

# 2019 TECO ESG SUMMARY



# ENVIRONMENTAL

Vision to realize “Energy Conservation, Emission Reduction, Intelligence and Automation”.

TECO is fully committed to minimizing environmental impact generated by the strategies about procurement from and selection of vendors, management of risk assessment on product development, materials input and production processes, continuing improvement on defective production models warehousing, and transportation.



## ENVIRONMENTAL MANAGEMENT SYSTEMS

**98.4% TECO Entities**

Covered by **ISO 14001** Environmental Management Systems (With near-term plans for TECO Wuxi Precision to apply)



TECO has been conducting **ISO 14064-1 GHG inventories** for Taiwan, China and US sites.

Data from Taiwan has been verified by BSI's (British Standards Institution) ISO 14064-1 (GHG audit) verification to provide the assurance about accuracy of assessment data.



The Company's IE3 motors are **ISO 14067** Product Carbon Footprint & **ISO 14066** Water Footprint compliant, and have been verified by BSI.



## ENVIRONMENTAL SAFETY TASK FORCE

The Environmental safety task force under the President Office executes the following policies:

- Compliance with global standards including RoH and REACH
- Sound environmental protection management and regular safety audits for all sites and work environments
- Opportunities in clean tech expansion
- Company continues to invest in smart-auto product lines and the deployment of site full-scale automation:

### 1. Motor business revolutions –

- High efficiency motor plant in Binh Duong province, Vietnam started rolling in July 2019 adopting smart monitoring, vacuum casting technology and high automation % - **cost saving of up to NT\$30mn.**
- Recycled materials for motors: (silicon steel scrap for melting and reuse in motor housing) At the end of 2019, **recycled iron ratio reached 20.4%.**
- In 2016, motor water-based paint was introduced to replace the use of traditional motor exterior coating paint to effectively reduce the emission of volatile organic compounds (VOC). Up to the end of 2019, water-based paint adoption reached 66.23% across productions. **Total emission of VOC was reduced by 52.4%.**

### 2. Intelligent food delivery service robot won the Taiwan Excellence Silver Award.

### 3. New ventures in micro-grid, IDC, smart building, solar power generation and energy storage; and collaboration with CIP on onshore substation construction of Changfang and Xidao Wind Farm led to an increase in revenues of more than NT\$10bn.

### 4. Taiwan Sugar Corp. and TECO built Taiwan's first smart green energy recycling house.

### 5. TECO targets energy saving products to reach 80% of its revenues by 2025.

- Commitment to energy conservation and emission reduction of “**20% emission reduction in one decade**” (2015-2025) and “**2% emission reduction every year**”.

## KEY ENVIRONMENTAL PERFORMANCE

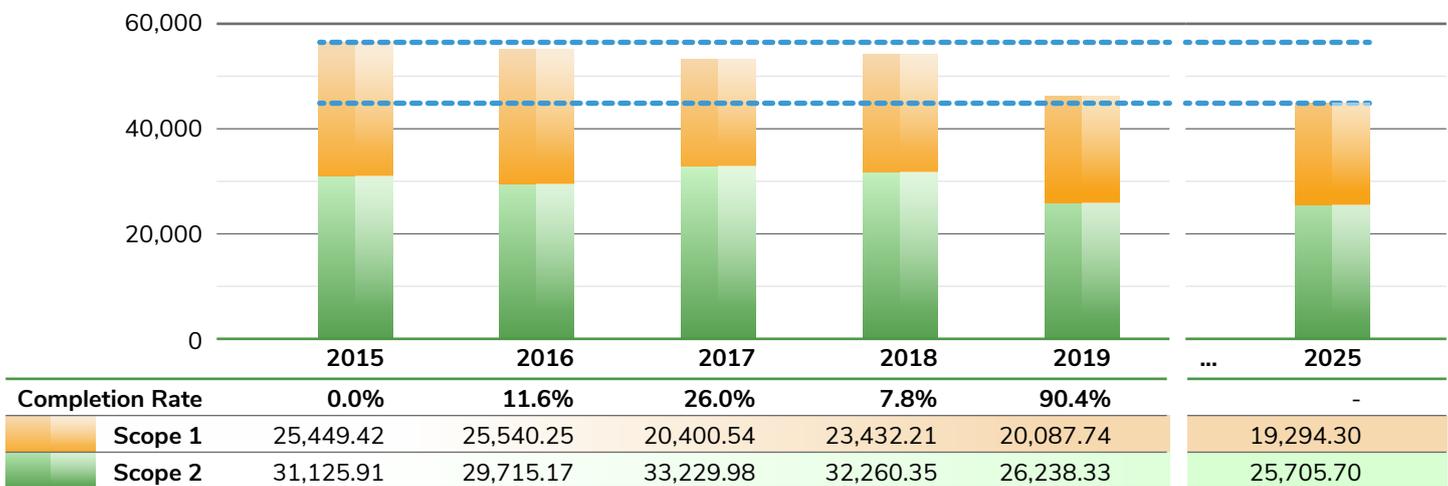
In 2019, the Group's energy consumption data management scope covered all of the plant sites in Taiwan, the U.S., and China. For 2020, the management border is planned to include Italy and Vietnam for the statistics. The coverage scope of this year accounts for 77.6% of the overall consolidated revenue of TECO Group.

Metric	2017	2018	2019
<b>GHG Emissions (Tons CO<sub>2</sub>e)*</b>	<b>53,630.52</b>	<b>55,692.56</b>	<b>77,148.62</b>
Scope 1	20,400.54	23,432.21	22,161.01
Scope 2	33,229.98	32,260.35	54,987.61
Scope 3*	-	-	12,743,269.00
<b>Total Air Emissions (ton)</b>	<b>213.63</b>	<b>188.10</b>	<b>183.35</b>
SOx	2.55	2.38	2.24
NOx	1.50	1.52	1.58
Volatile Organic Compounds (VOC)	209.58	184.20	179.53
<b>Total Energy Consumption (MWh)</b>	<b>110,445.9</b>	<b>109,396.4</b>	<b>111,421.0</b>
Non-renewable electricity purchased	94,591.6	93,882.4	92,424.6
Non-renewable fuels	15,854.3	15,514.0	18,966.4
<b>Energy Consumption Breakdown</b>			
LPG (kL)	276.1	258.9	306.0
Diesel (kL)	135.5	126.6	144.4
Natural Gas (MWh)	1,201.1	1,190.0	1,525.8
Gasoline (MWh)	48.5	40.1	45.8
<b>Total Waste Generated (Taiwan &amp; US only) (ton)</b>	<b>482.5</b>	<b>355.3</b>	<b>707.7</b>
General Waste	3,058.0	3,308.1	3,265.1
Hazardous Waste	18.7	14.8	39.3
Waste Used/Recycled/Sold	-2575.5	-2952.8	-2,557.4
<b>Renewable Energy (MWh)</b>	<b>N/A</b>	<b>2,060</b>	<b>2,611</b>

\*TECO initiated Scope 3 emission assessment from year 2019

## GHG EMISSIONS PERFORMANCE AND GOALS (TAIWAN)

Reduction by 20% in 2025 cumulatively from 2015, and reduction of 2% each year.



## EXPOSURE TO ENVIRONMENTAL RISKS AND OPPORTUNITIES

RISKS		
SHORT-TERM (2020)	MID-TERM (2022)	LONG-TERM (2025)
<ul style="list-style-type: none"> <li>Motors and generators business bears an innate and increasing demand for energy</li> <li>Natural disasters and air pollution may interrupt site operations</li> </ul>	<b>Increased compliance costs</b> <ul style="list-style-type: none"> <li>Increasing number of industry leaders targeting zero carbon emissions by 2050</li> <li>Increasing demand from customers on renewable energy adoption</li> <li>Increasing OPEX from the above changes</li> </ul>	<b>Risk of losing access to markets due to heightened regulatory hurdles</b> <ul style="list-style-type: none"> <li>Potential "carbon border tax" and trade tension from slower than expected adoption of renewable energy</li> <li>Raw material supply uncertainty and fluctuating costs</li> </ul>

OPPORTUNITY		
SHORT-TERM (2020)	MID-TERM (2022)	LONG-TERM (2025)
<ul style="list-style-type: none"> <li>Speed up digital transformation progress internally</li> <li>Invest in smart electronics and energy saving products</li> </ul>	<ul style="list-style-type: none"> <li>Increase adoption of renewable energy across production facilities</li> <li>Invest in energy storage engineering products and electric vehicle low-carbon power module</li> <li>Evaluate opportunities around green bonds</li> </ul>	<ul style="list-style-type: none"> <li>Identify internal carbon pricing mechanism</li> <li>Increase local production ratio to reduce carbon footprints</li> </ul>

### MOTOR CARBON FOOTPRINT ANALYSIS

TECO has conducted a carbon footprint analysis of three high-efficiency motor models by "from cradle to gate" approach. Which calculated carbon emissions including raw material, manufacture process, direct manpower and waste generated. We found that **90% of carbon emissions come from the production of raw materials, and only 10% is from motor manufacture stage.** This shows that the recycling of raw materials (metal parts) is important to reduce emission.

Model	Emissions from:		Total Emissions (kgCO <sub>2</sub> e)
	Raw Material (kgCO <sub>2</sub> e)	Manufacture (kgCO <sub>2</sub> e)	
AEHF 2HP	152 (92.5%)	12 (7.5%)	164
AEHF 20HP	152 (92.5%)	12 (7.5%)	164
AEHF 150HP	152 (92.5%)	12 (7.5%)	164



### 2019 ENVIRONMENTAL EXPENDITURE (Taiwan, US and China)



### MOTOR MATERIAL CIRCULATION

There are two cycles in TECO:



#### 1. In-plant circular

TECO has own foundry in place, which means we have the ability to melt wastes from production process and re-manufacture it into motor frame bracket housing parts. **We have now reached 27.3% of iron reusing rate.**

#### 2. Lifecycle circular

Industrial motors typically have a design life of 10-15 years, and special designs can extend life up to more than 30 years. At the end of the motor life cycle, the motors are recycled and dismantled by the scrap hardware recycling service companies. 90% of motor total content, including steel, iron, copper and aluminum will be separated and returned to the raw material stage to be remelted and remanufactured. Steel is usually made into angled steel and other building materials that continue to exist in our lives.

# SOCIAL

Human talent is TECO's greatest asset and the foundation of its sustainable operations. TECO's vision in the field of HR is to strengthen talent development, the creation of a blissful enterprise, realization of sustainable operations, and establishment of a "Best Employer" brand image. TECO has actively promoted the five core values of "Ambition, Customer Orientation, Team Spirit, Integrity and Innovation."

## COMPLIANCE WITH CODE OF ETHICAL CONDUCT

### WE STOP



- |  |  |
|--|--|
| ● Harm to consumers' health and safety | ● Offering and acceptance of bribe               |
| ● Conflict of interest                 | ● Illegal political contributions                |
| ● Improper charitable donations        | ● Unreasonable hospitality                       |
| ● Infringement upon business secrets   | ● Infringement upon intellectual property rights |
| ● Unfair competition                   |  |

### WE IMPLEMENT



- |                          |                          |
|--------------------------|--------------------------|
| ● Compliance with laws   | ● Preventive programs    |
| ● Promotion and training | ● Whistleblowing system  |
| ● Internal control       | ● Information disclosure |

TECO is committed to ensuring that everyone inside and outside The Company can be treated with equality and dignity. In 2019, TECO continued to organize two-day courses of new employee orientation which includes The Company's history and values, introduction to business units, basic competencies, development of work attitude and visit to the plant's production lines, and the ethical corporate management and CSR-related issues that were highlighted in the employees' code of ethics courses.

## KEY FACETS INCLUDED IN THE COMPANY'S HUMAN RIGHTS POLICY

- |                                   |  |
|-----------------------------------|--|
| Fairness and non-discrimination   | Meet basic salary requirements             |
| Create good employee relations    | Create a safe and healthy work environment |
| No child labor                    | Prohibit compulsory and forced labor       |
| Full-compliance for working hours | Employee Training in Human Rights Policies |

The full Declaration of Human Rights Policy can be found on the TECO website



Social Welfare Activity - Field of Land Adoption event

## ENVIRONMENTAL SAFETY POLICY: POLLUTION-FREE ENVIRONMENT, ZERO OCCUPATION DISASTER



TECO has established occupational health and safety management system OHSAS 18001 / ISO 45001. Environmental Safety Month takes place every year to promote awareness.



## EMPLOYEE UNIONS & RIGHTS PROTECTION

**89.0%**  
TECO EMPLOYEES  
Covered by  
Collective  
Agreements

General union meetings are convened on an annual basis for the election of 11 union directors and 4 supervisors while semi-annual and monthly meetings are convened for better communication.

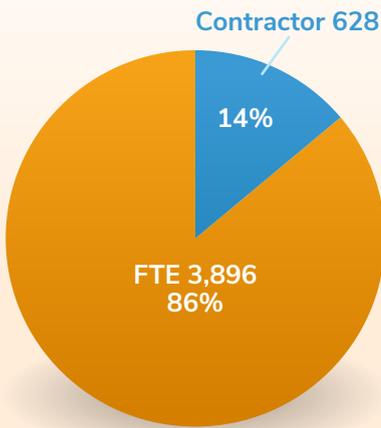
## CODE OF ETHICS IMPLEMENTATION

**Employee dismissed due to violation of the Ethical Management Best Practice Principles:** Pursuant to the "Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/TPEX Listed Companies", the "Code of Ethical Conduct for Directors and Managers", and "Code of Ethical Conduct and Integrity Operation Procedures and Conduct Guide" are applicable to all TECO entities. In 2019, a specialist of Home Appliance Product Management Team of Home Appliance Business Department was dismissed due to violation of the above codes of conduct.

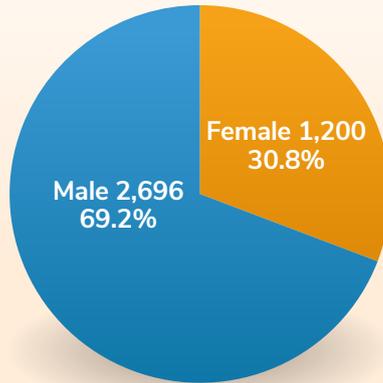


## EMPLOYEES

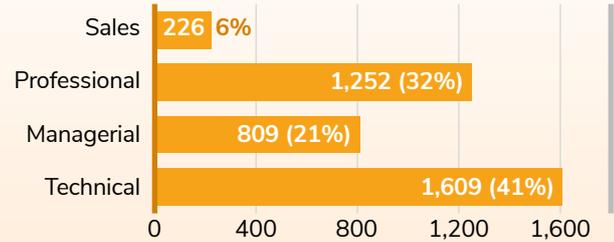
### Number of permanent and non-permanent employees



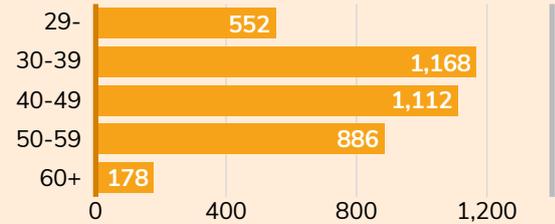
### Ratio of Gender



### Employment in different positions (Permanent employees)



### Age structure of permanent employees



FTE = Full Time Employee

## WORKFORCE DIVERSITY AND EQUALITY DIVERSITY INDICATORS

Female % of total workforce	30.8%
Female % among senior and top management positions	20.4%
Minority employment	2.0%



## GENDER PAY DIFFERENTIAL STATISTICS

Job Grade	Gender	TECO	TECO Electro Devices	Wuxi TECO	Taian Technology (Wuxi)	TECO Westinghouse
General Staff	Male	1.06	1.05	1.02	1.19	1.12
	Female	1	1	1	1	1
Director	Male	1.03	0.84	0.95	1.09	0.87
	Female	1	1	1	1	1
Manager	Male	0.90	1.04	1.3	1.11	1.17
	Female	1	1	1	1	1
Factory manager, directors	Male	0.73	1	1.43	0.81	0
	Female	1	0	1	1	0

## CAREER DEVELOPMENT

TECO's training and development mechanism strictly conforms to the Plan-Design-Do-Review-Outcome (PDDRO) principles. The Company launches training and development programs adhering to 4 dimensions: management capability, professional competence, general knowledge and corporate policies; and Individual Development Plans for key personnel (5% of total employees) are introduced to cultivate emerging managerial talents.

Average hours per FTE of training and development	14.0
Average amount spent per FTE on training and development	NT\$ 2,595.4
Internal transfer or promotion ratio	80.6%



Furthermore, TECO has an internal system in place for "key personnel" of grades 5~8 or below to actively cultivate managerial candidates. Talent development plans are developed annually for key personnel. Key personnel accounts for 5% of the total staff ranking at grades 5~8 in 2019.

## OCCUPATIONAL HEALTH AND SAFETY

Members of Occupational Health and Safety Committee of TECO (chaired by the President) and plant areas (chaired by the management representatives) encompass labor representatives (1/3), health and safety unit members and top executives. Other involved executives also attend committee meetings. Meetings are convened on a quarterly basis to review action plans and results. In addition, External auditor's questions should be answered by the facility managers, while managers of units in which accidents occur must submit a report to the Occupational Health and Safety Committee of TECO. Executives assume a leadership role to raise awareness in the field of occupational safety.

Occupational injury data shows a declining trend and lower than 2017 to 2019 domestic industry average of 1.33 to 1.38 among various related industries.

	2016	2017	2018	2019
Employee occupational injury rate	1.83	1.83	2.28	1.11
Number of employee accidents	17	17	19	9
Number of contractor accidents	0	0	2	1

Note: Total data coverage accounts for 98.81%, 98.26%, 97.62% and 97.51% of the Group respectively.

## SUPPLY CHAIN AND PROCUREMENT MANAGEMENT

In 2019, TECO's total procurement amount was NT\$ 57 bn.

Supplier Tier	Number of Suppliers (% of Total)
<b>Critical Suppliers</b> Commodities & key materials	<b>66 (7%)</b>
<b>Tier 1 Suppliers</b> Recurring trading suppliers	<b>300 (30%)</b>



To ensure that suppliers fulfill their corporate social responsibilities, TECO not only implements an evaluation system for quality control but also enforces supplier ESG indicators which facilitate employees to use various ESG practices such as local sourcing, non-use of conflict minerals and support of human rights. "Declaration of Non-Use of Conflict Minerals" is a mandatory agreement for suppliers to ensure that Gold (Au), Tantalum (Ta), Wolfram (W), Cobalt (Co) and Tin (Sn) are not procured from non-governmental military groups, illegal organizations or mining areas in the conflict zones of the Republic of Congo, or through smuggling.

### Supplier Audit Procedures - Measures to ensure procurement integrity

#### Supplier pre-evaluation

- TECO ensures suppliers meet relevant quality, environmental, safety and health criteria. Products need to conform to green management and control
- TECO actively assists its suppliers to obtain international standard quality certificates: ISO 9001, IATF16949, ISO 14001, and OHSAS 18001
- TECO demands suppliers to design green, eco-friendly products, as well as to control hazardous substances

#### Contract signing

- Signs the "Letter of Commitment to Human Rights and Environmental Sustainability" which allows TECO to terminate the contracts if any violation of social commitment is discovered. Signing rate reaches 99%

#### On-site audit

- For new, risky tier 1 & critical suppliers, TECO's R&D, quality control, manufacturing, procurement, safety & environmental, and audit related teams are obliged to conduct on-site audits. For those who require quality improvements after the audit, TECO will support them for improvements

#### Supplier performance ratings

- To ensure that suppliers continuously comply with TECO standard and identify potential supplying risks, TECO monitors the short-term (monthly) & long-term (yearly) performance of its critical and tier 1 suppliers



## SUPPLIER MANAGEMENT AND INDICATORS

### Supplier ESG Indicators and Goals

<b>KPI #1</b>	Quality certificates from Tier 1 suppliers ISO 9001, TS16949, ISO 14001 or OHSAS 18001 certified	<b>100% by 2023</b>
<b>KPI #2</b>	<b>No child labor</b> - We support, follow and comply with child labor laws across our operations and value chains	<b>100% by 2023</b>
<b>KPI #3</b>	100% sign-off rate of " <b>Letter of Commitment to Human Rights and Environmental Sustainability</b> "	<b>100% by 2023</b>

## FIVE MAJOR DIMENSIONS OF SUPPLIER EVALUATION



New suppliers must achieve a score of at least 75 points to become one of TECO's qualified suppliers. If a supplier receives an on-site evaluation score lower than 60 points, the procurement department will activate the new supplier searching mechanism and procurement will cease immediately after a new supplier has been secured.

## SUPPLIER EVALUATION RATING

Average score	Assessment results	Description
<b>BELOW 60</b>	<b>DISQUALIFIED</b>	Out of the 5 major capability categories (R&D, quality management, management service, production technology, CSR), if any item falls below 60 points, or if zero point has been obtained for items such as the hiring of child labor, discharge of waste gas/wastewater and waste management, the supplier will be disqualified.
<b>60 - 75</b>	<b>GUIDANCE REQUIRED</b>	Depending on the supplier's potential and TECO requirements towards the supplier, an assistance period of one year may be granted, and the supplier will be re-evaluated after improvements have been made.
<b>ABOVE 75</b>	<b>LISTING AS A QUALIFIED SUPPLIER</b>	Guidance may be provided to raise relevant standards and satisfy procurement requirements, if deemed necessary.

 Existing Critical and Teir 1 suppliers are audited at least **once every 3 years**.



# CORPORATE GOVERNANCE

The 25<sup>th</sup> TECO Board of Directors (2018/6/15)

**Ethical Corporate Management, Implementation of Corporate Governance, Fulfillment of Social Responsibility and Pursuit of Sustainable Operations.**

## BOARD OF DIRECTORS

The TECO board of directors is the highest executive organ of TECO and is authorized to appoint and nominate top managers. It is also in charge of formulation of CSR, corporate citizen, and sustainable development strategies. TECO has three fully independent functional committees, namely **Audit Committee, Compensation Committee and Corporate Governance and Sustainability Committee**, were established by the Board of Directors to assist the Board in performing its duties. The organizational charters of all committees which are required to report are subject to approval by the board. The annual average board of directors' meeting attendance rate is 95.56%.

### Board Independence - In accordance with best practices

**2020/5/11 AGM**

The number of members of directors was reduced from 15 directors to 7~11, with at least 3 independent directors and a target 1/3 ratio of board independence

Director Name / Title	Gender	Tenure (as of end 2019)
<b>1 Chwen-Jy, Chiu</b> Chairman	F	13Y 6M
<b>2 Chao-Kai, Liu</b> Managing Director	M	19Y 8M
<b>3 Cheng-Tsung, Huang</b> Managing Director	M	28Y 7M
<b>4 Yu-Ren, Huang</b> Managing Director	M	7Y 6M
<b>5 Mao-Hsiung, Huang</b> Director	M	47Y 7M
<b>6 Po-Chih, Huang</b> Director	M	31Y 9M
<b>7 Tzu-Yi, Kuo</b> Director	M	1Y 6M
<b>8 Shang-Wei, Kao</b> Director	M	1Y 6M

Director Name / Title	Gender	Tenure (as of end 2019)
<b>9 Shih-Chien, Yang</b> Director	M	10Y 6M
<b>10 Hong-Hsiang, Lin</b> Director	M	7Y 6M
<b>11 Tung-Hai, Kao</b> Director	M	1Y 6M
<b>12 Yung-Hsiang, Chang</b> Director	M	13Y 3M
<b>13 Wei-Chi, Liu</b> Managing & Independent Director	M	1Y 6M
<b>14 Jin-Fu, Chang</b> Independent Director	M	1Y 6M
<b>15 Ting-Wong, Cheng</b> Independent Director	M	3Y 6M

Reduced to 7 to 11 with at least 3 INED as resolved in 2020 AGM



## BOARD EVALUATIONS

TECO formulated the “Rules Governing the Board Performance Evaluation”. These are used for regular evaluations of the Board and functional committees. Items considered include degree of participation in the Company’s operations, improvements to the Board’s decision-making quality, the composition and structure of the Board, election of board members, and member advancement, and internal control.

## AWARDS & ACCOLADES

TECO continually strives for improvements in corporate governance and sustainability.



**TOP 5%**  
Corporate  
Governance  
Evaluation (TWSE)  
**5 CONSECUTIVE YEARS**



### 4 MAJOR AWARDS

**Taiwan Corporate Sustainability Awards (TCSA)**  
Platinum Award on Corporate Sustainability Reports  
TOP 50 Corporate Sustainability Award  
Social Inclusion Award  
Transparency and Integrity Award

**3 CONSECUTIVE YEARS**



**AWARD OF  
CORPORATE  
CITIZEN**  
Commonwealth  
Magazine  
**8 CONSECUTIVE YEARS**



**CONSTITUENT STOCK**  
TAIWAN'S SUSTAINABILITY INDEX  
FTSE4Good TIP Taiwan ESG Index



Full details of TECO's awards and accolades can be found on the official website

## FUNCTIONAL COMMITTEES

### Audit Committee

Member	Title	Attendance
<b>Ting-Wong, Cheng</b>	Convener & Chairperson	100%
<b>Wei-Chi, Liu</b>	Member	100%
<b>Jin-Fu, Chang</b>	Member	100%

### Compensation Committee

Member	Title	Attendance
<b>Wei-Chi, Liu</b>	Convener & Chairperson	100%
<b>Ting-Wong, Cheng</b>	Member	100%
<b>Jin-Fu, Chang</b>	Member	100%

### Corporate Governance and Sustainability Committee

Member	Title	Attendance
<b>Wei-Chi, Liu</b>	Convener & Chairperson	100%
<b>Ting-Wong, Cheng</b>	Member	100%
<b>Jin-Fu, Chang</b>	Member	100%
<b>Chwen-Jy, Chiu</b>	Member	100%
<b>Mao-Hsiung, Huang</b>	Member	100%

### CSR Committee

The Company established the CSR Committee in 2014, which convenes at least 1 meeting per month and governs the CSR Task Force. The Committee reports directly to the Chairman and keeps track of TECO’s CSR progress. Starting from 2017, KPI for various business division executives (linked to executive salaries) were introduced along with CSR performance linkages in order to reinforce execution.

## INTEGRITY & ETHICS

Company’s management policy surrounds “ethical corporate management, implementation of corporate governance, fulfillment of social responsibility, and pursuit of sustainable operations”.

Internal rules to facilitate integrity and ethical behaviors include Corporate Governance Best Practice Principles, Ethical Corporate Management Best Practice Principles, Bylaws to Report Cases of Illegal and Unethical Conduct, and Procedures for Ethical Management and Guidelines for Conduct.



The internal organizational regulations can be found on the official TECO website

## EMPLOYEE AND EXECUTIVE REMUNERATION

**Senior Managerial Officer Remuneration Evaluation Indicator:** Revenue, gross profit, profit/loss achievement rate, total asset turnover, return on assets, return on invested capital

- Manager remuneration is divided into fixed and variable pay. The latter is directly linked to performance appraisal results based on key performance indicators (KPI) as part of company long term goal, including sustainability related goals such as departmental business performance, development of energy-conserving products, and talent cultivation, etc.

### Employee Long-Term Performance Reward Mechanism

- 50% of employee remuneration comes from TECO shareholding where rights can be vested after two years, effective as of July 2020.

## RISK MANAGEMENT ORGANIZATION

### SUSTAINABILITY RISK



#### CSR Task Force Task Force on Climate-Related Financial Disclosures (TCFD) Structure

The “CSR Task Force” acts as the responsible unit of TECO to perform material issue analysis according to the Task Force on Climate-Related Financial Disclosures (TCFD). Through research report, literature and internal/external major stakeholder communication, examine and establish the content of each issue and their priority sequence, and summarize the risk list submitted by each department, in order to perform risk assessment and to propose corresponding strategy and recommendation. After the review by the Chairman, report is submitted to the “Corporate Governance and Sustainability Committee” of the board of directors, and the annual work plan is established according to the sustainability commitment of “ten year emission reduction by 20%,” in order to concretely achieve the vision of “energy conservation, emission reduction, intelligence, automation”.

### FINANCIAL RISKS



#### Finance Group

TECO has established the “Finance Group” to be responsible for the interest rate, exchange rate changes, inflation status tracking, and the management and hedging policies governing high-risk and high-leverage investments, loaning of funds, endorsements/guarantees and derivative transactions, and to pay attention on impacts of domestic and foreign important policies and legal changes on the financial status and business of TECO.

### INTERNAL CONTROL RISK



#### Internal Audit Division

TECO has formed an “Internal Audit Division”. The division assists the board of directors and management level in the identification and assessment of risks as well as the review and confirmation of the effectiveness of internal control system design and operations. The division formulates annual audit plans in accordance with the five main components of COSO internal control based on past audit experiences, the budget draft for the following year, and the current organizational framework. The level of control of external environmental risks by the management level, control of operational risks by business divisions, and the effectiveness of internal control system design and operations is reviewed based on these plans. The division delivers auditing reports upon completion of auditing operations and regularly reports to the Board and the “Audit Committee”.

### INFORMATION SECURITY RISK



#### Corporate Administration Performance Developing Office and Business Intelligence Department

In 2020, TECO established the “Corporate Administration Performance Developing Office and Business Intelligence Department” to report to the Chairman directly. Information security educational promotion is organized periodically and responsive action management procedure is established. System weakness tests and remote backup drills are performed semi-annually. TECO information software and hardware systems are maintained by the subsidiary, Information Technology Total Services (ITTS), and ITTS is equipped with the ISO/IEC 27001 certification.



## ORGANIZATIONAL FRAMEWORK

