In addition, adjustments to tariff policies and market sentiment may prompt companies to stockpile goods in advance, leading to regional imbalances in supply and demand and shifts in the flow of raw materials, which could further exacerbate price volatility. As U.S.-China trade relations and export control measures in various countries continue to evolve, TECO may also face challenges related to regulatory compliance, import and export restrictions, and supply chain management, which

	information assets, thereby leading to regulatory compliance risks, financial losses, and legal liability.	could affect the efficiency of cross-border flows of raw materials and products. Failure to adequately address these risks could have an adverse impact on the Company's production costs, supply capabilities, market competitiveness, and operating performance.
Mitigating actions	1. Implement a Security Operations Center (SOC) service to establish a 24/7 cybersecurity monitoring mechanism. 2. Implement network segmentation and server security zones to protect critical hosts and limit the scope of damage in the event of an incident. 3. Implement a high-privilege account and password management system (CyberArk) to reduce the risk of high-privilege account and password leaks. 4. Procure a software source code scanning system to comprehensively scan existing systems for source code vulnerabilities and address them prior to deployment; require mandatory scanning of new systems to ensure compliance before deployment. 5. Strengthen the authentication system for external network connections via SSL VPN by integrating FIDO2 two-factor authentication. 6. Upgrade and migrate DMZ hosts to the cloud to enhance disaster recovery capabilities. 7. Conduct penetration testing and red team exercises to identify weaknesses in the company's overall systems from a hacker's perspective. 8. Deploy a Web Application Firewall (WAF) to block Layer 7 attacks. 9. Perform security maintenance on the company's information systems, and prevent and address cybersecurity incidents. Conduct quarterly vulnerability scans of externally accessible websites and analyze the security of websites associated with the TECO domain but not under the company's management.	1. Continued optimization of raw material price hedging and demand forecasting mechanisms for key raw materials such as copper, aluminum, and silicon steel sheets. Establishment of quarterly rolling demand forecasting and price-locking mechanisms with each business division. 2. Real-time monitoring and response to global trade regulations, including the "U.S.-China trade war and related trade regulations in the United States and China." 3. Actively developing alternative suppliers or alternative sourcing locations for raw materials and critical components that are not subject to U.S. export controls. This reduces risks associated with the U.S.-China trade war.

	10. Expand the scope of social engineering exercises to include key affiliated companies to enhance overall cybersecurity awareness across the group.	

Materiality Issues and Metrics

	Material issue 1	Material issue 2	Material issue 3
Material issue	Product/Service Innovation and R&D 1. From an economic perspective, innovation in product and service R&D can drive industrial innovation and open up new business opportunities. 2. From an environmental perspective, incorporating carbon reduction or environmental protection concepts into the product and service R&D process can help address climate change and achieve environmental protection goals. 3. From a social perspective, innovation in product and service R&D can improve the quality of life for end customers, thereby enhancing social well-being.	Climate Action and Net-Zero Emissions 1. From an economic perspective, effective greenhouse gas emissions reductions can lower a product's carbon footprint. However, the company needs to increase its capital investment accordingly. 2. From an environmental perspective, actions against climate change can help TECO achieve its 2050 net-zero emissions target.	Employee Welfare 1. From an economic perspective, attracting talent drives a company's competitiveness and productivity. 2. From an environmental perspective, when employees engage in environmental sustainability goals or activities, it helps build a shared commitment to sustainability within the organization. 3. From a social perspective, employee well-being enhances employee satisfaction, which in turn improves organizational stability and cohesion.

Business case	Failure in the research and development of TECO's products or services may result in the loss of substantial investments made throughout the innovation lifecycle. If the developed product or service fails to meet technical requirements, customer expectations, regulatory standards, or market demand, the company may be unable to commercialize the outcome and recover development costs. This can lead to direct financial losses, inefficient allocation of resources, reduced profitability, and potential reputational impacts, ultimately affecting the company's long-term competitiveness and sustainable growth. If TECO's new products or services do not achieve the expected results, the market competitiveness may be affected, which could in turn reduce the company's long-term profitability.	Failure to meet emissions reduction targets may result in reputational risks and weaken stakeholder confidence in the company's sustainability commitments. In the long term, this may affect business growth, customer relationships, and access to sustainable financing opportunities. Inaccurate or unreliable reporting of supply chain greenhouse gas emissions may hinder the company's ability to identify major emission sources and implement effective carbon reduction initiatives across its value chain. Consequently, the company may face challenges in reducing the upstream carbon footprint of its products, achieving climate targets, and meeting stakeholder expectations for transparency and environmental performance.	A lack of appeal in the labor market may impair the company's ability to attract, develop, and retain diverse and highly qualified talent. As competition for skilled employees intensifies, organizations that fail to provide competitive compensation, career development opportunities, inclusive workplace culture, and employee well-being initiatives may experience higher turnover rates and difficulties filling critical positions. These challenges can reduce workforce stability, weaken innovation capacity, and negatively affect long-term business sustainability and resilience.

Business strategies	To strengthen the development of the Company's operational strategies and enhance research and development in technological innovation, the Company has established a "Strategy Committee." This committee is responsible for reviewing the Company's business operations and strategic direction, as well as deliberating on related organizational changes and transformation plans, major investment and merger and acquisition plans, other important strategic issues, and the Company's R&D policies for forward-looking technologies and products. In 2025, TECO acquired NCL Energy Sdn Bhd, a Malaysian electromechanical engineering company, and its subsidiary NCL Green Sdn Bhd, which specializes in new energy. NCL is not only a long-standing strategic partner of Malaysia's national power company, TNB, but through this acquisition, TECO is expected to provide comprehensive electromechanical engineering services in Malaysia to major international cloud computing clients. Going forward, the company will focus on high-growth markets in	• Set a 10-year operational emissions reduction target of 50% and implement energy-saving and carbon-reduction initiatives. • Through Scope 3 target simulations, the Company continues to assess whether to apply for Science-Based Targets (SBTs) from the Science Based Targets initiative (SBTi). • Provide guidance and capacity-building support to suppliers to enhance their GHG reduction knowledge and sustainability management capabilities. By promoting carbon inventory practices, emissions reduction initiatives, and sustainability best practices, suppliers can improve environmental performance, strengthen climate-related risk management, and contribute to the achievement of TECO's carbon-emission reduction goal.	• Develop competitive compensation plans based on market salary benchmarks to attract, motivate, and retain qualified talent while ensuring compensation remains fair and aligned with industry standards. • Identify key talent through regular talent reviews and establish structured career development pathways, including leadership development, succession planning, and targeted training programs. • Implement retention strategies such as performance-based incentives, employee recognition, and career advancement opportunities to enhance employee engagement and strengthen workforce stability.

	Southeast Asia as part of its strategy to gradually realize its vision of “becoming a core driver of global electrification, smart technology, and green energy.”		
Target	Sales of low-carbon products increased by 5%	50% reduction in greenhouse gas emissions by 2030	In the employee satisfaction survey, TECO achieves a response rate of over 60%, while the Group achieves a response rate of over 50% by 2026.
Target year	2025	2030	2026
Progress	Revenue from the Company’s products bearing the Type I eco-label (ISO 14024) or the national environmental label was NT$1,773,676,000 in 2024 and NT$2,606,878,000 in 2025, representing 147% of the 2024 revenue and a 47% increase.	By 2025, Scope 1 and Scope 2 GHG emissions have been reduced by 45% compared to the baseline year of 2021	In October 2025, the Human Resources Center conducted an employee opinion survey across domestic and overseas affiliates, covering four major dimensions: employee satisfaction, engagement, well-being, and work stress, to strengthen employees' sense of identification and enhance overall organizational performance. The global response rate reached 52%, a significant increase from 36% in 2024; the response rate of TECO's parent company reached 60%, setting a record high, exceeding the annual

			target, and increasing by 2% compared with last year, demonstrating continued growth in employee participation.
Executive compensation	To encourage the President, business group heads, presidents of key affiliated companies, mid- to senior-level managers, and professional talents to focus on longterm overall performance while promoting sustainable operations and achieving ESG goals, the Company has established sustainability performance indicators aligned with its sustainability strategy and objectives. These indicators are included as part of the key performance indicators (KPIs) for the President, business group heads, and presidents of key affiliated companies. For presidents of sales-oriented affiliated companies, sustainability performance indicators account for 4% of their total performance weighting, with the growth rate of low-carbon product sales ratio accounting for 3% of that total. KPI scores have a direct impact on the amount of long-term incentive	To encourage the President, business group heads, presidents of key affiliated companies, mid- to senior-level managers, and professional talents to focus on longterm overall performance while promoting sustainable operations and achieving ESG goals, the Company has established sustainability performance indicators aligned with its sustainability strategy and objectives. These indicators are included as part of the key performance indicators (KPIs) for the President, business group heads, and presidents of key affiliated companies. For the **President and Business Group Heads`**, sustainability performance indicators account for 2% of the total performance weighting, of which cumulative achievement of greenhouse gas emissions reduction targets accounts for 0.5%, cumulative achievement of GHG emissions intensity targets accounts for 1%, and cumulative achievement of rate of green supply chain targets accounts for 0.5%. For **presidents of key affiliated companies**, sustainability performance	Key Talent refers to high-potential employees below the manager level. To enhance cultivation and retention, we have shifted the review and selection cycle from biennial to annual. Post-selection, the development and retention of these individuals are set as Key Performance Indicators (KPIs) for their respective units.

	bonuses awarded and indirectly affect the distribution of various short-term bonuses through performance evaluations. This ensures that the rewards and incentives for managers and professional talents at all levels are closely aligned with the Company's overall sustainability goals, thereby driving the implementation of its sustainability development strategy.	indicators account for 4% of the total performance weighting, of which cumulative achievement rate for greenhouse gas emissions reduction targets accounts for 1%, cumulative achievement of GHG emissions intensity targets accounts for 1%, implementation of key emission reduction initiatives account for 1.2%, and cumulative achievement rate of green supply chain targets accounts for 0.8%. For presidents of sales-oriented affiliated companies, sustainability performance indicators account for 4% of their total performance weighting, of which the cumulative achievement of GHG emissions intensity targets accounts for 1%. KPI scores have a direct impact on the amount of long-term incentive bonuses awarded and indirectly affect the distribution of various short-term bonuses through performance evaluations. This ensures that the rewards and incentives for managers and professional talents at all levels are closely aligned with the Company's overall sustainability goals, thereby driving the implementation of its sustainability development strategy.	

Output Metric	The Company uses revenue from sustainable products as an output metric.	The Company uses the volume of GHG that suppliers are able to reduce as an output metric.	
Impact Valuation	We value the impact by accessing to product/service with positive value (mostly environmental) of selling sustainable products and services.	We value the impact by the environmental value gained from the GHG that suppliers are able to reduce.	
Impact Metric	In 2025, the revenue from sustainable products and services is NT$ 13,516,020,337.	In 2025, TECO participated in the Ministry of Economic Affairs' "Manufacturing Sector Net-Zero Transformation Promotion Program" and formed a "1+N Carbon Management Demonstration Team" to promote supply chain carbon inventories and emissions reduction actions. The future carbon reduction volume from those suppliers is about 1,051 tCO2e/year.	-

2025 Survey of Artificial Intelligence and Cybersecurity-Related Training Courses

2025 AI and Cybersecurity Training

In 2025, TECO offered courses on “Development and Application Trends of Generative AI,” “AI Data Capabilities: From Data to Insights,” and a series of AI Research Club programs to strengthen employees’ understanding of AI capabilities, limitations, risks, and responsible use. The Company also conducted cybersecurity awareness training, cybersecurity training for senior executives, and social engineering prevention training. Follow-up training was provided based on the initial and subsequent assessment results to continuously enhance employees’ AI literacy and ability to identify cybersecurity risks. In 2025, TECO delivered 108 hours of AI and cybersecurity-related training, with 1,994 participant completions, demonstrating the scale of the Company’s capability-building efforts.

2025 Survey of Quality Management-Related Training Courses

2025 Quality Management Training

In 2025, the Company invited external professional consultants to provide training on “ISO 9001 and IATF 16949 Requirements and Audit Practices” for quality management personnel. The training strengthened participants’ understanding of quality management system requirements and practical auditing capabilities. A total of 60 participants attended the training, with 1,800 training hours completed.

Net-Zero Transition Plan

The Company has established a net-zero transition pathway to support its 2030 operational GHG emissions reduction target and 2050 net-zero commitment. The pathway integrates decarbonization actions across operations and the value chain, financial resources for implementation, and stakeholder engagement to support the transition toward a low-carbon economy.

Net-Zero Transition Plan		Approach and Actions
Alignment with Paris Agreement on climate change goal of limiting global warming to 1.5°C		The Company's climate commitments are aligned with the Paris Agreement objective of pursuing efforts to limit the increase in global average temperature to 1.5°C above pre-industrial levels. A target of reducing operational GHG emissions by 50% by 2030 has been established, together with the long-term goal of achieving net-zero emissions by 2050.
Quantified target for investments or funding to implement the transition plan		Quantified financial planning is incorporated into the climate transition plan to assess the resources required for implementation. Under the IEA NZE 2050 scenario, the estimated decarbonization cost through 2030 is NT$171 million, informing resource allocation for technology upgrades and energy-efficiency improvements. An internal carbon price of NT$1,600/$tCO_2e$ is incorporated into business-unit budgeting, while the resulting internal carbon fund provides funding for energy management, renewable energy, energy storage, low-carbon product and service innovation, digital systems, carbon-management capabilities and third-party verification. In 2025, three carbon-fund projects were approved, covering casting-furnace improvements, compressed-air system optimization and carbon-footprint development, with expected annual GHG reductions exceeding 950 tCO_2e.
Planned key actions or decarbonization levers that will drive progress towards meeting emission reduction targets	**Scope 1**	Key actions include process and equipment efficiency improvements, casting technology upgrades, furnace-loop improvements, progressive electrification and substitution of fossil-fuel-based process equipment, refrigerant transition, and discontinuation of SF_6 use in applicable high-voltage equipment.
	Scope 2	On-site solar generation and renewable electricity use continue to be expanded across operating sites. The transition pathway includes continued energy-efficiency improvement and a target for renewable energy to account for 30% of total electricity consumption by 2030.

	Scope 3	Scope 3 reduction pathways are being developed through improved supply-chain GHG inventory and data quality, supplier decarbonization initiatives, increased use of low-carbon materials and circular economy practices, tracking emissions associated with the use of sold products, and development of low-carbon and net-zero products and services.
Engagement with stakeholders to gather input and support achievement of the transition plan	**Value chain**	Supplier engagement includes ESG risk assessment, corrective-action mechanisms and carbon-management capacity building. In 2025, participation in the Ministry of Economic Affairs' "1+N Carbon Management Demonstration Team" supported suppliers through GHG inventory guidance, energy-efficiency and carbon-management training, on-site assessment, and GHG inventory and verification preparation.
	Industry peers or relevant associations or initiatives	Participation in industry associations and sustainability-related initiatives supports collaboration and knowledge exchange on industrial transformation, net-zero transition, energy efficiency, renewable energy and sustainable development. Climate-related participation is reviewed to ensure consistency with the Company's climate commitments and the Paris Agreement.

Sustainable Products Program

TECO has established a sustainable products and services program to support the development and expansion of its low-carbon and sustainable portfolio. The program integrates product classification, portfolio targets, investment and R&D, infrastructure enhancement, employee capability building, and performance incentives.

Sustainable Products Program	2025 Actions
Sustainable product and service classification system	● Since 2022, TECO has used the EU Taxonomy as a reference for product classification. In 2025, it refined its sustainable economic activity classification to distinguish taxonomy-eligible activities from those aligned with the technical screening criteria. ● The classification is applied to operating revenue, CAPEX and OPEX, supporting internal management and external disclosure.
Investment to expand the sustainable product and service portfolio	● R&D: Invested NT$1,170.184 million in 2025 to advance high-efficiency motors, intelligent energy-saving systems, green-energy generators and inverters, automotive powertrains, inverter air conditioners and Industrial IoT solutions. ● Infrastructure: Upgraded energy-consuming equipment, strengthened maintenance and waste-reduction processes, recycled cooling water and nearly 100% of waste silicon-steel sheets, and continued ISO 14001 management. ● Training: Delivered energy-efficiency training to 484 employees (1,460 hours), water-efficiency training to 1,921 employees (961 hours), and waste-reduction training to 3 employees (21 hours).
Sales incentives for sustainable products and services	● ESG KPIs account for 4% of the performance weighting for general managers of sales-related affiliates, including growth in the share of low-carbon product sales. ● This links sales leadership incentives directly to expanding the sustainable product and service portfolio.

HCROI was 6.53 in 2025, up from 6.31 in 2023, reflecting sustained positive returns from human capital investment.

	2022	2023	2024	2025
Total Revenue	58,315,216,068	59,393,660,773	55,234,745,889	59,093,897,778
Total OPEX	8,110,648,508	8,278,338,000	7,907,899,455	8,792,686,227
Employee-related expenses	9,267,153,692	9,633,399,879	8,596,982,843	9,092,676,766
Resulting HCROI	6.42	6.31	6.51	6.53
Total Employees	13,030	13,415	12,968	12,858

Hazardous Substance Management and Phase-out Target

The Company is committed to reducing the potential impacts of hazardous substances in its products on human health and the environment. Hazardous substances within the product portfolio that are subject to management are assessed based on their level of hazard, regulatory trends, usage, and the maturity of alternative technologies, with safer materials introduced progressively. The Company will continue to identify hazardous substances across its product portfolio, prioritize risks, and plan substitution or phase-out pathways, giving priority to substances of high concern and high hazard for which mature alternatives are available.

By 2035, the Company aims to complete the substitution or gradual phase-out of hazardous substances within its product portfolio that are subject to management and have feasible alternatives. For substances that currently lack mature alternatives or remain necessary due to technical requirements, the Company will continue to evaluate available options and prioritize the introduction of safer alternative materials or technologies to gradually reduce their use.

The Company will regularly disclose progress toward the target, continue to invest R&D resources and budget in the development and validation of safer alternative materials and technologies, and work with suppliers and other stakeholders through industry associations and relevant collaboration platforms to identify and promote feasible alternatives to hazardous substances, thereby supporting achievement of the target.