



2024

ESG INSIGHT REPORT

Together,
we empower the **Future** 

TECO 

ONE TECO STRATEGY

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 and positions TECO for future business opportunities in climate change. For full details, please refer to section 4.1-2 of the Sustainability Report.



4.1-2 of the
Sustainability Report

One TECO



Global Electrification

- Power Grid Resilience Construction
- Commercial Vehicle Electrification
- Mobile Variable-Frequency Control Station (VBskid)



Energy-Saving and Decarbonization Intelligence

- AI High-Tech Carbon Inventory
- Smart Energy-Saving Solutions for Power Equipment and Utility Systems
- Smart Air Conditioning Systems

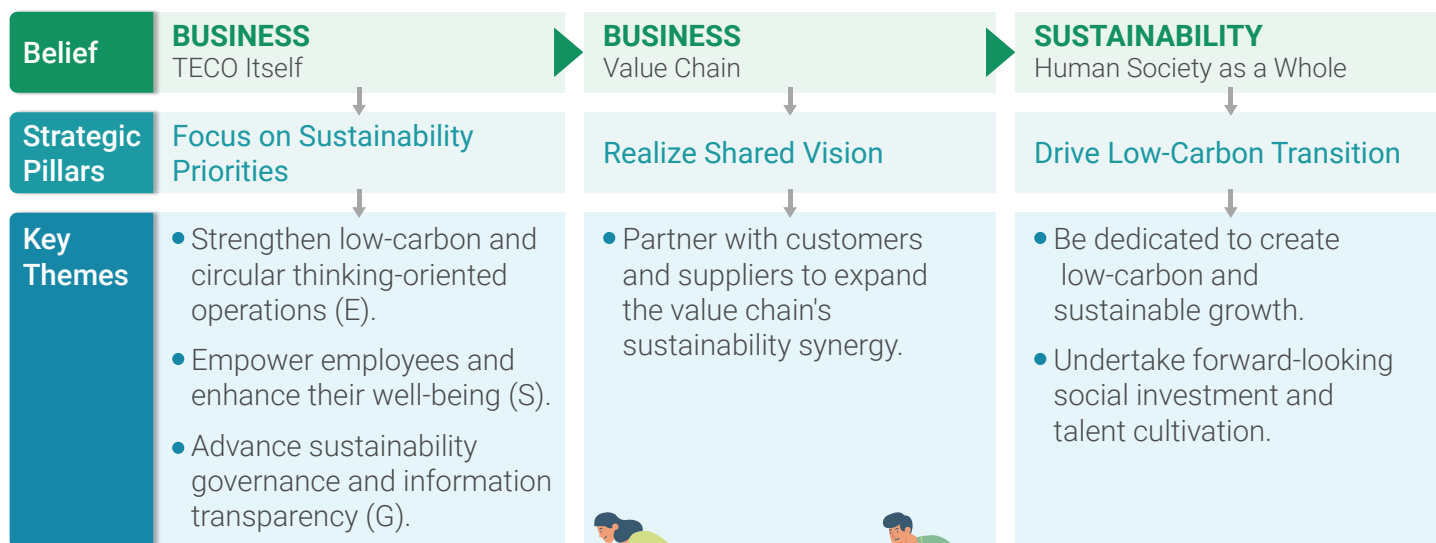


Green Energy

- Offshore Wind Power Substations
- Photovoltaic and Energy Storage Systems
- Virtual Power Plants
- Hydrogen Energy Projects

ESG Strategy Framework – B2B2S

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.



External Certification

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).

Certification	Certification Body	Scope
ISO 14001	SGS, CQC, ETC, ICB-VESH, PJR	15 of 15 Production Sites
ISO 14064-1	BSI, TERTEC, CQC, SGS, TÜV, Intertek	61.4% of TECO Group Revenue ^{Note1}
ISO 45001	SGS, TÜV, ETC, ACM, IQNET, ICB-VESH, CQC	10 of 15 Production Sites
ISO 27001	TCIC	Transitioned to ISO 27001:2022 (in 2024)
ISO 9001	TÜV, DQS, ICB-VESH, SGS, CQC, PJR, ETC, IQNET, DEKRA	15 of 15 Production Sites

Note1: In 2024, TECO completed a GHG emissions inventory for global core production and sales sites, achieving 84.34% coverage (based on consolidated Group revenue). The scope of ISO 14065-1 is 61.4% of Group Revenue.

Scope of ESG Reporting

ESG Disclosure Scope

For 2024, ESG-related disclosure scope includes all core business facilities with **84.34%** coverage rate of total TECO group revenue.

ENVIRONMENTAL

Strengthen Low-Carbon and Circular Thinking-Oriented Operations

TECO aims to manage emerging environmental and ecological issues from a low-carbon and circular perspective to reduce our environmental impact and generate positive outcomes.

Environmental Management Systems with Annual Environmental Audits

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.

- ISO 14001 Established for 15 of 15 Production Sites
- ISO 14064, ISO 14064-1, ISO 14064-3 covers 61.4% of TECO Group Revenue

Third-party verification units: BSI in Taiwan, CQC (China Quality Certification Center) in China and Vietnam, SGS in the United States, TUV (Rheinland) in Italy. The power coefficient is mainly based on the annual coefficient announced by the local energy bureau with the global warming potential IPCC AR6. In addition, annual internal annual audits (coupled with external verification) are conducted.



For full list of TECO certification, please visit the corporate website.

Regular Climate-Related Assessments: Risks and Opportunities

TECO's Board of Directors is the highest TCFD-aligned decision-making authority for enterprise risk management. Furthermore, the "ESG Office" is established as the core unit for corporate sustainability governance, coordinating climate initiatives and advancing sustainability policies. The ESG Office collects and assesses climate-related risks and opportunities, and reports regularly to management and the Board of Directors. For full details of TECO's TCFD-related disclosure, please see 5.2 TCFD Index, which includes climate-related risks and opportunities, and assessment scenarios such as RCP analysis.

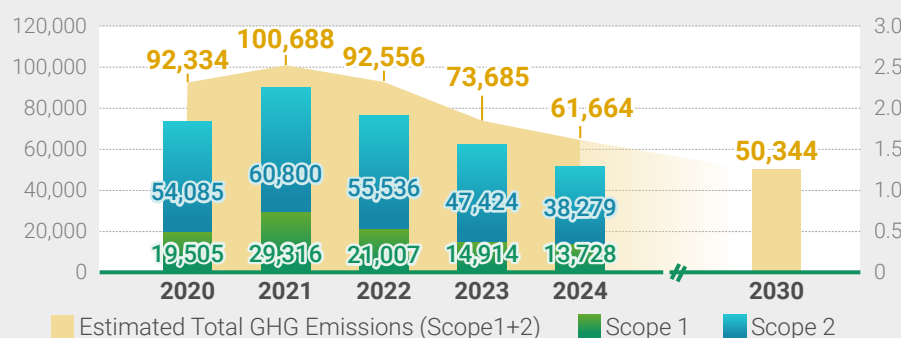


5.2 TCFD Index

Goal: Operations Emission Reduction by 50% in 10 Years Target

As of 2024, TECO had already achieved 38.6% of the targeted 50% reduction.
(equivalent to a goal achievement rate of 77.2%)

Since 2021, TECO has pursued a science-based target to cut operational carbon emissions 50% by 2030. Groupwide efforts focus on energy efficiency, carbon reduction, and renewables, reinforced by companywide Sustainability KPIs—embedding climate action into TECO's culture and advancing its 2050 net-zero commitment.

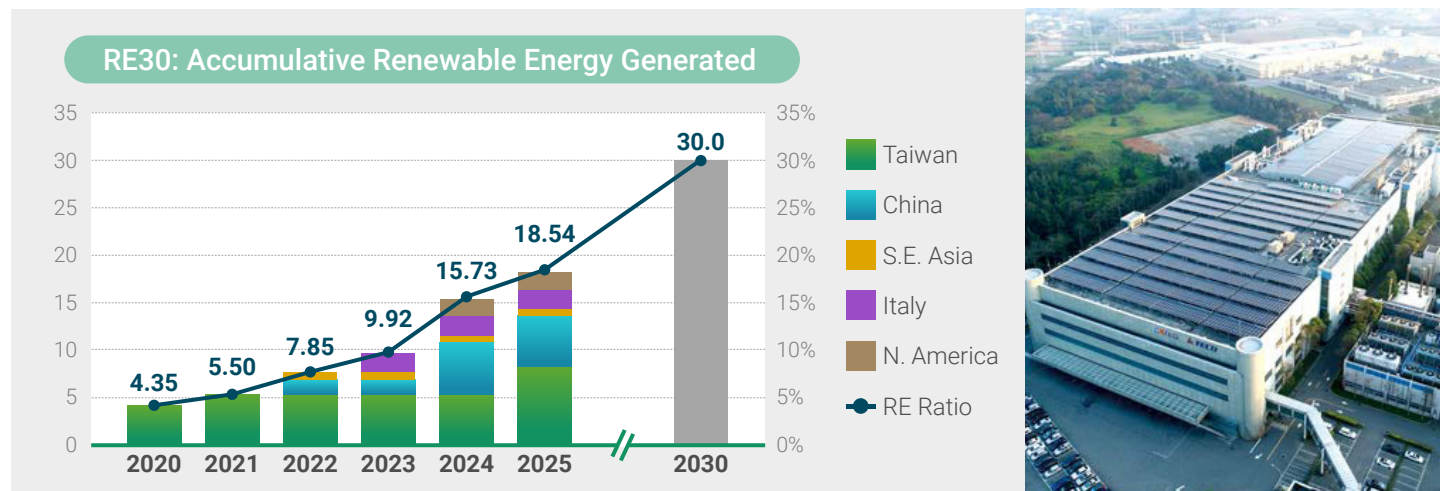


Goal: TECO Global Value Chain and Greenhouse Gas Inventory

Goal	~2025	~2030	~2050
Upstream (Scope 3)	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".	Listed Companies All complete inventory according to government regulations. Small and Medium-sized Enterprises Complete 80% of inventory and set emission reduction targets.	All complete inventory and require reduction targets.
Operation (Scope 1&2)	Based on the 2021 emission baseline, a 38.6% reduction has been achieved by 2024. Subsequently, the 2026 emission target has been adjusted to align with the overall sustainability roadmap. 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.	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.	Achieve overall net-zero for TECO Group.
Downstream (Scope 3)	Establish Scope 3 carbon emission reduction pathways.	Track Scope 3 "use of sold products" trends and introduce "zero-carbon products".	Sell net-zero products and services.

Goals for Renewable Energy: On Track for 30% by 2030

In 2024, TECO added 5.7 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. For energy certificates in 2024, TECO obtained 1,038 self-generated-and-use renewable energy certificates, demonstrating green electricity adoption and enhancing transparency.



2026 SBT Target Setting

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 complete 100% coverage in 2026, and TECO Group will be able to submit a consolidated target to SBT.

Targets, Metrics and Achievement Rates

Environmental Targets

	2024		
	Target	Performance	Achieved
GHG Emissions (tonCO₂e)			
Scope 1	21,077	13,728	✓
Scope 2	43,715	38,279	✓
Scope 3	27,698,593	27,167,071	✓
Air Emissions (ton)			
Volatile Organic Compounds	104	101	✓
Energy Consumption (MWh)			
Non-renewable Consumption	110,475	105,107	✓
Water Usage (k ton)			
Total Water Usage	82	80	✓
Waste Management (ton)			
Total Waste Disposed	1,062	1,042	✓
Hazardous Waste Disposed	297	291	✓

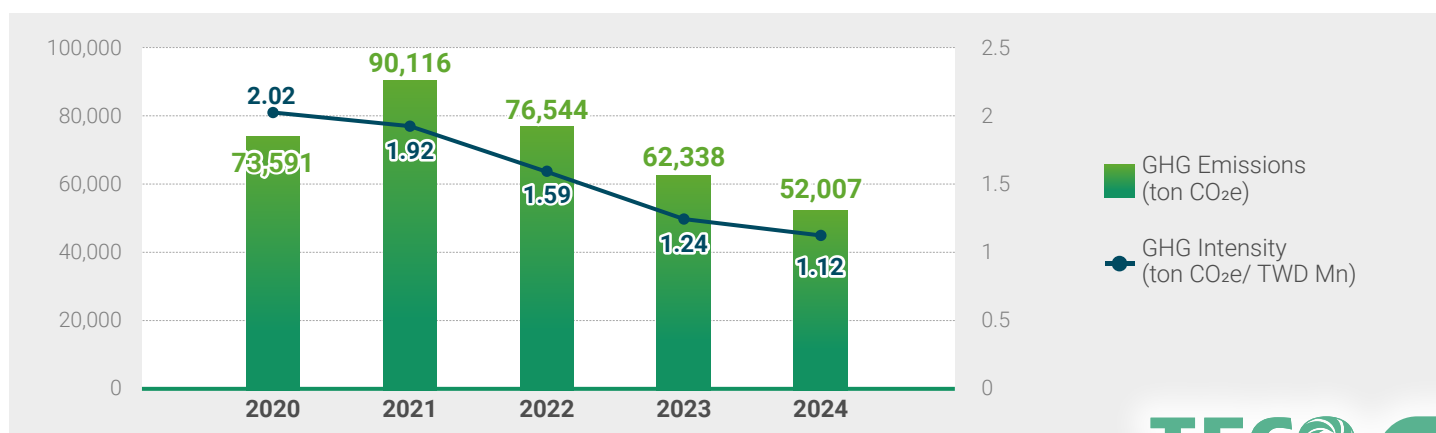
Environmental Metrics

	Unit	2022	2023	2024
GHG Emissions				
Estimated Total GHG Emissions (Scope 1+2)	ton CO ₂ e	92,556	73,685	61,664
Scope 1		21,007	14,914	13,728
Scope 2		55,536	47,424	38,279
Scope 3 Total		19,038,554	63,955,674	27,167,071
GHG Emissions Intensity	ton CO ₂ e/TWD M	1.59	1.24	1.12
Air Emissions				
SOx	ton	1.02	1.99	1.07
NOx		0.92	1.62	2.13
Volatile Organic Compounds		136.70	110.40	101.21
Energy Consumption				
Total Energy Consumption	MWh	125,523	116,289	105,107
Non-renewable Electricity Purchased		98,384	91,410	80,440
Non-renewable Fuels		27,139	24,879	23,475
Renewable Energy Generated		1,158	1,231	1,192
Energy Intensity	Unit	2.15	1.96	1.90
Water Management				
Total Water Withdrawal	k ton	70.52	86.94	80.02
Water Use Intensity	a	0.0017	0.0015	0.0015
Waste Management				
Total Waste Generated	ton	12,027	14,100	14,056
Total Waste Disposed		860	947	1042
Total Waste Recycled		11,168	13,153	13,014
Hazardous Waste Disposed		295	286	291
Environmental Metrics Data Coverage	%	80.3	84.6	84.3

Note 1: Prior to 2023, the estimated total GHG emissions were based on projections; from 2024 onward, the figures are derived from the inventories of merged subsidiaries.

Note 2: In 2023, the shipment volume of high-voltage large motors in the Americas and mainland China are increased from 3,355 units in 2022 to 13,812 units in 2023. Therefore, the total emissions increased accordingly.

GHG Intensity Trend



Return on Environmental Investments

	Unit	2021	2022	2023	2024
Capital Investments		15,240	35,260	8,130	36,569
Operating Expenses	NTD k	18,424	21,438	14,065	26,296
Savings, Cost Avoidance, Income, Tax Incentives, etc.		40,545	42,925	62,800	110,812
Data Coverage	%	89.5	82.7	84.6	84.34

Drive Low-Carbon Transition - Sustainability Opportunities and Initiatives

To "Drive Low-Carbon Transition" according to the Company's B2B2S framework, TECO is dedicated to creating low-carbon and sustainable growth. TECO focuses on developing net-zero emissions linked products and services to solidify the Company's sustainable operations and promote sustainable economic growth. In 2024, TECO applied EU Taxonomy-Eligible criteria to classify sustainability-related revenue and investments.

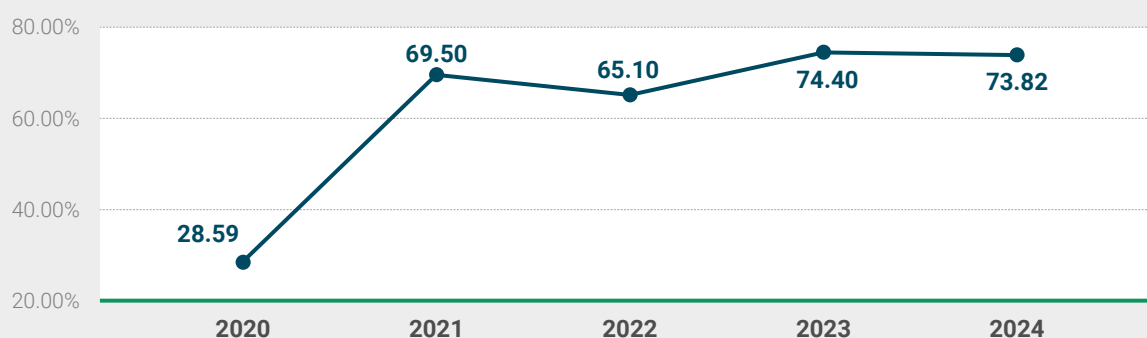
TECO GO ECO



"TECO GO ECO" represents low-carbon products and services. Following ISO 14020 standard, and with the definition of Type I, II and III. TECO categorizes motor and home appliance product in following rules:

- **Type 1:** Motor above IE3 standard and home appliance with Level 1 energy efficiency and energy/water-saving standards.
- **Type 2:** From 2020 TECO categorizes customized motors with efficiency level > 95% as TECO GO ECO products.
- **Type 3:** Motors and air conditioners certified with carbon and water footprint verification

Low-carbon Products of Total Sales



Low-carbon products accounted for 73.82% of total sales in 2024, with continual goals to maintain above 70%.



EU Sustainability Taxonomy

**In 2024, taxonomy eligible revenue accounts for 52%
CAPEX accounts for 13.5% and 15.6% OPEX allocation**

TECO adopts EU Sustainability Taxonomy with self-declared TECO GO ECO low-carbon products and services classification, and is disclosed as the following:

Classification	Business Organization and Output	EU Taxonomy Items	Ratio (%)		
			Revenue	Capital	Expense
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 efficient equipment for buildings	5.9	2.6	
Taxonomy Eligible	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	84.4
	Other Business Units	None	48.0	86.5	
Not Eligible	Other Business Units	None	48.0	86.5	84.4

For details please see [Sustainability Taxonomy](#).

Transforming into a Circular Economy

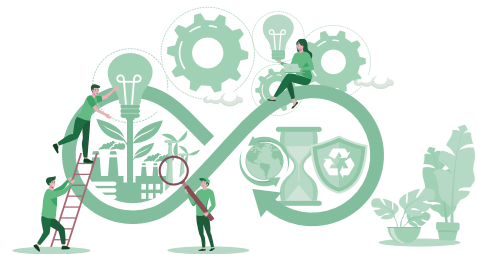
Two Cycles of Material Circulation

• 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.

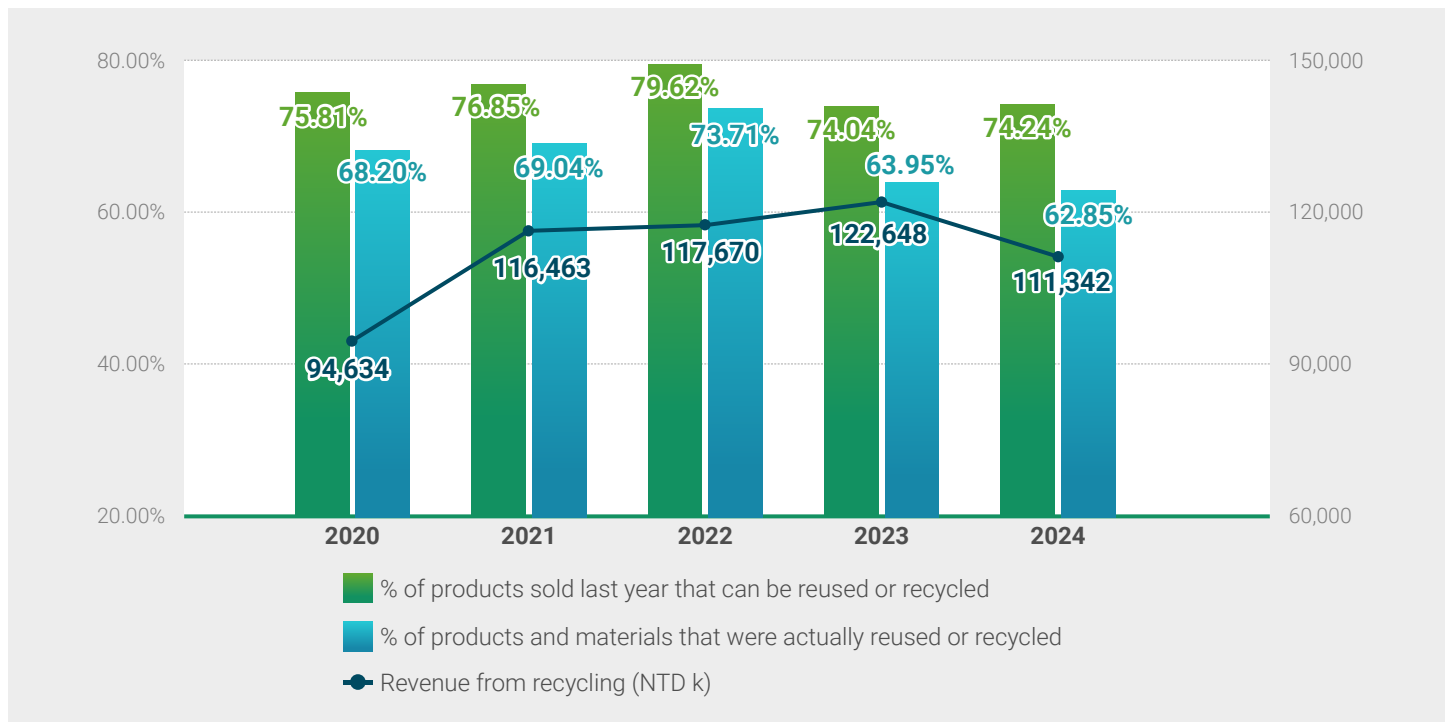
• Lifecycle Circular

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.



End of Life Cycle Responsibility

Consolidated recycling scenario from motor and home appliance products.



Global GHG Inventory Digitalization System

Emissions targets tied to business group performance and bonuses.
ESG-related KPI's are also linked to CEO's remuneration.

TECO's global sites and headquarters monitor GHG emissions in real time, enabling faster data integration, reporting, and communication. This supports target-setting, hotspot identification, and carbon reduction strategies—driving progress toward net-zero goals.



Internal Carbon Pricing (ICP) and Fee Management

TECO launched its ICP system in 2023, charging NTD 1,600 per ton of CO₂e under the “polluter pays” principle. Emission allowances and budgets are assigned to business group Presidents, with excess emissions impacting budgets, performance, and bonuses.

In 2024, TECO introduced Internal Carbon Pricing and Fee Management Guidelines, led by the President. Annual carbon price reviews channel funds into energy efficiency, renewables, and low-carbon R&D—integrating climate strategy into decisions and accelerating progress toward net-zero 2050.



SOCIAL

Empower Employees and Enhance Their Well-Being

TECO strives to provide a safe and healthy work environment, empower our people, and value overall well-being to create positive impact. TECO believes 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.

Non-compensation Benefits Superior to Regulatory Requirements

Support Type	Description
Workplace Stress Management All Employees	TECO has contracted professional psychological counseling institutions to provide employees with psychological counseling services. All employees may receive counseling via phone or in-person appointments, with up to 4 hours of free professional psychological counseling services per year.
Exercise and Wellness Program All Employees	TECO holds regular quarterly health seminars. 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 Working Hours Applicable to employees at the Nangang Headquarters	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.
Part-time Job Transition All Applicable Employees	Flexible adjustments based on individual cases are discussed.
Babysitting Measures All Applicable Employees	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 All Applicable Employees	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 All Employees	Additionally, AEDs (Automated External Defibrillators) has been installed in offices, and CPR/AED courses are designated as mandatory, encouraging employees to gain health knowledge. 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.

Support Type	Description
Paid Parental Leave for Primary Caregiver All Applicable Employees	During pregnancy, the main childbearing person is entitled to 10 days of maternity leave with full pay, and 8 weeks of maternity leave before and after childbirth, totaling 9.5 weeks of paid leave.
Paid Parental Leave for the Nonprimary Caregiver All Applicable Employees	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.
Extra Paid Leave All Employees	The Company provides 3 days of paid welfare leave annually to help employees balance work and family life.

Retirement Transition Assistance Programs

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.
- Employ retirees aged 65+ to transfer professional skills and experience to younger staff.
- Supports TECO Retiree Association activities to promote social connection and well-being.

Employee Performance Measurement

Variable performance-based component to pay applicable to all employees.

TECO implements a biannual performance evaluation for all employees under the Employee Performance Management Guidelines and Evaluation Guidelines, results of which contribute to employee variable bonuses. Assessments are conducted by the direct supervisor and the next-level supervisor. Weighting is distributed across Key Objectives, Competencies, and Attitude. 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.

ESOP and Long-Term Incentives Programs

Employee Stock Ownership Plan (ESOP)

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.

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.

Annual Employee Satisfaction Survey

TECO conducts annual employee opinion surveys. 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. Findings are incorporated into annual training and performance review discussions led by the Human Resources Center to drive improvement actions.



Employee Type	2021	2022	2023	2024
Senior	73.6	84.8	76.7	76.5
Employee	71.3	88.8	69.9	75.0
Average	72.4	86.8	71.8	74.6
Response Rate	51.0%	51.6%	45.9%	36.0%

Note: Score out of 100. The 2024 target is 78.

2024 Domestic and Overseas Affiliates Online Survey

In 2024, the annual employee opinion survey conducted across domestic and overseas affiliates covers four dimensions: satisfaction, engagement, happiness, and work stress. 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. Due to an increase in the number of overseas affiliated companies surveyed, the overall global response rate dropped to 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.

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.

Freedom of Association & Collective Bargaining Agreement

A total of 1,983/1,983 (100%) eligible employees in Taiwan have joined the union.

(Union Coverage for Core Businesses Across Taiwan, Wuxi, Mexico, and Vietnam, a 60.7% Coverage Rate)

TECO protects the human rights of employees through the labor union and labor-management conference system. The employee protection ratio of the labor union is 100%, and the suppliers of TECO are bound by the "Human Rights and Environmental Sustainability Commitment".

Collective Agreement Revised in 2023: Finalized after 13 formal meetings over four years, exceeding legal requirements and covering 100% of union members (Taiwan). Effective until February 20, 2026.

Human Rights Policy Declaration

TECO upholds the Universal Declaration of Human Rights, UN Global Compact, and ILO Conventions, ensuring all stakeholders—employees, contractors, suppliers, partners, customers, and communities—are treated with equality and dignity. Our Human Rights Policy reinforces this commitment across operations, supply chains, and business relationships. Our Human Rights Policy Declaration is as follows:



Investment

Conduct human rights due diligence and include human rights clauses in major investment agreements.



Child Labor

Comply with local minimum age laws to strictly prohibit child labor.



Fairness & Non-Discrimination

Prohibit harassment and discrimination, ensuring equal opportunities in hiring, evaluation, and promotion regardless of personal attributes or beliefs.



Forced Labor

Respect employee free will and ban all forms of forced or compulsory labor.



Good Labor Relations

Maintain open communication channels to promote harmony and sound labor-management relations.



Working Hours

Follow legal working hour limits, monitor overtime, and provide statutory leave to protect health and work-life balance.



Compensation & Benefits

Provide fair, lawful wages and benefits, pay living wages, ensure equal pay for equal work, and regularly review compensation practices.



Suppliers

Assess suppliers on human rights criteria, eliminate trafficking and forced labor, and respect migrant workers' rights.



Safe Workplace

Ensure a safe, healthy, and respectful work environment that minimizes risks and supports employee well-being.



Grievance Mechanisms

Offer clear channels for employees, suppliers, and stakeholders to report human rights concerns or violations.



Training

Provide regular training for employees and security personnel on human rights policies.



Major Violations

Investigate and discipline violators appropriately, up to contract termination, and take measures to prevent recurrence.

2024 Workforce and Diversity

	Regular Employees ^{Note1}		Temporary		Part-time	
	M	F	M	F	M	F
Taiwan	1,854	848	39	4	178	39
United States	250	87	4	1	9	6
Mainland China	768	462	142	52	37	89
Europe	398	114	5	11	11	8
S.E. Asia	235	111	0	0	0	0
Others	102	30	0	11	7	5
Total	5,259		269		389	

Note1: Regular employees are permanent or fixed-term regular employees; unpaid employees are those without guaranteed hours.

Note2: 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.

Note3: No significant fluctuation in the number of employees compared to 2023

Female Representation Targets

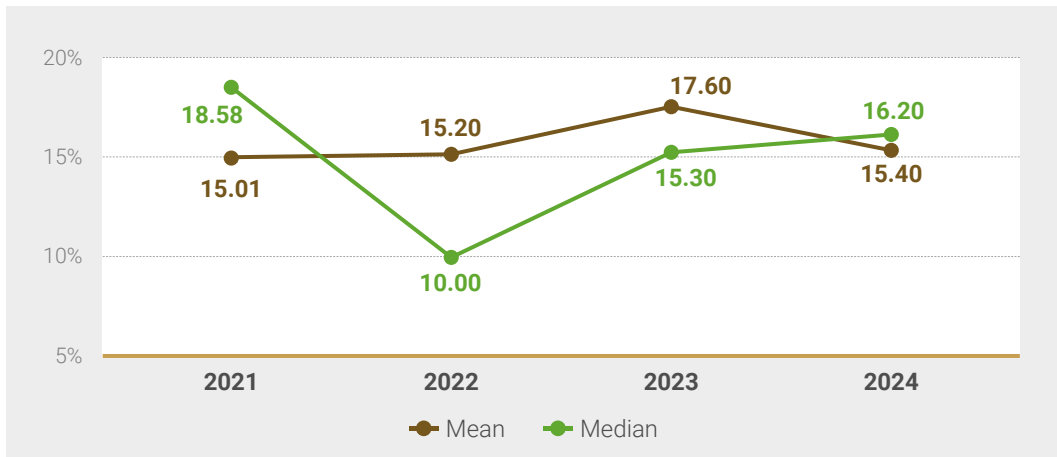
	2023	2024		2025
	Achieved	Target	Achieved	Target
Female Share of Total Workforce	31.50%	32.0%	31.41%	32%
Female Share in Management Positions	19.70%	20.2%	21.30% ✓	22%
Junior Management	19.60%	20.1%	23.01% ✓	24%
Top Management	8.70%	9.2%	10.49% ✓	11%
Female Share in Sales Positions	13.50%	14.0%	17.09% ✓	18%
Female Share in STEM-related Positions	29.50%	30.0%	22.83%	23%

Note1: 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.

Note2: Definition of junior management level: Supervisors, and managers.

Note3: Definition of top management level: Directors, vice presidents, and business group presidents.

Gender Pay Statistics



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.



Employee Turnover

	2021	2022	2023	2024
Total Employee Turnover Rate	14.82%	13.44%	12.04%	14.41%
Voluntary Employee Turnover Rate	13.30%	10.96%	7.04%	10.33%
Data Coverage	100%			

ESG Related Training

In 2024, ESG-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."

Diversity Training Courses

The company has actively promoted gender equality and DEI culture. 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.

Occupational Safety and Health Commitment

TECO has established ISO 45001 occupational safety and health management system and ISO 9001 quality management certification.



Compliance with International Regulations	Comply with international occupational safety and health and sustainable development trends, and ISO 45001 specifications.
Safe Working Environment	Promote a safer, healthier workplace by enhancing safety and health management systems to achieve zero workplace disasters. Implement preventive management and audits and establish joint employer-employee safety committees to collaboratively reduce risks and support workers' physical and mental health.
Risk Assessment Strengthening	Strengthen value chain risk assessments, provide training on sustainable risk and occupational safety management, and maintain a safe, clean working environment through internal and external audits, improving industrial safety and environmental protection performance.

Note: In 2024, regular external audits of the Quality Management System were conducted 5 times. Internal audits were 9 times; process audits were 97 times; and product audits were 42 times.

Occupational Injury Statistical Data (LTIFR)

	2021	2022	2023	2024
Employee LTIFR	1.17	1.66	0.87	2.57
Contractors	0	0	0	6.52
Data Coverage	89.5%	82.7%	84.6%	84.6%

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.

The occupational injury incidents are divided into severe, moderate, mild, and false alarm levels. In 2024, there were no employee fatalities due to occupational injuries. For contractors, there was 1 fatal occupational injury case involving 3 people. For the Hai Long 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.

Level	Cases	Type
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

Hai Long Incident

On August 20, 2024, during the TECO-contracted "Hai Long Offshore Wind Farm Onshore Substation Construction Project," a CO₂ 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 CO₂ 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 CO₂ 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

Realize Shared Vision – Supply Chain Initiatives

Under the TECO “Realize Shared Vision” strategy rooted in B2B2S, the Company collaborates across the value chain to align ESG goals, advance climate action, and promote responsible sourcing, fostering resilience, innovation, and inclusive growth. TECO’s supply chain framework embeds ESG and risk management, requiring suppliers to follow the Supplier Code of Conduct on labor, environment, ethics, and compliance. In 2024, over 97% of Tier 1 suppliers passed annual ESG audits, with improvement plans for non-compliance and stricter checks for high-risk sectors.

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 Code of Conduct

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.

2024 Supply Chain and Procurement Management

To manage supply chain, TECO classifies suppliers by following definitions:

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.

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

Conflict-free Minerals Commitment

100% Procurement of Conflict-free Metals

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.

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 .

Hazardous Substance Policy and Material 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.

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.

Supplier Evaluation & Audit Procedures



Pre-Transaction Evaluation

To meet TECO's quality, environmental, and ESG standards, suppliers undergo pre-transaction evaluations verifying certifications such as ISO 9001, TS16949, ISO 14001, and ISO 45001. TECO also provides ESG training seminars to help suppliers understand trends, adopt carbon-reduction practices, and build certification capabilities.



At Contract Signing (99% Signing Rate)

Suppliers must sign TECO's Supplier Code of Conduct and Human Rights & Environmental Sustainability Commitment. Any violations during the contract period may result in contract termination to uphold social responsibility standards.



On-Site Evaluation

TECO evaluates all new and existing suppliers under its Contractor Evaluation Implementation Procedure. Cross-functional teams conduct on-site assessments using TECO's scoring system, covering quality, R&D, management, production technology, and ESG performance.



Regular Assessment

Suppliers are re-evaluated every three years under ISO 9001, IATF 16949, and audit requirements using a standardized self-assessment. High ESG performers are prioritized as long-term partners, while non-conformities trigger corrective actions within 30 days, with TECO offering guidance. Follow-up audits verify improvements, and persistent non-compliance may lead to contract termination to protect standards and reduce risk.

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.

Labor Human Rights Social Responsibility

- Termination in case of child labor employment.
- ISO 45001 Occupational Health and Safety Management System certification.
- Labor human rights and social responsibility as the supplier evaluation items.
- Requirement to sign "Letter of Commitment to Human Rights and Environmental Sustainability" along with procurement contracts.

Environmental Protection

- ISO14001 Environmental Management System certification.
- Environmental protection compliance status and performance of energy conservation and carbon reduction as the supplier evaluation items.
- Requirement to sign "Letter of Commitment to Human Rights and Environmental Sustainability" along with procurement contracts.

2024 Supplier 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

Supplier GHG Inventory Assessment Results

Item	2024
Total number of suppliers assessed (greenhouse gas inventory) (2024 target of 68, accounting for 50%)	97 ✓
% Key suppliers assessed (have not conducted greenhouse gas inventory)	64.95%
Number of suppliers required to conduct (greenhouse gas inventory)	34
% Suppliers already assisted or requiring assistance (greenhouse gas inventory)	100%
Number of suppliers to be terminated	0

Coverage and Progress of Suppliers with Capacity Building Programs

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

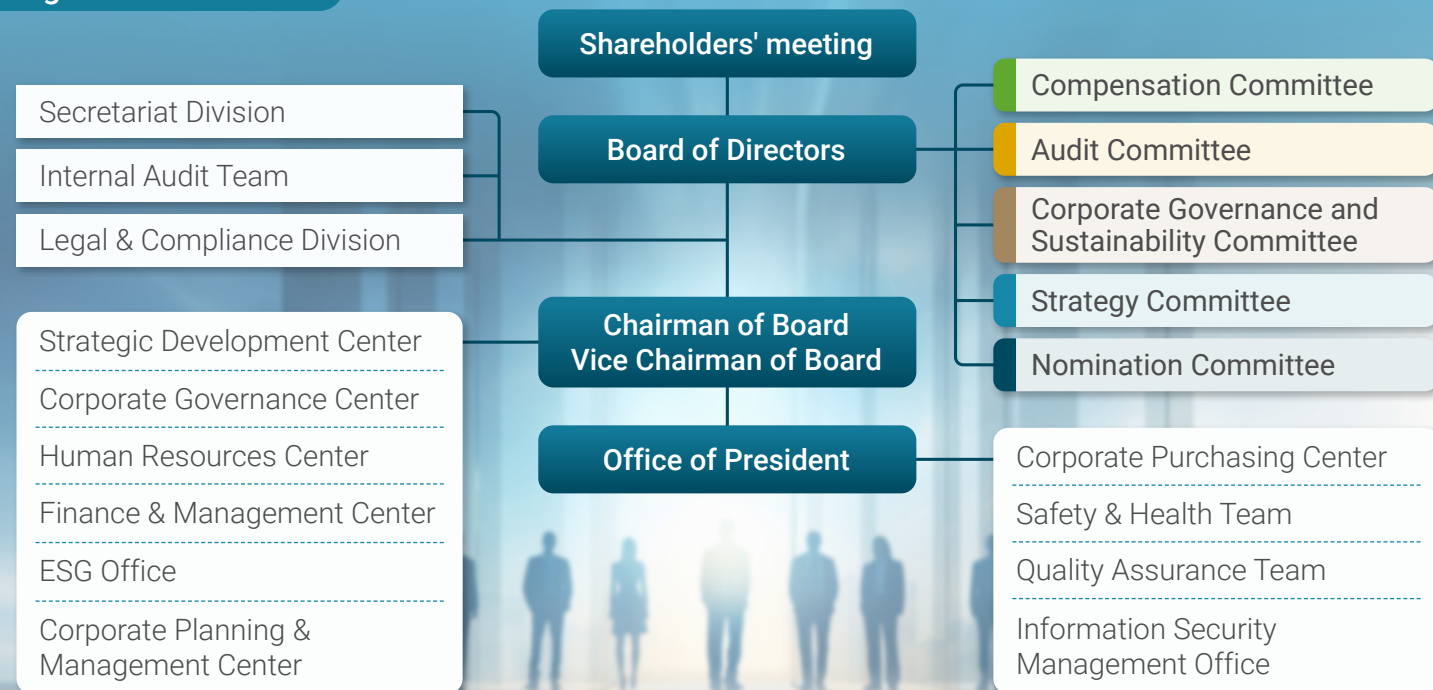
Item	2024 Target	2024 Performance
Number of Key Suppliers Assisted with Improvements	32 suppliers (50% of key suppliers)	34 suppliers ✓
Number of Key Suppliers Participating in Empowerment Program	5 suppliers (5% of key suppliers)	9 suppliers ✓

In 2024, TECO held four sustainability training sessions to boost suppliers' ESG awareness and carbon reduction skills, covering global ESG trends, energy-efficient innovation, and practical strategies for energy saving, carbon reduction, and management systems.



GOVERNANCE

Organizational Chart



Board of Directors

The TECO board of directors is the Company's highest governing institution, in charge of the selection and nomination of ranking managers and the formulation of the strategy for corporate social responsibilities, corporate citizenship, and sustainable development. For 2024, the 27th Board of Directors (elected May 24, 2024) held six meetings.

Title	Name	Gender	CC	AC	CGSC	SC	NC	Board Attendance
Chairman	Ming-Shieh (Morris) Li	M				C	C	
Vice Chairman	Su-Chiu (Pamela) Wu	F			M	M		
Director	Chwen-Jy (Sophia) Chiu	F			C	M	M	
Director	Jong-Chin Shen	M				M		
Director	Cheng-Tsung Huang	M						
Director	Show-Shoun Chou	M			M	M		100%
Director	Jack Hou	M						
Independent Director	Hsieh-Hsing Huang	M	M	C			M	
Independent Director	Chao-Chin Tung	M	C	M			M	
Independent Director	Hui-Yiu Chen	M	M	M	M		M	
Independent Director	Mei-Chun (Marianne) Chao	F	M	M	M			

CC Compensation Committee **AC** Audit Committee **CGSC** Corporate Governance and Sustainability Committee
SC Strategy Committee **NC** Nomination Committee **C** Convener **M** Member

Governance Objectives, Diversification and Independence of the Board

Management Targets

Achievements



At least 1 female director of the board members

The board includes 3 female directors, female board representation is **27.27%**. ✓



More than one-third of the board seats are independent directors

The proportion of independent directors is **36.36%**. ✓



Directors concurrently act as managerial officers shall not be more than one-third of the 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 a marital relationship, or a relative within the second degree of kinship to any other director of the Company

No directors have spousal or second-degree kinship relationships. ✓

Functional Committees

The Board has five functional committees: Compensation, Audit, Corporate Governance and Sustainability, Strategy, and Nomination Committees.

	Compensation Committee	Audit Committee	Corporate Governance and Sustainability Committee	Strategy Committee	Nomination Committee
Attendance	93.75%	100%	100%	100%	93.4%
No. of meetings in 2024	4	5	1	3	3

Remuneration Policy

Pay Linked to Sustainability for Executives

TECO embeds sustainability KPIs into performance appraisal and incentive system 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.

Senior management variable pay is linked to short-, medium-, and long-term KPIs, including ESG indicators.

Applicable Group	Weighting	Indicator Content
President and Business Group Presidents	2%	Achievement of total carbon emission reduction, improvement of carbon intensity, promotion of green supply chain.
Presidents 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.
Presidents 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.

Remuneration of the Board

For full details, please refer to Page 25 of the 2024 Annual Report.

Unit: NT\$1,000

	Name	Starting Timeframe Note1	Remuneration Note2		As Concurrent Employees	Total Compensation Note2
			Bonus	Allowances		
Chairman	Ming-Shieh (Morris) Li	2024/5/24	Total 79,039	Total 228	Total 0	Total 79,267 (1.37%)
Director	Su-Chiu (Pamela) Wu	2024/5/24				
	Chwen-Jy (Sophia) Chiu	2024/1/1				
	Jong-Chin Shen	2024/1/1				
	Cheng-Tsung Huang	2024/1/1				
	Show-Shoun Chou	2024/5/24				
	Jack Hou	2024/1/1				
Independent Director	Hsieh-Hsing Huang	2024/1/1	Total 6,760	Total 468	Total 0	Total 7,228 (0.13%)
	Chao-Chin Tung	2024/5/24				
	Hui-Yiu Chen	2024/5/24				
	Mei-Chun (Marianne) Chao	2024/5/24				

Note1: Timeframe up to 2024/12/31

Note2: Ratio of total compensation (all types of remuneration) to net income (%)

Note3: No directors or independent directors received compensation paid to directors from an invested company other than the company's subsidiary.

Remuneration of Management

For full details and breakdown, please refer to Page 28 of the 2024 Annual Report.

Unit: NT\$1,000

Title	Name	Total Compensation Note1		As President/ VP of invested Company Note2
		The Company	All companies in consolidated financial statements	
Hon. Vice Chairman	Chwen-Jy (Sophia) Chiu	Total 79,644 (1.38%)	Total 81,767 (1.42%)	Total 602
President	Thomas Fann			
VP	Scott Chen			
Head of BU	Fei-yuan Kao			
Head of BU	Chi-Tseng Peng			
Head of BU	Sung-Pin Chang			
Assistant VP	K. Clarence King			
Assistant VP	Chou-Li Hsu			
General Director of Teco Group Research Institute	Kun-Yao Ho			
Corporate Governance Officer	Shih-Hsiung, Chien			

Note1: Ratio of total compensation (all types of remuneration) to net income (%)

Note2: Compensation paid to the president and vice president from an invested company other than the company's subsidiary

Note3: Chou-Li Hsu resigned on June 21, 2024; Kun-Yao Ho resigned on August 15, 2024.

ESG Office

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. **The ESG Office provides monthly reports on business execution progress to the Chairman, Vice Chairman, and the convener of the Corporate Governance and Sustainability Committee.** the ESG Office 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.

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.

Code of Ethical Conduct

The board of directors holds the highest oversight responsibility for ethical management, supported by the Corporate Governance and Sustainability Committee and the senior management, who implement policies and foster an ethical culture.

Ethical Corporate Management Best Practice Principles is to be followed by directors, managers, and employees; and are available on the TECO website. Additionally, the Company also educates all employees on the ethical conduct compliance system through diversified approaches such as educational courses and quarterly meetings.

In 2024, No incidents of unfair competition, bribery and corruption, conflicts of interest, money laundering, or insider trading; and zero political donations.

Ethical Conduct Policies Prohibits



Offering and acceptance of bribes



Conflict of interest



Improper charitable donations



Illegal political contributions



Unreasonable hospitality



Infringement upon business secrets



Unfair competition



Harm to consumers' safety and health



Infringement upon intellectual property rights

For more information, please see:



Ethical Corporate Management Best-Practice Principles



Rules of Ethical Conduct to Directors and Managerial Officers

Ethical Integrity Education and Training

All Incumbent Employees

In 2024, TECO strengthened its integrity management through comprehensive training and advocacy. All employees, including new hires and newly appointed managers, received education on ethical conduct, insider trading prevention, personal data protection, and intellectual property. A total of 1,501 participants completed over 850 hours of training.

All employees signed the "Integrity Statement," achieving a 100% signing rate. Annual training sessions were held for directors, managers, and staff, with timely onboarding for new personnel. Courses included quizzes to assess understanding, and materials were made available on the internal system. TECO also complies with insider trading prevention regulations, ensuring at least one annual training session for relevant personnel. These efforts reflect TECO's commitment to embedding ethical practices into daily operations and governance.

Subsidiaries and Joint Ventures (Including companies with an investment ratio/contribution amount of more than 10%)

All related companies have signed "Letter of Undertaking of ethical corporate management of TECO Groups" in order to achieve sustainable development and establishment of the corporate culture featuring ethical corporate management.

Suppliers

TECO enforces the Supplier Code of Conduct and requires the signing of a Human Rights and Environmental Sustainability Commitment Letter with procurement contracts.

TECO also promotes anti-corruption education among business partners to enhance the overall integrity governance system.

Whistleblowing and Misconduct Reporting

Whistleblowing and misconduct reporting processing is laid out in TECO policy "Bylaws to Report Cases of Illegal and Unethical Conduct." The Whistleblowing System is included in mandatory ethical trainings for all new employees, and visible both public and internal websites. It is available in English, Simplified, and Traditional Chinese. Standard procedures will route the report to the Audit Team for verification processes, and further to independent directors if senior executives are involved. For more details, please refer to TECO's "[Bylaws to report cases of illegal and unethical conduct](#)".

Any violation of the "Ethical Corporate Management Best Practice Principles" or the "Code of Conduct" of the Company or any law can be reported through the following channels:

1. Reporting channels:

- General and Ethical Reports: integrity@teco.com.tw
- Internal Grievances: HRP@teco.com.tw, cplin@teco.com.tw (HR Director Lin).

2. Report line: Internal Audit Division, 02-26551078

3. Written report, send to: 5th Floor, 19-9 San Chong Road, Nan-Kang, Taipei, Internal Audit Division.

For whistleblowing, the Internal Audit Division is the responsible unit. Matters relating to a director or senior executive should be reported to an Independent Director. In 2024, a total of 6 Workplace Misconduct/Harassment & Grievances were filed (4 complaints upheld; 2 not upheld).

Misconduct/Harassment & Grievances

Grievance Type	Count	Measures Taken
Sexual harassment	1	The respondent was an outsourced contractor's employee, and upon confirmation, the contractor was required to dismiss the employee.
Psychological/ verbal Harassment	3	Two resulted in formal disciplinary actions being announced, and one resulted in a verbal warning from the supervisor.

Identity of whistleblowers or persons involved, and investigation contents are kept confidential to prevent unfair treatment or retaliation.

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.

TECO conducts annual internal audits based on the ISO/IEC 27701 Privacy Information Management System (PIMS) standard.

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); with a dedicated Information Security Office.