TECO Electric & Machinery Co., Ltd.

# 2025 Sustainability Report

## Move to Lead



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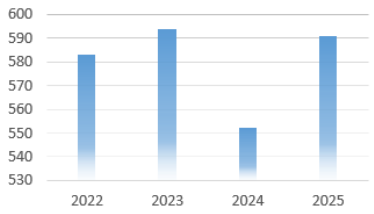

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# About This Report

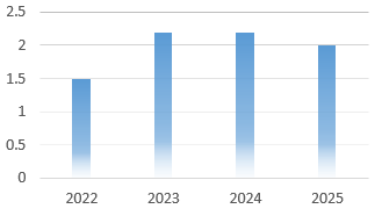
## Report Scope and Boundaries

This report aims to address the key ESG (Environmental, Social, and Governance) issues of concern to our key stakeholders and transparently disclose our specific strategies, action plans, and performance results. To demonstrate our commitment to continuous improvement, the scope of our sustainability reporting has expanded year by year to more comprehensively reflect the Group's operational footprint and sustainability impact. The scope of this sustainability report is aligned with TECO's global ESG management strategy and reflects the Company's operational and sustainability impact. The reporting boundary includes TECO's headquarters in Taiwan, domestic manufacturing sites, and major overseas operations in China, the U.S., Vietnam, and Italy, which covers 83.18% of consolidated revenue. Any information not aligned with the reporting boundary of the financial statements is separately indicated. There is no information restatement in this report compared to the previous version.

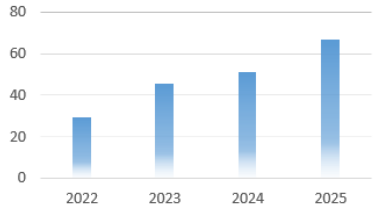
This report provides a detailed record of TECO Electric's practices and performance across the Environmental (E), Social (S), and Governance (G) dimensions during the period from January 1 to December 31, 2025. Financial data are presented in New Taiwan Dollars; performance data related to environmental protection, occupational safety, and health are disclosed in accordance with internationally recognized standards and indicators to ensure comparability and credibility of the information.



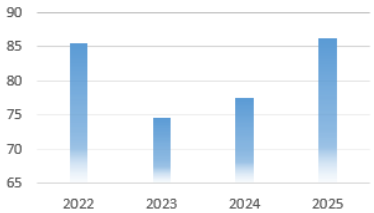

Consolidated revenue ($100 million)



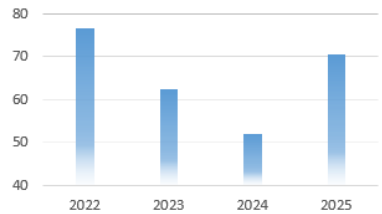

Cash dividends ($)



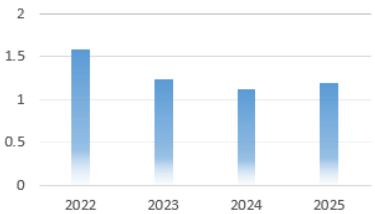

Average share price ($)



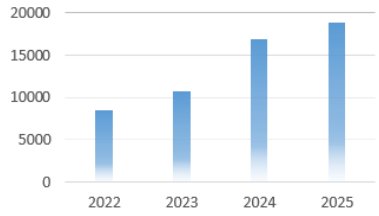

Customer Satisfaction (%)



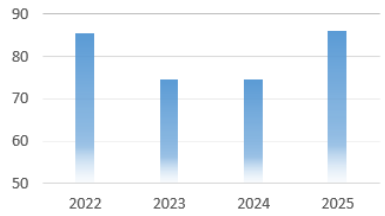

Greenhouse gas emissions (k tonCO₂e)



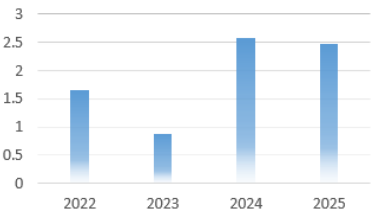

Greenhouse gas emission intensity (ton $CO_2e$/ $ million)




Solar power consumption (thousand kWh)




Employee satisfaction survey score (%)




Employee injury rate (cases / million hours worked)

# Reporting Standards and Principles

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

## Assurance Statement

### Internal Assurance

This report was prepared in accordance with the Company’s “Sustainability Information Management Guidelines” for the processing and disclosure of sustainability information. To ensure data accuracy and reliability, internal audits are conducted annually across certified management systems, including ISO 9001 (quality), ISO 14001 (environment), ISO 45001 (occupational health and safety), and ISO 14064-1 (GHG inventory).

### External Verification

TECO Electric and Machinery Co., Ltd. (TECO Electric) commissioned BSI to conduct a Type 1 Moderate Level Assurance engagement under AA1000AS v3. Indicators relating to water, waste, suppliers, and male and female remuneration were assured under a Type 2 Moderate Level Assurance engagement in accordance with AA1000AS v3. The assurance statement is included in the Appendix to this Report.

## Reporting Period and Compiling Unit

This report is prepared by the ESG Office, and reviewed by the Corporate Governance and Sustainability Committee and the Board of Directors, with final approval by the Chairman. The report is published annually in Chinese and English on the Company’s website, in accordance with the “Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies.” The reporting period aligns with the Company’s financial reports, assured by PwC Taiwan.

Website: https://www.teco.com.tw/en-us/sustainability-commitment/report-by-year/

If you have any comments or suggestions regarding TECO’s Sustainability Report, please email to ESG@teco.com.tw, or call +886-2-26553333 to contact the ESG Office

# Message from the Chairman

We are living in an era of profound uncertainty and rapid change. Record-high average global temperatures, an overburdened planetary environment, and ongoing geopolitical conflicts have become part of daily life, constraining the overall space for human development. At the same time, the Artificial Intelligence (AI) boom is fueling explosive growth in energy demand, computing infrastructure, and capital investment. Constraints and expansion, risks and opportunities, coexist in parallel. Against this backdrop, the dual transformation of "AI × Sustainability and Net Zero" is not merely a fashionable phrase; rather, it has become a fundamental principle that nations and businesses must uphold in order to sustain their existence and achieve long-term prosperity.

Guided by its renewed brand vision of "becoming the key driver in realizing global electrification, intelligence, and green energy," TECO has adopted "One TECO" as its strategic direction to strengthen governance and integration across key geographic regions, while continuously enhancing its transformation capabilities with resilience and agility. In addition to its existing portfolio of high-efficiency products, TECO has embraced a customer-centric philosophy by integrating expertise across its organization and value chain to promote the "Super ESCO" service model. This initiative delivered outstanding results in 2025, successfully helping customers in the utilities, renewable energy, manufacturing, and healthcare sectors implement deep energy-saving solutions that significantly improved energy efficiency and carbon reduction performance. In recognition of these achievements, TECO received the "Outstanding ESCO Enterprise Award" in 2025, demonstrating its successful transformation from an equipment supplier into an integrated energy services provider.

With respect to AI-related business opportunities, TECO has leveraged its leading expertise in power conversion technologies, together with its one-stop modular data center solutions, to secure collaboration opportunities with internationally recognized enterprises. In terms of AI applications, TECO is integrating AI into its energy management platforms and product control systems to enhance predictive capabilities and real-time responsiveness, thereby optimizing overall performance. At the same time, the Company is actively promoting AI empowerment among its employees through training resources, communities, competitions, and integrated proposal initiatives, enabling AI to become an essential tool in daily operations and further creating added value and competitive advantages. In addition to promoting broad-based AI adoption within the organization, TECO continues to foster a diverse, equitable, and inclusive workplace. As a result of these efforts, the Company received the "Best Companies to Work for in Asia" Award and the "Sustainable Workplace Award" from HR Asia.

TECO's ESG strategy is closely aligned with its "B2B2S" development philosophy. Through both its own operations and its business-driven sustainability initiatives, the Company is committed to advancing the low-carbon transition and sustainable growth of society as a whole. TECO achieved the highest possible MSCI ESG rating of "AAA" Note and was selected for the Dow Jones Best-in-Class (DJBIC) Index for the sixth consecutive year, ranking first among electromechanical companies in emerging markets. The Company was also included in the S&P Global Sustainability Yearbook for the sixth time. In addition, TECO was recognized for the first time as one of the "Best Taiwan Global Brands" and was included in the CDP A List. These achievements represent not only significant milestones but also reflect the market's growing expectations for TECO.

Starting from corporate transformation and looking toward global change, we firmly believe that the dual development of AI and sustainability-driven net-zero initiatives can reinforce one another. This approach will ensure that TECO possesses the resilience to navigate challenges, create new opportunities, and continue to Move to Lead.

Note: As of March 23, 2026, TECO received an MSCI ESG Rating of AAA, placing it among the top 6% of 157 peer companies evaluated globally. (The MSCI Notice & Disclaimer: https://www.msci.com/legal/notice-and-disclaimer)

Chairman Morris Li 

# Sustainability Strategy and Road Map



# 1.1 ESG Strategy Framework

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

| **Belief** | Business<br>*(TECO itself)* | Business<br>*(Value Chain)* | Sustainability<br>*(Human society as a whole)* |
|---|---|---|---|
| **Strategic Pillars** | Focus on Sustainability Priorities | Realize a Shared Vision | Drive Low-Carbon Transition |
| **Key Themes** | ● Strengthen low-carbon and circular thinking-oriented operations (E):<br>● Empower employees and enhance their well-being (S):<br>● Advance sustainability governance and information transparency (G): | ● Partner with customers and suppliers to expand the value chain's sustainability synergy: | ● Be dedicated to create low-carbon and sustainable growth:<br>● Undertake forward-looking social investment and talent cultivation: |

To advance sustainable operations, TECO Group has established the "TECO Group Sustainability Policies and Commitments" in

accordance with the spirit of the “Sustainable Development Best Practice Principles,” the “Ethical Corporate Management Best Practice Principles,” and the “Corporate Governance Best Practice Principles.” Guided by key international trends and major regulatory developments, and in alignment with the company’s B2B2S philosophy, we have defined the strategic pillars and themes for TECO’s ESG initiatives. These ensure not only that all aspects of TECO’s “TECO Group Sustainability Policies and Commitments” are addressed but also that they align with the priorities of key stakeholders, including shareholders, employees, customers, suppliers, communities, civil society organizations/NGOs, and government agencies. “B2B2S” is a distinctive corporate philosophy that reflects TECO’s commitment to sustainable development. This report will be structured around the three strategic pillars aligned with B2B2S—“Focus on Sustainability Priorities,” “Realize a Shared Vision,” and “Drive Low-Carbon Transition”—to disclose TECO’s sustainability initiatives.

***TECO Group Sustainability Policies and Commitments***

*TECO Group formulates “TECO Group Sustainability Policies and Commitments” to strive the practice of sustainable management by following “Sustainable Development Best Practice Principles”, “Ethical Corporate Management Best Practice Principles”, and “Corporate Governance Best Practice Principles” released from the board, as well as referring to stakeholders' expectations, suggestions and communication results with them. To Ensure the implementation of the group's overall sustainability performance and to meet the requirements and expectations of stakeholders, this document covers TECO Electric & Machinery, listed companies and manufacturing subsidiaries in its consolidated annual report, and its key suppliers and partners.*

***Environmental Dimension***

- *Emission Reduction Commitment: Achieve 50% reduction in scope 1 and 2, and 25% reduction in scope 3 by 2030 within a decade. Lead subsidiaries to set environmental management goals, promote energy conservation to improve the energy efficiency of operating activities, and continuously improve energy performance to reduce emissions.*
- *Sustainable Raw Materials Use and Collaboration Commitment: Collaborate with external stakeholders in the value chain (such as suppliers, customers, and research institutes) to promote best practices in sustainable raw material management and jointly seek the best circular models, including evaluating the source and use of raw materials, contributing our best effort in the product design and production stage to sustainable raw materials that meet quality standards and third-party verification, such as low-carbon footprint, non- deforestation, non- harming biodiversity, recycled materials, and materials with renewable or recyclable properties. When appropriate, the proportion will be gradually increased to reduce waste generation. Meanwhile, prohibit using materials containing hazardous substances And comply with the principle of conflict-free minerals to reduce the negative impact on the environment and human rights in the operational value chain.*
- *Water Resource Commitment: Proactively conduct water use assessment to identify opportunities for water efficiency improvements. Increase the proportion of recycling and formulate indicators to improve water efficiency and lower the impact on nature.*
- *Biodiversity Commitment: Realize no gross deforestation and net positive impact to the natural environment by 2050. To achieve this long-term goal, we will engage with stakeholders, understand the significant dependence and impact of our operations on nature, conduct biodiversity risk assessments, establish action strategy principles oriented towards ecological conservation and risk prevention, and prioritize biodiversity conservation targets for priority areas as a specific path towards no net loss and strengthening ecosystem resilience. At the same time, we require the value chain to commit to avoiding operating activities near globally or nationally important biodiversity sites, follow the principles*

*of impact mitigation hierarchy, and implement mitigation and compensation measures.*

***Social Dimension***

- *Elimination of Infringement and Remediation Commitment: Due diligence be conducted on key risks, including establishing a safe and healthy working environment, preventing human trafficking (modern slavery), prohibiting forced labor, eliminating child labor, eliminating discrimination, freedom of association, and the right to collective bargaining. Value chain members should be managed by signing "Human Rights and Environmental Sustainability Commitment".*
- *Occupational Health & Safety Commitment: Comply with international standards and regulations related to occupational safety. Conduct hazard identification and risk assessment procedures and control measures for employees and contractors within operational activities. Prioritize the protection of human rights and continue to optimize the effectiveness of occupational safety management.*

***Governance Dimension***

- *Risk Elimination Commitment: Establish a risk governance function, conduct risk identification and mitigation activities. and auditing from the board level.*
- *M&A Due Diligence Commitments: Due diligence be conducted when conducting mergers and acquisitions to ensure that mergers and acquisitions will not have a significant negative impact on ESG.*
- *Value Chain Governance Commitment: Strengthen the communication of ESG risk awareness in the value chain, set assessment and vendor selection ESG criteria, and continue to promote the optimization of the logistics and distribution process, including choosing low-carbon transportation, reducing packaging material consumption and using recycled packaging materials, and selecting low-carbon energy.*
- *Law Compliance Commitment: Group internal management to follow "Corporate Governance Best Practice Principles", value chain members to follow "Supply Chain Business Ethics "from TECO.*

*TECO strengthens the awareness of group executives, managers, and employees through education and training on environment, society and governance for all or specific audience. Dedicated staff departments assist responsible units and production sites to integrate the above policies and commitments into daily operations, set goals for each level appropriately for implementation while the "Corporate Governance and Sustainability Committee" supervises the performance to pursue continuous improvement.*

# 1.2 Annual Performance Highlights




Selected for the DJBICI Index for 6 consecutive years and ranked among the top performers in the electromechanical industry category.




Continued inclusion among the global sustainability leaders in the S&P Global Sustainability Yearbook.




Selected to CDP (Carbon Disclosure Project) A List for Leadership for the first time




Selected for the Taiwan Sustainability Index, which is compiled by FTSE Russell and identifies listed companies with strong sustainability competitiveness based on a comprehensive assessment of ESG performance and financial indicators.




As of March 23, 2026, TECO received an MSCI ESG Rating of AAA. (The MSCI Notice & Disclaimer: https://www.msci.com/legal/notice-and-disclaimer)



Winner of the Taiwan Corporate Sustainability Award for 12 Consecutive Years



Won Global Views ESG Corporate Sustainability Model Award for Overall Performance in Traditional Industries Category

Selected for the Taiwan Best Global Brands ranking for the first time in 2025

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

## Operating Performance and Management Scope

Headquartered in Taiwan, our company is a publicly listed company primarily engaged in the businesses of electromechanical products, AC technology, and power & energy services.

| Unit: $ thousand | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| Consolidated Operating Revenue | 58,315,216 | 59,393,661 | 55,234,746 | 59,093,897 |
| Consolidated Operating Income | 3,992,000 | 6,332,032 | 6,231,605 | 5,287,546 |

This Sustainability Report covers TECO Group's core businesses, including the Green Mechatronics Solution Group, the HVAC Technologies Business Group (formerly the Air Conditioning and Smart Life- Business Group), and the Power & Energy Business Group (formerly the Smart Energy Business Group), encompassing production sites under substantive control and major regional sales operations. The scope of these core businesses accounted for 83.18% of TECO Group's total consolidated revenue. Non-core businesses include logistics, software, telecommunications, human resources, real estate development, and property management.

As of 2025, the number of regular employees across global core business production and sales sites: 5,929; the number of contract and part-time employees: 837.



## Economic Value Distributed in 2025

Unit: $ thousand

| ITEMS | AMOUNT |
|---|---|
| OPERATING REVENUE | 59,093,897 |
| OPERATING COSTS | 45,014,763<br>(Includes operating costs – employee salaries and benefits. Refer to the annual report for “Consolidated Statements of Comprehensive Income.”) |
| EMPLOYEES<br>EMPLOYEE SALARIES AND BENEFITS | 2,340,408<br>(Including salary expenses, employee compensation, labor and health insurance, pensions, etc.;<br>Please refer to the "Employee Headcount, Welfare Expenses, and Average Information Reporting Procedures.") |
| SHAREHOLDERS<br>PAYMENTS TO CAPITAL PROVIDERS | 4,752,881<br>2025 dividends were $2.0 per share, plus directors’ remuneration |
| GOVERNMENT<br>PAYMENTS TO THE GOVERNMENT | 1,467,580<br>Income tax expenses, refer to the annual report “Consolidated Statements of Comprehensive Income” |
| COMMUNITY<br>COMMUNITY INVESTMENT | 24,000<br>Represented by donations to private foundations |
| ECONOMIC VALUE RETAINED | 5,625,176 |

To better align with its sustainable development vision, TECO Electric began by examining global economic conditions and identified 17 topics related to the GRI Standards for impact assessment. The Company also analyzed the risks arising from these trends and the corresponding mitigation measures, conducted a double materiality assessment, established the priority of relevant topics, and selected 10 material topics for disclosure. These disclosures include the education and training programs implemented to enhance employee capabilities, as well as the key performance indicators (KPIs) established to guide corporate development. The topics are categorized under three strategic pillars: “Focus on Sustainability Priorities,” “Realize a Shared Vision,” and “Drive Low-Carbon Transition,” with corresponding alignment to the Sustainable Development Goals (SDGs). Going forward, these efforts will guide value chain partners on the journey toward sustainable development.

## Global Economic Conditions and Industry Outlook in 2026

Looking ahead to 2026, the global economic environment is expected to continue facing the risk of trade fragmentation, while external uncertainties remain. Nevertheless, the ongoing development of AI-driven productivity gains and the electrification trend is expected to sustain growth momentum across related industries. In response to these trends, TECO Electric will continue to advance the development of electrification, intelligence, and green energy. Key initiatives include strengthening power conversion technologies, expanding participation in the AI data center and industrial infrastructure supply chains, developing energy management systems and smart factory platforms, and engaging in smart grid and energy storage projects. The Company will also expand its presence in the offshore wind power and green electricity trading markets to align with broader industry development trends.



# 1.3 Materiality Identification and Sustainability Goal Formulation Process

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

| | | | |
|---|---|---|---|
| **Basic Data Collection** | Step1<br>Understand Organizational Context | Based on the GRI Standards, TECO reviewed global trends, the Company's operational objectives, the material topics of benchmark enterprises, and key domestic and international institutions, including S&P, MSCI, CDP, and EcoVadis, and identified 17 industry-related sustainability issues accordingly. | Global Trends and Operational Objectives |
| | Step2<br>Identify Impacts | For the 17 industry-related sustainability issues, impact assessments were conducted with stakeholders to evaluate actual and potential impacts on the economy, environment, and people, including human rights. A total of 261 questionnaires were collected and analyzed using weighted statistical methods to determine the materiality ranking of the issues. Presented in matrix form, with descriptions of the impact and management measures listed. | Double Materiality Analysis |
| | Step3<br>Assess Impact | The ESG Office analyzed the double materiality impacts from both the corporate perspective and external ESG perspective, and disclosed the impact boundaries, risk descriptions, and corresponding risk management measures for the ten material topics. | Ten Material Topics and Risk Management |
| **Deployment of Management Strategies** | Step4<br>Operational and Risk Management Strategies | Our ESG strategy, established in alignment with the Company's B2B2S belief, is structured around three main strategic pillars: "Focus on Sustainability Priorities," "Realize a Shared Vision," and "Drive Low-Carbon Transition." We analyze potential risks of transformation failure and formulate preventive strategies. Through KPI-based management indicators and employee training, we ensure that goals are effectively achieved through strong management and the necessary employee capabilities. | Setting of Sustainability Goals |
| | Step5<br>Approval | Annual plans and work items are formulated and submitted to the "Corporate Governance and Sustainability Committee" for review and approval. The Committee is then responsible for their execution and regular performance tracking. | Approval and Execution |

| | | | |
|---|---|---|---|
| **Execution Tracking** | Step6<br><br>Execution and Disclosure | The ESG Office c compares the management and execution status of each topic, maps them to GRI, TCFD, SASB, and CSRD standards, and then formulates the reporting and disclosure methods, culminating in the publication of the sustainability report. | Corresponding Reporting Frameworks and Disclosure |

# 1.4 Stakeholder Identification and Communication

Stakeholder identification is carried out by the ESG Office. The identification method refers to the AA1000 Stakeholder Engagement Standard, dividing the stakeholders into seven groups: shareholders, employees, customers, suppliers, local communities, civil organizations and NGOs, and government agencies. TECO maintains effective communication channels with stakeholders across all sectors and regularly or occasionally discloses information or communicates directly with stakeholders. The Company respects and safeguards their legitimate rights and interests, upholds integrity and transparency in corporate governance, and incorporates stakeholder engagement outcomes into its sustainable development planning.

| Stakeholders | How Identified | Purpose of Engagement | Communication Channels / Response Methods / Frequency | Communication Effectiveness / Outcomes | Publicly Traded Share Holders |
|---|---|---|---|---|---|
| **Shareholders** | Those who hold publicly issued stock | Maintaining investor confidence | • Market Observation Post System (MOPS)<br>• Annual shareholders' meeting (at least once a year)<br>• 4 online investor conferences annually<br>• Participation in local and international investor forums<br>• Investor visits and brokerage meetings<br>• Dedicated IR hotline/email (handled promptly)<br>• Contact: Director Chien (IR) ir@teco.com.tw | • Selected as a component of the DJSI and TWSI indices<br>• Monthly revenue, quarterly reports, and 62 bilingual MOPS disclosures<br>• 4 investor meetings with bilingual video links posted in 2025<br>• Participated in 13 investor forums 496 investor visits (188 from overseas), 18 broker visits | Reported to the Board of Directors by the Corporate Governance Center |

| | | | | | |
|---|---|---|---|---|---|
| **Employees** | Internal regular employees or contract staff | Fostering labor-management harmony | • Labor-management meetings (quarterly)<br>• Union meetings (semi-annually)<br>• Catering meetings (quarterly)<br>• Employee quarterly meetings<br>• Occupational Safety and Health Committee (quarterly)<br>• Employee satisfaction survey (annually)<br>• E-bulletin updates<br>• Whistleblower/complaint mailbox: HRP@teco.com.tw<br>• Contact: Director Lin (HR) cplin@teco.com.tw | • Labor-Management Meetings: A total of 13 meetings were held across the Nangang site and other factories in 2025.<br>• Union Forums: Held twice a year, chaired by the Chairman, President, factory heads, and HR executives, with participation from union directors and supervisors — 2 meetings in total.<br>• Cafeteria Meetings: A total of 12 meetings were held across the Nangang site and other factories in 2025.<br>• Employee Quarterly Meetings: A total of 7 meetings were held across the Nangang site and other factories in 2025, including 4 in Nangang conducted via communication software to enable all employees to participate online.<br>• Employee Satisfaction Survey: Conducted to understand feedback from employees and supervisors.<br>• Unlawful Conduct/Complaints: A total of 2 cases<br>• Electronic Bulletin Board: Used to irregularly announce various employee welfare updates, labor union committee information, important company news, training programs, and annual performance management notices. | Reported to the President and Chairman by the Human Resources Center |

| | | | | | |
|---|---|---|---|---|---|
| **Customers** | Customers who made purchases from TECO during the reporting period | Customers who made purchases from TECO during the reporting period | • Customer satisfaction surveys (1–4 times/year)<br>• Customer service hotline (as needed)<br>• Distributor meetings (1–4 times/year)<br>• After-sales follow-ups and interviews<br>• Website/media updates (as needed)<br>• Contact: Spokesperson Chien speaker@teco.com.tw | • Annually Customer Satisfaction Surveys: Analysis and Follow-up Actions<br>• Quality Control Audits:<br>- External system audits conducted 7 times<br>- Internal audits conducted 20 times<br>- Process audits conducted 135 times<br>- Product audits conducted 74 times<br>• Press Conferences: 5 events held.<br>• Exhibitions Participated: 7 events, including the Smart City Expo, ACT Expo, Taipei International Food Show, Automation Taipei, Energy Taiwan & Net-Zero Taiwan International Energy Week, TAITRONICS & AIoT Taiwan 2025, Busworld<br>• Press Releases on Official Website: 34 published articles.<br>• Social Media Engagement: 101 Facebook posts and 34 YouTube videos.<br>• 4rd Green Brain Creative Competition for Elementary and Junior High School Students: Promoting energy-saving awareness at a younger age | Reported to the Chairman by the Presidents of each Business Group. |

| | | | | | |
|---|---|---|---|---|---|
| **Supplier** | pliers with procurement transactions during the reporting period. | Ensuring sound supply chain operations | • Supplier evaluation: 70 annually<br>• Quarterly supplier assessments<br>• GHG inventory guidance (as needed)<br>• E-procurement platform (as needed)<br>• Contact: Director Chen (Procurement) daniel.chen@teco.com.tw | • On-site risk evaluations of key suppliers<br>• 100% CSR commitment sign-off from major suppliers<br>• In 2025, the Company participated in the Ministry of Economic Affairs' Administration of Industrial Development (AID) "1+N Carbon Neutrality Transformation Promotion Project" to provide carbon management guidance. A total of 10 suppliers and affiliated enterprises participated, and 2 sessions of carbon management training courses were held. | Reported to the Chairman by the Presidents of each Business Group and the ESG Office. |
| **Local communities** | Industrial Park authorities and nearby communities where we have operations | Maintaining Positive environmental and social relations | • Industrial Park Service Center: Irregular basis<br>• Industrial Park Regional Joint Defense Meetings: Once per Quarter<br>• Communication Mailbox on Company Website: Irregular basis<br>• Volunteer Activities: Held quarterly<br>• Contact Person: (PR) Director Chiang – pr@teco.com.tw | • No violations of air pollution or waste management regulations, and no community-impacting incidents occurred.<br>• Participated in regional joint defense initiatives to enhance disaster prevention collaboration among companies and prevent incidents affecting community safety and the environment.<br>• Conducted energy-saving education programs for the community and local schools.<br>• A total of 331 employee participations in public welfare activities were recorded, with 1,399 volunteer service hours contributed. | Reported to the Chairman by the Presidents of each business group. |

| | | | | | |
|---|---|---|---|---|---|
| **Civil Organizations and NGOs** | Industry Associations or Partner Organizations. | Maintaining Positive industry and social relations | • Actively participate in forums and seminars organized by various civic organizations and academic institutions.<br>• Non-financial Information Disclosure: The Company publishes an annual Sustainability Report to disclose specific initiatives and outcomes in the areas of Environmental (E), Social (S), and Governance (G) performance.<br>• Contact Person: (IR) Director Chien – ir@teco.com.tw | • Participated in 33 industry association forums, with a total of 82 employee attendances.<br>• Publishes an annual Sustainability Report and has consecutively received the Taiwan Corporate Sustainability Awards – Platinum Award for 12 years.<br>• Greenhouse Gas Inventory: The Company undergoes annual verification of its GHG inventory in accordance with BSI (British Standards Institution) ISO 14064-1 and has achieved a “reasonable level” of assurance. | Reported to the Chairman by the Presidents of each business group. |
| **Government agencies** | Competent Authorities related to business operations | Maintaining Strong economic and governance performance | •Comply with the requirements of competent authorities and submit regular filings in accordance with regulations.<br>• Participate in forums, regulatory hearings, and official correspondence organized by competent authorities on an irregular basis.<br>• Cooperate with regulatory supervision and inspections conducted by competent authorities.<br>• Contact Person: (Spokesperson) Director Chien – speaker@teco.com.tw | In accordance with OHSAS 18001 and CNS 15506 (Taiwan Occupational Safety and Health Management System), the Company has established an occupational safety and health management system to systematically promote OSH practices and ensure compliance with regulations and effective implementation of the system. | Reported to the Board of Directors by the Corporate Governance Center |

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

## Identify actual and potential impacts and assess impact significance

This Company's Sustainability Report has been prepared in accordance with the GRI Standards, and the materiality analysis incorporates the EU Double Materiality Principle. The essence of this principle is to require companies, when implementing sustainability initiatives, to periodically review whether their implementation methods impose an additional burden on the company internally and on the economic, environmental, and social spheres. When identifying issues, we assess both positive and negative, actual and potential impacts on ESG. The double materiality analysis then separately lists the "degree of external ESG impact" and the "degree of impact on the company."

To align with sustainability trends, fully reflect current industry conditions, and enhance the comprehensiveness of topic coverage, TECO revised and renamed certain sustainability topics in 2025, increasing the total number of topics from 16 to 17. The changes are as follows: "Product R&D and Technological Innovation" was revised to "Product/Service Innovation and R&D"; "Renewable Energy Use" was revised to "Energy Management"; "Waste Recycling and Regeneration" was revised to "Resource Circularity"; "Biodiversity Conservation" was revised to "Biodiversity and Nature Conservation"; "Employee Welfare Systems" was renamed "Employee Welfare"; "Labor-Management Communication" was revised to "Labor-employer Relations"; "Supply Chain Management Measures" was renamed "Supply Chain Management"; "Control of Raw Material Sources" was revised to "Sustainable Raw Materials"; and "Climate Action and Net-Zero Emissions" was retained as "Climate Action and Net-Zero Emissions." In addition, a new topic, "Social Engagement," was introduced.

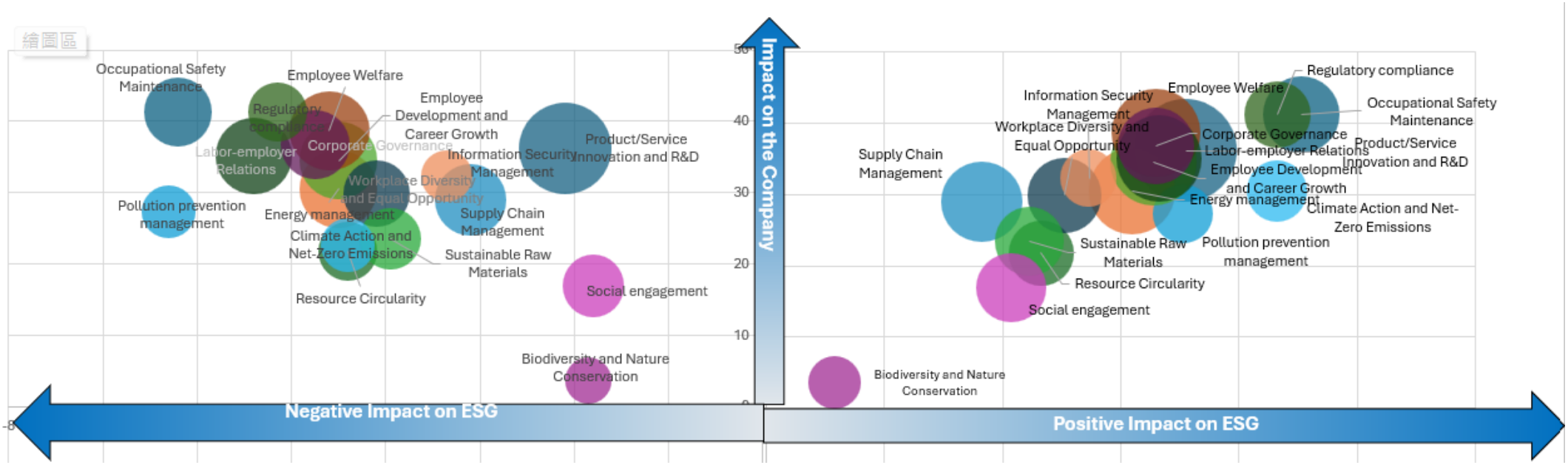
| | Topic | Explanation of Positive and Negative Impacts | Degree of Impact | |
|---|---|---|---|---|
| | | | Positive | Negative |
| 1 | Product/Service Innovation and R&D | Positive: Capture new business opportunities and become a market leader.<br>Negative: High cost and high risk, uncertain market acceptance. | ●●● | ●● |
| 2 | Energy management | Positive: Reduce energy costs, reduce carbon emissions, comply with environmental regulations.<br>Negative: Initial increase in capital expenditures may affect short-term capital spending and financial performance. | ●●● | ●●● |
| 3 | Resource Circularity | Positive: Save resource costs and create additional revenue.<br>Negative: Increase in operational and management costs. | ●● | ●● |
| 4 | Pollution prevention management | Positive: Enhance corporate risk management and long-term competitiveness.<br>Negative: High installation and maintenance costs for pollution prevention equipment increase capital expenditures. | ●●● | ●●● |
| 5 | Biodiversity and Nature Conservation | Positive: Reduce regulatory risks related to land use and ecological destruction.<br>Negative: Ecological restoration or compensation measures will generate additional financial burdens. | ● | ● |
| 6 | Employee Development and Career Growth | Positive: Enhance employee capabilities and improve organizational competitiveness.<br>Negative: If a transparent career advancement system is not established, it may lead to the risk of employee turnover. | ●●● | ●●● |

| | | | | |
|---|---|---|---|---|
| 7 | Workplace Diversity and Equal Opportunity | Positive: Promote an inclusive organizational culture and innovative thinking, improve decision-making quality and team collaboration.<br>Negative: Resources must be invested in system design, education and training, and cultural communication. | ●● | ●●● |
| 8 | Employee Welfare | Positive: Improve work efficiency and productivity, attract talent, and increase retention rates.<br>Negative: If welfare programs are poorly designed, they may result in resource misallocation or negative employee perception. | ●●● | ●●● |
| 9 | Labor-employer Relations | Positive: Reduce labor disputes and legal risks, enhance employee engagement and organizational stability.<br>Negative: If topics are not properly recorded and responded to, it may lead to stakeholder concerns. | ●●● | ●●● |
| 10 | Occupational Safety Maintenance | Positive: Reduce the incidence of workplace injuries and occupational diseases.<br>Negative: High costs required to establish safety management systems and conduct training. | ●●● | ●●● |
| 11 | Corporate Governance | Positive: Promote corporate sustainable development.<br>Negative: If governance information is insufficiently disclosed, it may lead to stakeholder concerns and decreased trust. | ●●● | ●●● |
| 12 | Regulatory compliance | Positive: Reduce operational and legal risks, enhance corporate stability and market reputation.<br>Negative: Multi-national regulations and emerging sustainability standards increase operational complexity. | ●●● | ●●● |
| 13 | Supply Chain Management | Positive: Enhance operational resilience and stability.<br>Negative: Increased management complexity, supervision and audit complexity also increase. | ●● | ●● |
| 14 | Information Security Management | Positive: Protect customer and corporate data security, maintain operational stability and brand trust.<br>Negative: Insufficient employee awareness of information security may create management loopholes and increase internal risks. | ●● | ●● |
| 15 | Sustainable Raw Materials | Positive: Reduce product carbon footprints and enhance resource efficiency and the use of recycled materials.<br>Negative: The cost of establishing material traceability mechanisms is relatively high. | ●● | ●● |
| 16 | Climate Action and Net-Zero Emissions | Positive: Increase competitiveness and market opportunities.<br>Negative: High initial investment in transformation costs. | ●●● | ●●● |
| 17 | Social engagement | Positive: Enhance corporate image and create social value.<br>Negative: Requires substantial investment, and resource allocation may give rise to controversy. | ● | ● |

●●● High impact ●● Medium impact ● Low impact

## Top Ten Material Topics

In 2025, impact assessments were conducted for 17 sustainability topics, including their positive and negative impacts as well as their actual and potential impacts on the economy, environment, and society, including human rights. The Company analyzed 261 questionnaires (70% from Taiwan, 15% from China, and 15% from other overseas regions) and identified the 10 most material topics with the highest impacts from among the 17 sustainability topics. Following internal discussions and reporting to the Chairman, a “Double Materiality Matrix” was developed, together with a summary of the impacts and the corresponding management measures. While conducting the stakeholder questionnaire survey, the Company also invited respondents to provide feedback and suggestions, which will serve as internal reference material for future sustainable development planning.



| Material topics | ESG Impact | Changes compared to 2024 |
|---|---|---|
| 1 Occupational Safety Maintenance | 【Economic】Reduces accidents and penalties, ensuring the Company's external image and reputation.<br>【Environmental】No significant impact.<br>【Social】 Enhances occupational safety awareness, reviews relevant protective measures, ensuring employee safety. | Unchanged topic |
| 2 Regulatory compliance | 【Economic】Reduces legal risks, maintains corporate reputation and operational stability.<br>【Environmental】Helps enterprises reduce emissions and protect ecosystems.<br>【Social】Legal operations demonstrate responsibility to employees and society, promoting fairness and trust. | Unchanged topic |
| 3 Employee Welfare | 【Economic】 Attract talent and enhance corporate competitiveness and productivity.<br>【Environmental】 Encourage employee engagement in environmental sustainability goals and activities.<br>【Social】 Enhance organizational stability and cohesion. | Newly selected topic NEW |
| 4 Labor-employer Relations | 【Economic】Good labor-management communication improves corporate management and productivity.<br>【Environmental】Promotes employee support and participation in sustainability goals.<br>【Social】Enhances organizational stability and cohesion. | Unchanged topic |
| 5 Corporate Governance | 【 Economic 】 Improves governance operations and information transparency, strengthening corporate competitiveness.<br>【Environmental】A robust governance mechanism ensures the implementation of corporate sustainability commitments.<br>【Social】Safeguards stakeholder rights and promotes public trust. | Unchanged topic |
| 6 Pollution prevention management | 【Economic】The enterprise must invest more in monitoring and prevention costs.<br>【Environmental】Achieves better protection.<br>【Social】Fulfills corporate social responsibility. | Unchanged topic |

| | | |
|---|---|---|
| 7 Climate Action and Net-Zero Emissions | 【Economic】Effective emission reduction can directly reduce the product's carbon footprint, but it also increases the Company's corresponding capital investment.<br>【Environmental】Support TECO in achieving its 2050 net-zero emissions target.<br>【Social】 No significant impact. | Unchanged topic |
| 8 Employee Development and Career Growth | 【Economic】 Strengthen employee capabilities and enhance organizational competitiveness.<br>【Environmental】 Help employees understand the importance of climate change and sustainable development.<br>【Social】 Cultivate relevant expertise and strengthen the industry's talent pool. | Newly selected topic NEW |
| 9 Product/Service Innovation and R&D | 【Economic】 Drive industry innovation and create new business opportunities.<br>【Environmental】 Incorporate carbon reduction and environmental protection concepts into the R&D process for products/services to address climate change and environmental protection.<br>【Social】 Develop innovative products/services that enhance end users' quality of life and contribute to greater social well-being. | Newly selected topic NEW |
| 10 Energy management | 【Economic】 The installation of renewable energy facilities may increase short-term capital expenditures, but improved energy efficiency can reduce energy costs and strengthen energy strategies.<br>【Environmental】Can reduce carbon emissions and promote climate change adaptation.<br>【Social】Helps drive the development of related industries and create green job opportunities. | Unchanged topic |

# 1.4-1 Material Topics and Risk Correspondence

| Material topics | Impact Management Boundary | | | | | | GRI Topic Correspondence | Actual or potential risks | Actions Taken | Goal | Corresponding chapters |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 **Occupational Safety Maintenance** | ○ | ◎ | • | | ○ | ◎ | 403 | [Actual Risk] An increase in occupational injury incidents.<br>[Potential Risk] Employees are aware of the requirements but fail to comply with them. | Strengthen the promotion of occupational safety and health initiatives, conduct quarterly cross-site operational audits, and invite external experts to perform annual preventive assessments. In addition, enhance the Company's occupational safety and health culture through safety training, communication, campaigns, and meetings. | Systematically promote occupational safety management | 2.2-5 Occupational Safety and Health Commitment |
| 2 **Regulatory compliance** | ○ | • | ◎ | ◎ | ○ | • | Self-defined Material Topic | [Potential Risk] Rapid changes in national environmental, trade, and information security regulations. Failure to respond promptly may lead to market access restrictions, increased operational costs, or penalties. | Implement ethical business practices, continuously monitor the latest regulatory revisions, and make rolling adjustments. | Continue to promote a culture of integrity | 2.3-2 Business Ethics<br>5.5 Legal Compliance Violations |
| 3 **Employee Welfare** | | | • | | | | 401 | [Potential Risk] Insufficient attractiveness in recruiting and retaining talent. | Benchmark against market salaries and plan competitive compensation packages.<br>Identify key talent and establish diverse career development pathways and retention mechanisms. | 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. | 2.2-2 Equal Treatment and Opportunity<br>2.2-3 Talent Career Development |
| 4 **Labor - employer** | | | • | | | ◎ | 402 | [Potential Risk] Failure to replenish the workforce in a timely manner to meet operational needs, resulting in labor shortages, as well as | Expand diverse recruitment channels by strengthening engagement with key academic institutions and departments, while actively utilizing various recruitment platforms.<br>Implement training programs, promote grievance channels, and strengthen legal compliance awareness and employee understanding. | Guarantee of the right to form labor unions and convene labor-management meetings | 2.2-4 Employee Engagement |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Relations** | | | | | | | | | risks of unlawful infringement arising from cross-cultural interactions or working conditions. | | | |
| 5 **Corporate Governance** | ○ | • | ◎ | | ○ | | • | Self-defined Material Topic | [Potential Risk] Damage to brand image and loss of customers. | Considering the Company's sustainability development strategy, sustainability management policy and commitment, as well as key concerns of major stakeholders, relevant strategies are formulated for management purposes. | Continue to strengthen Board independence and diversity | 2.3-1 Sustainable Governance |
| 6 **Pollution prevention management** | ○ | ◎ | ◎ | • | ○ | • | • | 306 | [Potential Risk] Causing significant environmental pollution. | Comply with relevant regulations on production, hygiene, labor, and environmental sustainability. Based on ISO 14001 Environmental Management System and internal management procedures, TECO inventories waste treatment annually. According to operating sites, waste composition, and treatment methods, hotspots are identified and corresponding reduction measures are planned. | Reduce waste generation by 2% annually | 2.1-3 Waste Management |
| 7 **Climate Action and Net-Zero Emissions** | ◎ | ○ | ◎ | | ○ | • | • | 305 | [Potential Risk] Failure to meet emission reduction targets, affecting brand image<br><br>[Potential Risk] Inaccurate supply chain emissions may cause difficulties to reduce the upstream carbon footprint of products | Set a target to reduce operational emissions by 50% over ten years and promote energy-saving and carbon reduction.<br>Continue conducting scenario analyses and target-setting assessments for Scope 3 emissions to evaluate the feasibility of applying for Science-Based Targets (SBT) validation through SBTi.<br>Provide guidance to suppliers to strengthen sustainability management capabilities. | Achieve a 50% reduction in GHG emissions by 2030 | 2.1-1 Climate Action |
| 8 **Employee Development and Career Growth** | | ◎ | • | | ○ | | | 404 | [Potential Risk] Retirement of employees in key positions may result in talent gaps within the organization and risks related to the transfer of experience and knowledge. | Implement key talent development programs.<br>Establish knowledge management databases across business units to facilitate the transfer of experience and knowledge. | Continue to invest in diverse talent development resources | 2.2-3 Talent Career Development |
| 9 **Product/Service Innovation and R&D** | ○ | ◎ | ◎ | | • | | | Self-defined Material Topic | [Potential Risk] Failure in the development of products or services may result in the loss of invested resources and cause financial losses to the Company. | To strengthen the Company's operational strategy development and enhance technological innovation and R&D capabilities, the Company has established a Strategic Committee responsible for reviewing the Company's business operations and strategic development directions, as well as its forward-looking technology and product R&D strategies. | Increase the proportion of low-carbon product sales by 5% | 4.1-2 Business Opportunities Arising from Climate Change |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 10<br>**Energy management** | ○ | ○ | ◎ | | ○ | ● | ● | 302 | [Actual Risk] Additional resources are required for equipment installation and development, resulting in increased operating costs.<br>[Potential Risk] Insufficient supply of renewable energy and fluctuations in renewable energy prices. | Expand the use of renewable energy (solar power). Evaluate the deployment of microgrids and other solutions to strengthen energy resilience at operating sites. | Achieve renewable energy consumption equivalent to 30% of the Group's electricity usage by 2030. | 2.1-1 Climate Action |

● Direct impact ◎ Contributory impact ○ Impact through business relationships

# 1.4-2 Sustainability Goals and Transformation Management

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




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

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

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

【Step 4】The Human Resources Center designs trainin and development methods based on the short- to medium-ter by each business group. Concurrently, the Management Cent Performance Indicator (KPI) targets for all company-wide busi and individual managers. These KPIs are cascaded down f bottom and implemented at the departmental and sect Assessments are conducted quarterly, and the results are direc the remuneration system, ensuring the effectiveness of the m strategy.

# Focus on Sustainability Priorities



# Focus on Sustainability Priorities




**"Focus on Sustainability Priorities" is the first ESG pillar derived from TECO's B2B2S belief, focusing on the main ESG-related topics in the Company's own operations.**

| | |
|---|---|
| **Material topics** | 1. Occupational Safety Maintenance<br>2. Regulatory compliance<br>3. Employee Welfare<br>4. Labor-employer Relations<br>5. Corporate Governance<br>6. Pollution prevention management<br>7. Climate Action and Net-Zero Emissions<br>8. Energy management |
| **2025 Performance Description** | 1. Occupational safety maintenance: 2,582 participants in occupational safety training, totaling 8,763 hours<br>2. Regulatory compliance: In 2025, there were no incidents of unfair competition, bribery and corruption, conflicts of interest, money laundering, or insider trading.<br>3. Employee welfare: Promoting workplace stress management, exercise and health programs, flexible working hours for employees, work-from-home programs, etc.<br>4. Labor- employer relations: Average employee satisfaction: 74.7<br>5. Corporate governance: Introduce IFRS Sustainability Disclosure Standards S1 and S2 according to the schedule prescribed by the competent authority<br>6. Pollution prevention management: Volatile organic compounds (VOCs) emissions decreased by 9.7% compared with 2024<br>7. Climate action and net-zero emissions: Completed a GHG inventory covering 100% of the consolidated financial statements boundary<br>8. Energy management: Total electricity savings reached 638,327 kWh |

# 2.1 Strengthen operations based on low-carbon and circular thinking

## 2.1-1 Climate Action

### Governance

#### Board of Directors' Oversight of Climate-related Risks and Opportunities

TECO positions the Board of Directors as the highest decision-making body for corporate risk management, bearing the ultimate responsibility for overseeing all major risks and opportunities, including those related to climate. To strengthen governance effectiveness, the Board has established the "Corporate Governance and Sustainability Committee," composed of five directors, including two independent directors, to ensure objectivity and professionalism in oversight mechanisms. This committee is dedicated to reviewing the Company's risk management strategies and implementation results on key issues such as sustainable development (ESG), regulatory compliance, and information security. It incorporates comprehensive assessments and response plans for climate change risks and opportunities, holds regular meetings, and reviews management systems, target progress, and potential challenges.

#### Assessment and management of climate-related risks and opportunities by management

To ensure effective implementation of sustainability strategies, TECO has established the "ESG Office" as the core executive unit for corporate sustainability governance, comprehensively coordinating all climate action and sustainability policy promotion. The office follows the framework of the Task Force on Climate-related Financial Disclosures (TCFD), establishes and maintains key performance indicators (KPI), integrates sustainability issues into the overall risk management process, and regularly tracks relevant topics to assist the Board and senior executives in understanding the execution status.
To ensure execution effectiveness, the ESG Office works closely with cross-departmental task forces composed of members from business units, plant representatives, and supporting departments (such as Safety and Health, Human Resources, and Finance), forming a vertically and horizontally integrated sustainability management system. The "ESG Office" reports monthly to the Chairman, Vice Chairman, and the convener of the "Corporate Governance and Sustainability Committee," totaling three directors, on business execution progress. It is also responsible for consolidating corporate sustainability performance data and leading the compilation of the annual Sustainability Report, which discloses TECO's commitments and progress in climate action, corporate governance transparency, and

social responsibility to stakeholders, and demonstrates the company's concrete actions and long-term vision in sustainability.

- Climate-related risks and opportunities are collected and assessed by the "ESG Office" and reported to management and the Board of Directors.
- Internal control risks within the Company are addressed by the "Audit Team," which, based on past audit experience and the current organizational structure, proposes audit plans to examine the effectiveness of TECO's management risk control, internal control system design, and implementation, and submits audit reports to the "Audit Committee" and the Board of Directors.

## Scenario Analysis of Climate Transition Risks

According to the scenario analysis results announced by the Network of Central Banks and Supervisors for Greening the Financial System (NGFS), if current trends continue, global temperatures are projected to rise by 1.5°C by 2030, 2°C by 2050, and 3°C by 2090. In a scenario where global temperatures rise by 3°C, physical impacts would include a loss of about 10% in labor productivity due to high temperatures. River flooding would double in China and triple in India. Typhoons and cyclones would increase by 16% in Japan, 12% in the Philippines, and up to 47% in the United States. Economically, due to the impact of natural disasters, global GDP is projected to decline by 2% by 2040, and the economic development of many countries is expected to stagnate. If the goal of net zero by 2050 can be achieved, although the temperature would still rise to 1.4°C by 2050, our next generation would have a chance to make a change. The greatest source of transition risk is our failure to control the emission reduction pathway, thus missing the final opportunity to prevent climate change from surpassing a critical threshold.
NGFS Net Zero 2050 Scenario (Global Temperature Increase of 1.4°C by End of Century) To achieve net zero by 2050, we must increase renewable energy fivefold, achieve 50% electrification in residential and commercial sectors (including building material production), use 40% net-zero fuels (including hydrogen, biodiesel, etc.), sequester 5 billion metric tons of carbon annually, improve energy efficiency, reduce energy intensity by 60%, and decarbonize agriculture, forestry, and land use (afforestation and solving eutrophication).

## TECO Response Measures

TECO provides high-efficiency green products and comprehensive solutions encompassing power transmission and drive systems, energy management, and system integration, helping customers pursue safe and stable operations and advance toward net-zero emissions. Examples:

- The full range of IE4/IE5 high-efficiency motors has been launched.
- The "e-Axle Solution" featuring a hairpin winding oil-cooled motor was launched and successfully introduced into electric bus supply chains in Europe and Taiwan. Taiwan's first zero-carbon future vessel, "Polaris No. 1," also uses the Company's high-efficiency permanent magnet synchronous motor (PMSM).
- The only provider in Taiwan offering comprehensive one-stop ESCO energy-saving services, assisting the PCB industry, healthcare systems (an MOU with Tzu Chi), and public enterprises (Taiwan Water Corporation) in implementing energy-saving improvements.
- Continued to strengthen its presence in offshore wind power, solar power, energy storage systems, microgrid systems, large-scale electromechanical engineering, and other fields, and obtained a green electricity retail license in Taiwan.

In 2025, 1.781MW of solar power generation facilities were completed at the Hukou Plant. Together with the existing generation capacity, the cumulative installed solar power capacity completed worldwide reached 17.227MW. The target is to achieve renewable energy use equivalent to 30% of total electricity consumption by 2030.

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

To prevent carbon leakage, the EU's Carbon Border Adjustment Mechanism (CBAM) requires importers to declare the carbon emissions of products such as cement, steel, aluminum,

fertilizers, electricity, and hydrogen. Starting in 2027, carbon tariffs will be effectively levied on imports that have not paid carbon costs in the country of production through the purchase of CBAM certificates. The U.S. proposed Clean Competition Act (CCA) draft intends to impose charges on high-carbon imported raw materials (such as steel, aluminum, and cement) that exceed carbon content standards. However, specific details and timelines have not yet been finalized. Taiwan, under the “Climate Change Response Act,” is also planning to require carbon emission declarations for certain imported products and mandates the acquisition of carbon credits or payment of substitute fees.

## TECO Response Measures

From the analysis of TECO’s global motor supply chain, carbon tariff-related transactions may occur in (1) imports to Taiwan, (2) exports to the United States, and (3) exports to Italy. Among them, the greatest impact is from exports to the United States, which account for approximately 40% of motor business revenue. Using steel — the primary focus of CBAM — as an estimation basis, steel accounts for 54% of a motor’s weight. TECO purchases approximately 60,000 tons of steel globally each year. It is conservatively estimated that around 24,000 tons of steel materials will be affected, with a total carbon footprint of approximately 60,000 $tCO_2e$. Based on the U.S. proposed initial carbon tax rate of USD 55 per ton, exports to the United States will face a potential carbon cost impact of approximately USD 3,300,000. TECO requires steel suppliers to disclose product carbon footprint data as a procurement consideration, and from 2023 onwards, has fully implemented an "internal carbon pricing system" with quarterly tracking and evaluation, linked to salary and incentive rewards. Through this management method, TECO can further evaluate the effectiveness of emission reduction using scientific methods and reduce product carbon footprints in both raw material and manufacturing stages.

## Physical Risk Scenario Analysis of Climate Change

"Representative Concentration Pathways" (RCPs) use the difference in radiative forcing (measured in watts per square meter) between the years 2100 and 1750 as an indicator, and are used to analyze future changes in temperature and precipitation. RCP2.6 (an increase of 2.6 W/m² in radiative forcing) represents a climate mitigation scenario; RCP4.5–RCP6.0 are moderate warming scenarios; RCP8.5 and above represent high warming scenarios. According to scenario analysis from the NGFS climate simulation model, based on production volumes at TECO's global manufacturing bases, TECO may lose NT$510 million in annual output value after 2050, and under the more severe RCP6.0 scenario, may lose NT$620 million annually.

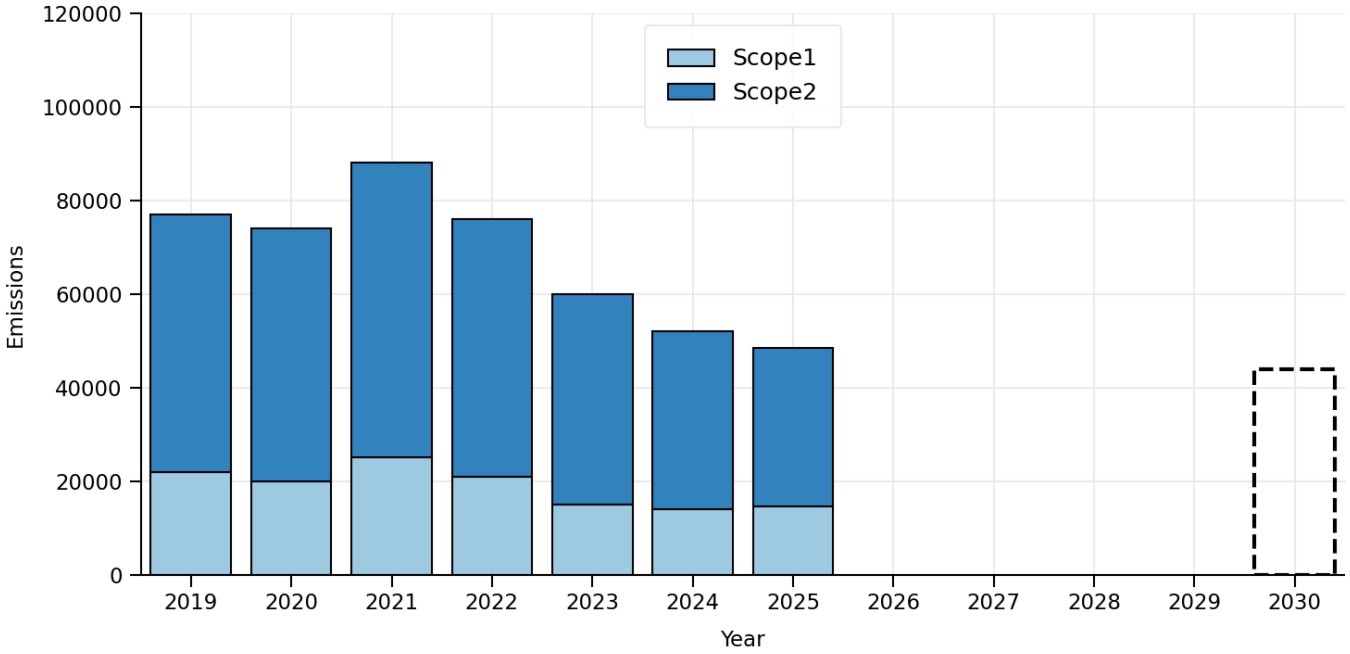
| | RCP 2.6 Carbon dioxide concentration 421 ppm | | RCP 6.0 Carbon dioxide concentration 670 ppm | |
|---|---|---|---|---|
| | Temperature | Labor Force Changes | Temperature | Labor Force Changes |
| **Taiwan** | Temperature increase of 2.3°C | Labor force decreases by 2.3 percentage points (pp) | Temperature increase of 2.0°C | Labor force decreases by 2.8 percentage points (pp) |
| **China** | Temperature increase of 1.3°C | Labor force decreases by 2.5 percentage points (pp) | Temperature increase of 1.5°C | Labor force decreases by 3.1 percentage points (pp) |
| **USA** | Temperature increase of 1.4°C | Labor force decreases by 4.0 percentage points (pp) | Temperature increase of 1.6°C | Labor force decreases by 4.9 percentage points (pp) |
| **Italy** | Temperature increase of 1.3°C | Labor force decreases by 1.0 percentage points (pp) | Temperature increase of 1.6°C | Labor force decreases by 1.2 percentage points (pp) |
| **Vietnam** | Temperature increase of 1.0°C | Labor force decreases by 5.6 percentage points (pp) | Temperature increase of 1.2°C | Labor force decreases by 6.4 percentage points (pp) |
| **Malaysia** | Temperature increase of 1.0°C | Labor force decreases by 5.8 percentage points (pp) | Temperature increase of 1.1°C | Labor force decreases by 6.7 percentage points (pp) |
| **Mexico** | Temperature increase of 1.0°C | Labor force decreases by 1.9 percentage points (pp) | Temperature increase of 1.4°C | Labor force decreases by 2.3 percentage points (pp) |
| **India** | Temperature increase of 1.1°C | Labor force decreases by 6.1 percentage points (pp) | Temperature increase of 1.2°C | Labor force decreases by 7.1 percentage points (pp) |

Source: Comparison of NGFS, 2050, and 1986-2006 Data.

# Emission Reduction Strategy

## Declaration of the "50% Emission Reduction in Ten Years" Target

TECO has been recognized six times by international sustainability institutions, including the Dow Jones Best-in-Class Index (DJBICI) and the S&P Global Sustainability Yearbook, with outstanding performance among peers in emerging markets. In 2021, TECO declared a target to reduce operational carbon emissions by 50% at its major sites within ten years, driving the entire Group to work toward carbon reduction. At the same time, TECO fully implemented Sustainability KPIs, embedding sustainability management deeply into TECO's corporate culture, with the ultimate goal of achieving net zero emissions across the entire Group by 2050.




*The base year is 2021, primarily covering factory sites. The scope of operating sites included in the 2025 calculation is consistent with that of 2021, covering 83.18% of total revenue, also referred to as the coverage rate.

At TECO, the ESG Office plays a key role in coordinating the management of climate-related risks and opportunities, placing great importance on ongoing communication and feedback with internal and external key stakeholders. Together with relevant departments, it formulates concrete and executable response strategies. Through a joint deliberation mechanism, TECO ensures that its sustainability commitments are implemented as specific annual action plans. With clearly defined ESG pillars, TECO fully advances the sustainability management philosophy of B2B2S.

# TECO Global Value Chain and Greenhouse Gas Inventory

| | Upstream (Scope 3) | Operations (Scope 1 & 2) | Downstream (Scope 3) |
|---|---|---|---|
| **-2026** | Listed Companies<br>Independently manage and conduct inventories.<br>Small and Medium-sized Enterprises<br>Continue to encourage improvements in inventory data quality to increase the utilization rate of facility-specific emission factors. | Each plant promotes process and equipment improvements, enhancement of casting yield, furnace loop upgrades, installation of on-site solar power systems, and a complete ban on R410A refrigerants for small air-conditioning units. | Construct Scope 3 carbon reduction pathways. |
| **-2030** | Listed Companies<br>Complete inventory in full compliance with government regulations. | Achieve 50% emission reduction by 2030<br>Installation of solar power systems at overseas plants, casting technology upgrades, discontinuation of SF6 use in high-voltage equipment products. | Track Scope 3 “use of sold products” trends and introduce “zero-carbon products”. |
| **-2050** | Complete full inventory and require reduction targets.<br>Through the decarbonization and net-zero transition of power grid systems, the promotion of a circular economy and the adoption of low-carbon materials, as well as the expanded use and promotion of zero-carbon energy, carbon emissions across the supply chain and the full product life cycle are gradually reduced.<br><br>The Group follows the principle of "prioritizing reduction and supplementing it with removal." After effectively implementing various carbon reduction measures, carbon removal technologies and high-quality carbon credits will be used to offset residual emissions that remain difficult to eliminate, thereby achieving the long-term target of net-zero Scope 3 emissions. | Achieve net zero for the entire TECO Group.<br>Continue to increase the proportion of renewable energy use and promote process decarbonization, while actively investing in the research and adoption of fossil fuel alternatives, such as the electrification of process equipment, to reduce fossil fuel use and strengthen the transformation of the energy structure. | Sales of net zero products and services. |

## Global Greenhouse Gas Inventory Digitalization



Carbon Inventory Management Platform

To rapidly and effectively track the performance of carbon emission reduction and management across all of TECO Group's global production sites, TECO has established an internal global greenhouse gas inventory digitalization platform.

Each domestic and overseas production site, along with the Group headquarters, can instantly view the current status and trends of monthly greenhouse gas emissions during operations. This accelerates data integration and reporting, enhances communication efficiency, sets carbon reduction targets, identifies major carbon hotspots, and formulates carbon reduction strategies, helping TECO achieve its carbon reduction and net-zero emission goals.

### Internal Carbon Pricing System

To move toward low-carbon development and accelerate the Group's carbon reduction effectiveness, TECO, with Board approval, implemented an Internal Carbon Pricing (ICP) system starting in 2023 as an incentive measure for internal performance management. The promotion of ICP follows the "polluter pays" principle, with the Group uniformly charging business units for carbon emissions. Through the pricing mechanism, each production site is encouraged to self-restrict emissions, improve energy efficiency, promote lower-carbon production processes, identify and seize low-carbon opportunities, and develop innovative R&D technologies. The goal is to motivate all employees to prioritize carbon emissions related to their work. TECO's internal carbon price is currently set at NT$1,600 per ton of CO2e (equivalent to approximately USD50.87). Presidents of the three major business groups are given annual emission target quotas and required to allocate budgets accordingly to pay internal carbon fees. If emissions exceed targets, additional budget payments are required, directly affecting business group performance and bonuses.

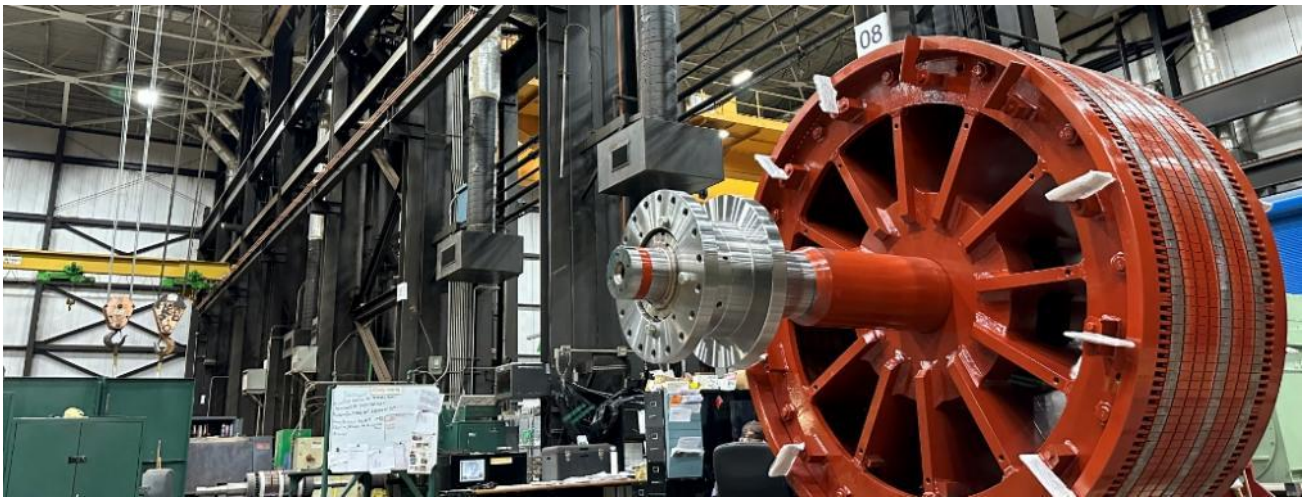
In 2024, we formally established the " Carbon Pricing and Carbon Fee Management Guidelines," with the President serving as the convener of the "Internal Carbon Pricing and Carbon Fee Management Task Force." In addition to reviewing the internal carbon price annually, application, review, and disbursement mechanisms were established for the carbon fund accumulated through the internal carbon pricing system. To accelerate the Group's overall carbon reduction performance, in 2025 we amended the aforementioned Guidelines and further expanded the scope of application of the internal carbon fund. In addition to the existing projects involving operational energy management, renewable energy development and application, and innovative R&D for low-carbon products and services, the scope was expanded to include energy storage applications, the development of low-carbon capabilities and tools, the introduction of digital systems, carbon management, third-party

verification and validation, and other diverse areas.Support unitsare also encouraged to apply for resources in conjunction with their own operations to provide more comprehensive support for the Group's net-zero transition. At the same time, TECO has established an incentive-based KPI for each business group linked to its annual carbon fund application amount, encouraging business groups to submit carbon fund project applications more actively and proactively.

## Carbon Fund Implementation Results

In 2025, three carbon fund project applications were approved, covering key actions such as improvements to foundry electric furnaces, optimization of air compressor systems, and the establishment of carbon footprint inventories. Through concrete demonstration cases, other business units are encouraged to follow suit, further facilitating changes in organizational processes and decision-making models. The above projects are expected to reduce GHG emissions by more than 950 metric tons annually, demonstrating the effectiveness of the carbon fund system in driving substantive carbon reduction. For approved projects, in addition to reporting implementation progress at meetings of the "Internal Carbon Pricing and Carbon Fee Management Task Force," the ESG Office also reports to the directors at meetings of the Corporate Governance and Sustainability Committee, enabling the governance level to remain informed and provide substantive feedback.

Through the implementation of internal carbon fund projects, TECO can not only enhance employees' awareness and literacy regarding sustainability and climate issues and strengthen the organization's internal carbon management capabilities, but also strategically position itself in advance to capture low-carbon business opportunities that align with customer expectations and market trends. At the same time, these exemplary carbon reduction actions also help secure government resources and policy support, creating a virtuous cycle in which external resources are continuously invested in carbon reduction actions. In the future, TECO will also assess, as appropriate, the applicability of internal carbon pricing and the carbon fund across the value chain, enabling deeper collaboration with more business partners in areas such as energy management, energy-saving planning, and carbon reduction target setting, and jointly building corporate competitiveness in low-carbon sustainability.




TECO-Westinghouse (Texas, USA)

# Transformation Focus and Risk Assessment

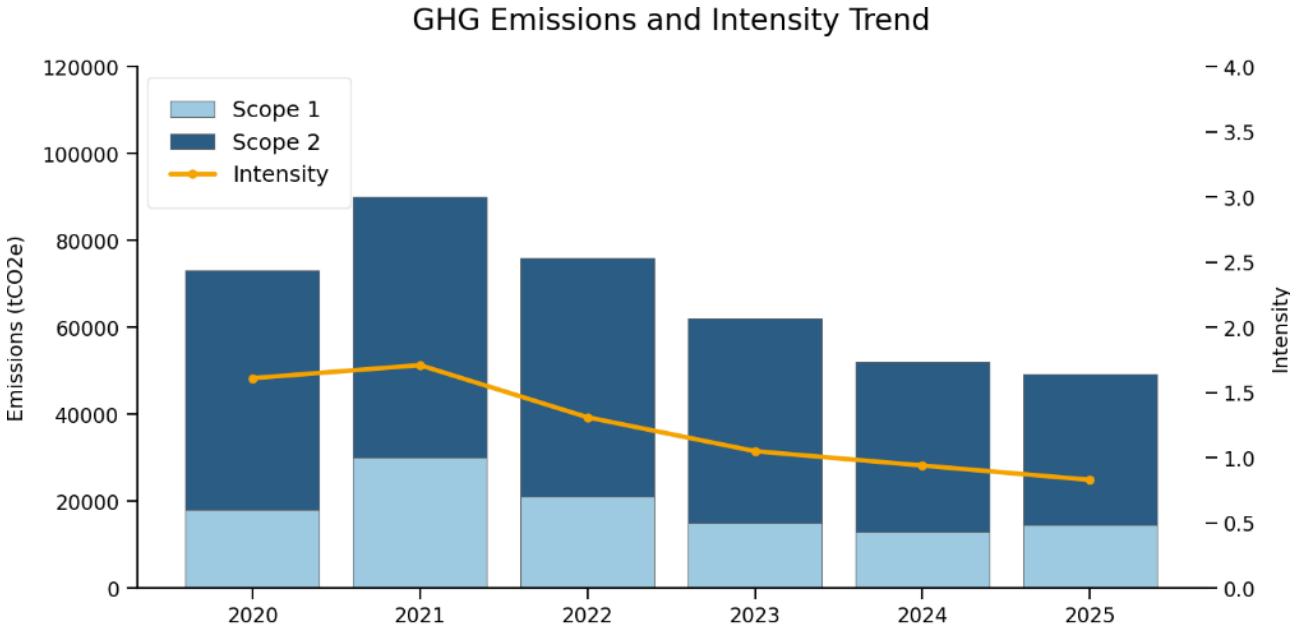
| Risk Type | Scope | Time | Risk Assessment Content |
|---|---|---|---|
| **Current regulatory risk** | Own operations | -2025 | Regulatory restrictions, product design adjustments. |
| | Own operations | -2026 | Potential carbon fees and electricity management. |
| | Own operations | -2030 | Company must have the capability to declare carbon footprint for exports. |
| **Emerging regulatory risk** | Upstream | -2026 | CBAM policy may affect upstream steel prices and origins. |
| | Own operations | -2030 | Company must flexibly adjust supply chain logistics. |
| **Technology risk** | Own operations | -2025 | High-performance product development (e.g., IE5 / IE6). |
| | Own operations | -2026 | Benefits of integrating AI applications with hardware equipment. |
| **Policy risk** | Own operations | -2025 | Increase the proportion of renewable energy capacity. |
| | Downstream customers | -2026 | Assist customers in responding to the deep energy-saving policy. |
| | Own operations | -2030 | Evaluate total emission control policies at operation sites. |
| **Market risk** | Downstream customers | -2026 | The degree of integration of the Group's low-carbon software and hardware, as well as its ability to provide a "one-stop shop." |
| | Downstream customers | -2030 | Plan ahead to strengthen the ability to respond to customers' growing sustainability needs. |
| | Upstream | -2030 | Mass production of low-carbon products affects upstream material procurement (rare earths, lithium, hydrogen, etc.). |
| **Reputation risk** | Own operations | -2026 | Continue to play a leading role in the high-efficiency market. |
| | Own operations | -2030 | Comprehensively integrate and advance the achievement of net-zero targets across the Group's subsidiaries in different industries. |
| **Immediate physical risk** | Downstream customers | -2030 | Temperature rise +1.5°C → Population affected by heatwaves +18.6 pp [Note 1]. |
| | Downstream customers | -2050 | Temperature rise +2.0°C → Population affected by heatwaves +34.5 pp [Note 1]. |
| | Downstream customers | -2075 | Temperature rise +2.5°C → Population affected by heatwaves +45.7 pp [Note 1]. |
| **Long-term physical risk** | Upstream | -2030 | Temperature rise +1.5°C → Labor force -18.6 pp [Note 2]. |
| | Upstream | -2050 | Temperature rise +2.0°C → Labor force -3.6 pp [Note 2]. |
| | Upstream | -2080 | Temperature rise +2.5°C → Labor force -4.9 pp [Note 2]. |

- [Note 1] Based on NGFS current policies scenario estimation for Texas, USA (location of TECO's North America headquarters).
- [Note 2] Based on NGFS current policies scenario estimation for Jiangsu, China (location of TECO's production base in China).

# Indicator management

## Scope 1 and Scope 2 inventory for core business operations

2025 target value: Scope1: 15,416 tCO2e; Scope 2: 37,384 tCO2e.




| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|
| Coverage rate (%) | 79.7% | 89.5% | 82.7% | 84.6% | 84.3% | 83.18% |
| Scope 1 ($tCO_2e$) | 19,505 | 29,316 | 21,007 | 14,914 | 13,728 | 14,365 |
| Location-Based Scope 2 ($tCO_2e$) | 54,085 | 60,800 | 55,536 | 47,424 | 38,279 | 34,835 |
| Market-Based Scope 2 (tCO2e) | 54,085 | 60,800 | 55,536 | 47,424 | 38,279 | 34,835 |
| Scope 1+2 | 73,590 | 90,116 | 76,543 | 62,338 | 52,007 | 49200 |
| Consolidated revenue (NT$ thousand) | 45,823,430 | 52,557,030 | 58,315,216 | 59,393,661 | 55,234,746 | 59,070,263 |
| Intensity ($tCO_2e$/NT$ million) | 1.61 | 1.71 | 1.31 | 1.05 | 0.94 | 0.83 |

*Before 2023, 100% of the scope consisted of estimated values; from 2024 onward, the figures represent the total for subsidiaries included in the consolidated financial statements; the 2025 figures were externally assured.
*Intensity = (Scope 1 + Scope 2)/consolidated revenue (in NT$ million).

## GHG Emissions Information from consolidated financial statement subsidiaries for the Past Two Years

| | 2024 | 2025 |
|---|---|---|
| **Scope 1 (tCO2e)** | 28,139 | 26,272 |
| **Scope 2 (tCO2e)** | 45,613 | 44,139 |
| **Scope 1+2 (tCO2e)** | 73,752 | 70,411 |

| | | |
|---|---|---|
| **Intensity (tCO2e/NT$ million)** | 1.33 | 1.19 |
| **Date Coverage Rate (%)** | 100 | 100 |
| **Assurance/Verification Status** | The emissions results in line with the Group's complete corporate boundary were internally inventoried. The emissions were verified by third-party verification bodies in accordance with ISO 14064. The verification bodies include BSI (British Standards Institution), PwC (PricewaterhouseCoopers Taiwan), MIRDC (Metal Industries Research and Development Centre), PMC (Precision Machinery Research and Development Center), CQC (China Quality Certification Centre) in China/Vietnam, SGS (Société Générale de Surveillance) in the United States, TÜV Rheinland in Italy, and Intertek in Australia. | External assurance was completed by a third-party institution PwC Taiwan, in accordance with ISAE 3410, on the GHG emissions information measured using the GHG Protocol for all subsidiaries within the scope of the Group's consolidated financial statements. |

The GHG inventory boundary is established using the operational control approach, under which all emissions from subsidiaries over which the Group has operational control are recognized. The emission factors used are based on the standards officially published by each country. "Intensity" is calculated by dividing the "total" by the "Group's consolidated revenue."
Types of GHGs covered: carbon dioxide ($CO_2$), methane ($CH_4$), nitrous oxide ($N_2O$), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride ($SF_6$), nitrogen trifluoride ($NF_3$). The Group's 2025 GHG emissions (100% coverage rate) were subject to limited assurance by PwC Taiwan in accordance with Assurance Standard No. 3410.

## Scope 3 Inventory

TECO initiated its Scope 3 inventory in 2019. Total Scope 3 emissions in 2025 were: 24,992,473tCO₂e.
(Unit: tCO₂e)

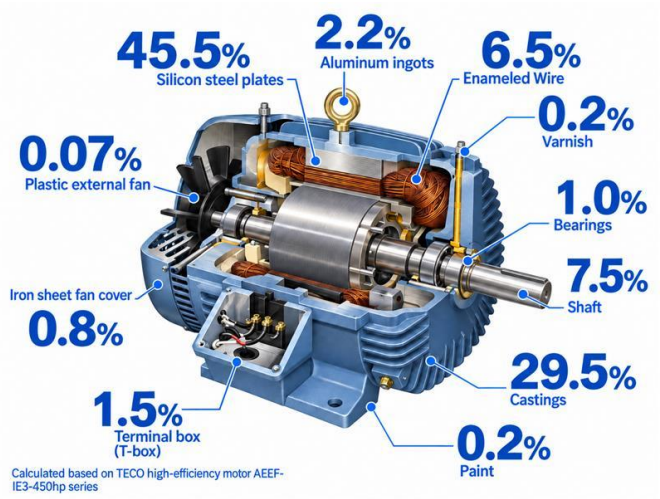
| Scope 3 Emission Source | Carbon Emissions | Emission Percentage | Description |
|---|---|---|---|
| Purchased goods and services | 113,321 | 0.453% | Calculated based on the annual procurement volume* of motor raw materials multiplied by the emission factor of each material. The carbon emission coefficient source includes: suppliers, TECO's own plant site inventory audit data, carbon footprint calculation platform of the Environmental Protection Administration in Taiwan. |
| Capital goods | 1,688 | 0.007% | Calculated based on procurement amounts, including buildings and structures, machinery and equipment, transportation equipment, leasehold improvements, other equipment, construction in progress, etc. |
| Fuel- and energy-related activities (not included in Scope 1 or Scope 2) | 3,891 | 0.016% | Calculated based on total purchased electricity and upstream emission equivalent factors. Sources of upstream emission equivalent factors: Product Carbon Footprint Calculation Service Platform and applicable factors from Ecoinvent 3.0. |
| Upstream Transportation and Distribution | 1,555 | 0.006% | Upstream transportation and distribution cover only Taiwan land transportation and are traced back only to the previous stage of transportation location. Finished products, semi-finished products, and procurement for engineering projects are excluded. Materials that account for the top 65% of annual total procurement value for the plant are selected for statistics. If the same material is supplied by multiple suppliers, the supplier with the largest supply volume is taken as the basis for activity data calculation. If the same supplier supplies multiple materials, the material with the largest supply volume is taken as the basis for activity data calculation. |
| Waste Generated in Operations | 200 | 0.001% | Based on the amount of waste generated at TECO plant sites in 2025, the calculation is conducted with reference to the waste treatment service coefficients provided by Taiwan's Product Carbon Footprint Platform. |
| Employee Commuting | 472 | 0.002% | Employee commuting is categorized into public transportation and private vehicles. As the coverage is limited to China, the calculation uses the transportation service emission factors from the China Product Life Cycle GHG Emission Factor Database and the transportation emission factors from the Product Carbon Footprint Information Network. |
| Downstream Transportation and Distribution | 1,774 | 0.007% | Downstream transportation and distribution cover only China and are traced only to the next transportation destination. The weight of materials based on annual procurement volume is used as the activity data for calculation. |
| Use of Sold Products* | 24,869,572 | 99.508% | 2025 shipment volume of low-voltage and high-voltage large motors. Details and calculation methods are explained on the following page. |

2025 Total Scope 3 GHG Emissions Target: 25,502,524 tCO2e.

*The disclosure scope is described as follows: Data for "Purchased Goods and Services," "Fuel- and Energy-Related Activities," "Upstream Transportation and Distribution," and "Waste Generated in Operations" cover only the parent company; "Capital Goods" uses data from the Group's consolidated financial statements; "Employee Commuting" and "Downstream Transportation and Distribution" include only China; and "Use of Sold Products" covers only large low-voltage and high-voltage motors.
*The emissions data related to "Capital Goods," "Employee Commuting," "Downstream Transportation and Distribution," and "Use of Sold Products" were calculated based on existing assumptions and internal estimation methods and have not yet been verified by a third party. This is hereby disclosed.

## Motor Carbon Footprint Analysis

Motors are one of the key components for energy conversion. The higher the conversion efficiency, the less energy is consumed. From everyday appliances to industrial equipment, motors are not only the heart of basic devices like fans and pumps, but in recent years, with the growing demand for electric vehicles, motors have also entered the transportation industry. More than 90% of a motor is made of metal. Taking TECO's high-efficiency 150 horsepower motor series as an example, the proportion of metal content is as shown in the figure below:




Steel: 54 %
Iron: 32 %
Copper: 6 %
Aluminum: 2 %

TECO conducted a "cradle-to-gate" carbon footprint analysis of three motor models from the perspectives of raw material weight, manufacturing processes, consumables, manpower, and waste. It was found that over 90% of carbon emissions come from the production and acquisition stage of raw materials, while in-plant manufacturing processes account for only 10% of carbon emissions. This highlights that the recycling and reuse of raw materials—namely, metal materials—is the most critical issue in emission reduction.

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

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

We continue to track the annual share of motor sales represented by the above three models that have undergone completeness assessments. Subsequently, we also conducted simplified product carbon footprint assessments for 8 motor models, including the AEHF (3HP and 5HP), AEHH, AFHH, and ANCK series. Their shares of sales revenue are shown in the table below:

| Carbon Footprint Analysis | 2024 | 2025 |
|---|---|---|
| Completeness Assessment | 1.23% | 4.24% |
| Simplified Assessment | 4.01% | 2.02% |

*The 2024 assessment boundary did not include China, and the relevant data for that year were calculated using estimates; in 2025, more complete and accurate actual data were introduced for statistical purposes, and the assessment scope and results were adjusted and updated accordingly.

## Use-phase emissions of sold products: Motor category calculation method

| Type | Units shipped | Total Power (kW) | Annual electricity consumption (kWh) | Carbon emission equivalent ($tCO_2e$) |
|---|---|---|---|---|
| **Low-voltage small motors** | 713,666 | 4,898,200 | 24,491,002 (88,183.5 TJ) | 11,608,735 |
| **High-voltage large motors** | 5,818 | 5,595,290 | 27,976,449 (100,733.3 TJ) | 13,260,837 |

- The term "low-voltage small motors" refers to electric motors with a frame size not exceeding 315, based on mechanical dimensions specified in international standards such as IEC, and with relatively small dimensions and output power; "high-voltage large motors" are designed according to customized requirements, with the maximum designed output exceeding 20,000kW.
- Motor annual power consumption estimation: For each motor, the number of operating hours of 5000 hours per year*motor average unit time power consumption is used for the calculation.
- Based on the total power of motors actually sold in 2025, and as the headquarters is located in Taiwan, Taiwan's 2024 electricity emission factor (0.474 $tCO_2e$/thousand kWh) was used to estimate the total emissions corresponding to their annual electricity consumption.

## Current status of participation in Science Based Targets (SBT)

SCIENCE BASED TARGETS

In 2021, TECO announced its target of reducing operational carbon emissions by 50% within ten years and subsequently expanded its implementation to overseas plants, enabling the Group's core business operations (covering more than 83.18% in 2025) to work together toward carbon reduction. As SBT requires emissions reduction targets to cover 100% of the Group's consolidated subsidiaries, which operate in relatively complex industries including logistics, software, communications, human resources, property development, and property management, the parent company's ESG Office completed a preliminary high-level analysis of Scope 3 emissions in 2025 and is further calculating key Scope 3 categories. The assessment for submitting an SBT application is expected to be completed in 2026.

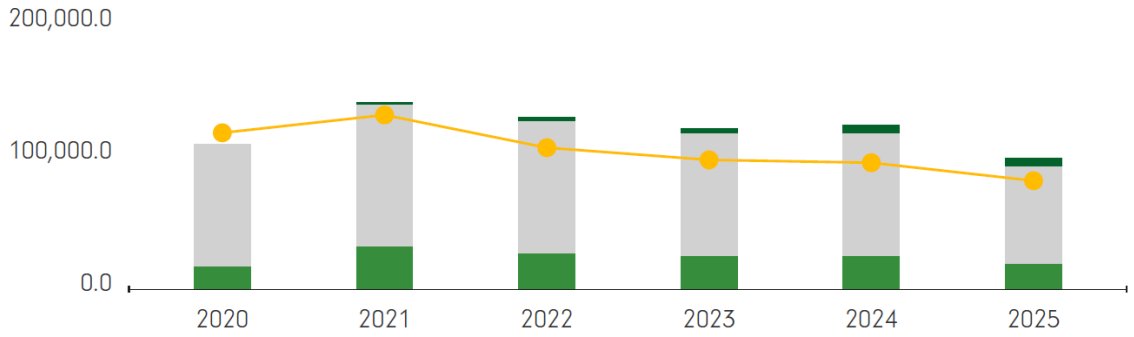
# Energy Management Plan



| TECO Energy Management Plan | 2025 Management Actions |
|---|---|
| Conduct energy audits to identify opportunities to improve energy efficiency | TECO conducts annual energy audits based on ISO 14001 environmental management system and internal management procedures to analyze the types and quantities of energy used at each operating site, identify major energy use hotspots, and formulate corresponding and effective energy-saving and carbon-reduction plans. |
| Quantitative targets related to energy saving | Based on energy use at TECO's global production sites, energy sources include natural gas, diesel, gasoline (Scope 1), and purchased electricity (Scope 2). The energy consumption management target for Scope 1 is an annual reduction of 5%; for Scope 2 energy consumption, the target is for renewable energy use to reach 30% of total electricity consumption by 2030. |
| Actions to reduce energy use | In 2025, a total of 28 energy-saving and carbon-reduction projects were proposed, with total electricity savings of 638,327 kWh (calculated using Taiwan's 2024 electricity emission factor of 0.474 kg$CO_2$e/kWh), resulting in a carbon reduction of 302 metric tons $CO_2$e. Since 2021, non-renewable energy consumption has shown a continuous downward trend. However, this year it increased by 106,761 GJ compared with 2021, primarily due to the expansion of the inventory coverage. In addition, after operating data from Taiwan Pelican Express were included, its transportation business, which primarily uses gasoline and diesel, further increased overall non-renewable energy consumption. We will continue to promote equipment inventories at plant sites and replace obsolete equipment with new equipment, thereby improving resource use efficiency; in the long term, in addition to effectively reducing operating costs, risks, and GHG emissions, this will further demonstrate the Company's commitment to social responsibility. |
| Use of clean or green energy | In 2025, TECO completed the installation of 1.781MW of solar power capacity at the Hukou Plant. Together with the existing generation capacity, the cumulative installed solar power capacity completed worldwide reached 17.227MW. The target is for power generation to reach 30% of total electricity consumption by 2030. |
| Invest in innovation or R&D to reduce energy consumption | In addition to promoting energy-saving and carbon reduction measures at its own plants, TECO continues to develop high-efficiency, low-carbon products, such as the electric bus "e-Axle Solution" featuring a hairpin winding oil-cooled motor, and invests in the green energy industry, including solar power and energy storage projects. |

| | |
|---|---|
| Environmental Investment Management and Performance | To accelerate its low-carbon transition, TECO Electric & Machinery promotes energy conservation, carbon reduction, and environmental improvement projects through management mechanisms and an internal carbon fund, and has established an investment benefit tracking system to regularly review the implementation results of each project in terms of carbon reduction, energy conservation, and cost optimization. We incorporate environmental and economic benefits into the overall assessment criteria, making sustainable investment an important force driving corporate transformation while continuously enhancing the organization's operational resilience and sustainable value.<br>Capital expenditure: $59,715,374<br>Operating expenditure: $16,356,303<br>Investment returns: $104,179,495*<br>(*Only includes revenue generated from the sale of renewable energy) |
| Provide employees with energy efficiency training to raise awareness of energy conservation | TECO provides energy efficiency training for energy management personnel at its production sites. The courses cover microgrid power control, virtual power plant development and applications, and chiller energy conservation. In 2025, the physical courses recorded a total of 484 participant attendances and 1,460 training hours. |

Unit: MWh
Energy Consumption and Intensity Trend




| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|
| Non-renewable energy usage | 18385.9 | 31382.6 | 27139.1 | 24879.2 | 23,474.6 | 20,270.7 |
| Non-renewable electricity purchased | 90995.6 | 106279.5 | 98384.3 | 91410.1 | 80,439.6 | 75,383.8 |
| Renewable electricity usage | 0 | 1,237 | 3,024 | 4,852 | 8,268 | 8,889 |
| Energy intensity (MWh/NT$ million) | 2.39 | 2.62 | 2.15 | 1.96 | 1.88 | 1.62 |
| Coverage | 79.70% | 89.50% | 80.30% | 84.60% | 84.34% | 83.18% |

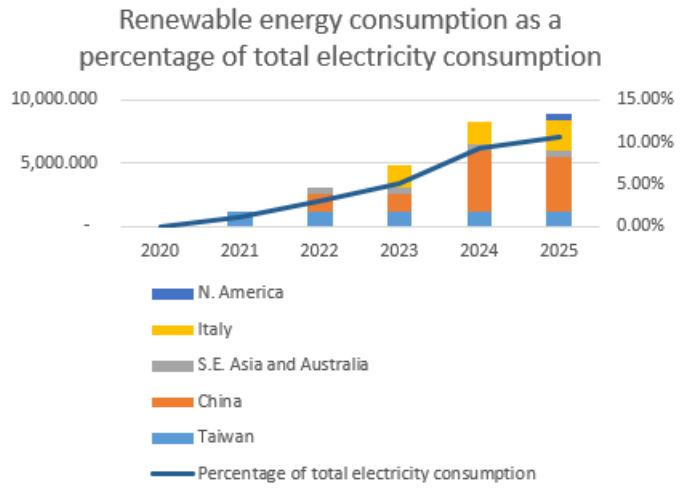
| | | | | | | |
|---|---|---|---|---|---|---|
| Total energy consumption (GJ) | 39,4970 | 496,797 | 453,013 | 420,403 | 375,227 | 344,405 |

*The heating value conversion factors are (liquefied petroleum gas 5,958 Kcal/liter, natural gas 8,710 Kcal/$m^3$, diesel 8,629 Kcal/liter, gasoline 7,520 Kcal/liter, electricity 860 Kcal/kWh) * 0.0000041868 GJ/Kcal * 1,000 (Source: Energy Administration's Table of Unit Heating Values of Energy Products, revised in 2025).

## Renewable Energy Installation at Plants



In 2025, the Company completed the installation of 1.781 MW of solar power capacity, bringing the cumulative installed capacity worldwide to 17.227 MW. The electricity generated is currently partly sold externally and partly used for self-consumption, with a target for renewable energy use to account for 30% of total electricity consumption by 2030.




Renewable energy consumption from 2021 to 2024 was estimated internally, while the 2025 figure primarily reflects actual consumption.



In 2025, nearly 8,890,000 kWh of electricity was self-generated and self-consumed.
In 2025, a total of 1,202 Taiwan Green Power Certificates were generated.

## Power Regeneration Setup at Plants

The “Dynamometer” is a device used to test the torque and power of motors. During testing, electricity is regenerated. TECO owns multiple large dynamometers. In 2025, a total of 230,000 kWh was regenerated for in-plant use.

- 1,500kW dynamometer regeneration: 104,484.6 kWh.
- 5,000kW dynamometer regeneration: 127,147.2 kWh.



2025 power regeneration:
230,000 kWh

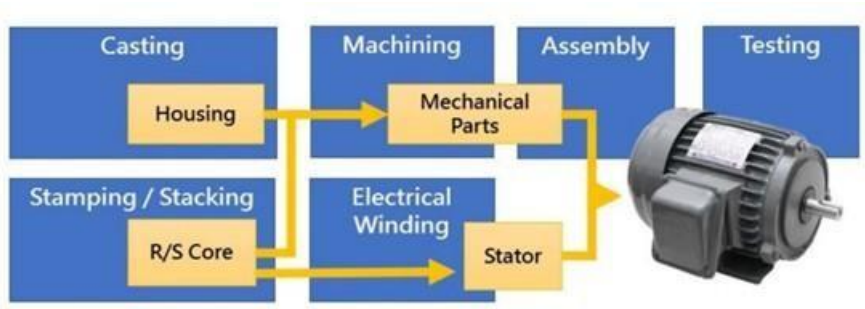
## Summary Table of Energy-Saving Projects

In 2025, a total of 28 energy conservation and carbon reduction plans were proposed, with NT$4,056,400 invested in environmental expenditure. Total electricity savings amounted to 638,327 kWh (calculated based on Taiwan's 2024 electricity emission factor of 0.474 kg $CO_2e$/kWh), resulting in a reduction of 302 metric tons of $CO_2e$.

| Categories | Items |
|---|---|
| Equipment and System Upgrades | Taiwan plants: Replacement of the 50T cooling tower fan motor, modification of cooling tower water pumps, installation of high-efficiency variable-frequency air compressors, installation of variable-frequency drives for air handling units, and continued replacement of old air conditioners to enhance the overall energy efficiency of equipment.<br>China plants: Replacement of the motors in air compressors, drying furnaces, and ovens with higher-efficiency models. |
| Process and Operational Optimization | Taiwan plants: Relocation and extension of temperature-sensing cables for packaged air conditioners to improve temperature control accuracy, optimization of the exhaust gas treatment system following the consolidation of die-casting processes to reduce redundant operation, and adjustment and optimized management of the operating hours of high-frequency furnaces in the Casting Section.<br>China plants: For workpieces requiring heating, insulation material is installed and wrapped around them during the heating process to reduce heat loss and unnecessary thermal energy emissions. Multiple iron cores are also heated together in the same furnace to reduce the number of furnace operations and improve heating efficiency. |
| Space and Resource Management | Taiwan plants: Replacement of office lighting with energy-efficient fixtures and introduction of solar-powered air-conditioning systems.<br>China plants: Modification of pipelines to add outdoor air intakes, reducing the use of heating and air-conditioning systems. |
| Introduction of Renewable and Alternative Energy | Replacement with solar energy. |

# 2.1–2 Water Resource Management

| TECO Water Resource Management Plan | 2025 Management Actions |
|---|---|
| Conduct water usage assessment to identify opportunities for improving water efficiency | TECO conducts annual water resource usage assessments based on ISO 14001 Environmental Management System and internal procedures. Analysis results show that TECO's main business is motor manufacturing. Aside from sand mold production using water in the process, most water usage involves recycling for equipment cooling or environmental facilities (such as scrubber towers for air emission treatment), as well as domestic water for employees. |
| Take concrete actions to reduce water usage | TECO continuously promotes various water-saving measures and sets an annual goal of reducing water usage by 2%. Measures include: leak detection and pipeline loss reduction, recycling of reclaimed water, and switching from wet to dry painting processes. |
| Actions to improve wastewater quality | Wastewater from main production plants is collected via underground pipelines and discharged into sewage pipelines, where it is ultimately treated by the industrial park authority or local wastewater treatment plants. TECO performs preliminary treatment before discharge and regularly samples and tests effluent to ensure the wastewater treatment process complies with local industrial zone inflow standards (no violations in 2025). Interception facilities are also installed in the plants to ensure no major impact on the production area and surrounding environment. |
| Set water reduction targets | TECO continues to implement water-saving measures, with a goal of reducing water usage by 2% annually, including leak detection and pipeline loss improvements. Wastewater discharge is estimated at 80% of water usage or based on process wastewater volume. Wastewater from each plant is tested by qualified third parties, with water quality meeting legal standards. |
| Promote water recycling and reuse | TECO's recycled water usage accounts for about 17% of total water intake; in 2025, total annual water intake at the Zhongli plant was 109,067 tons. The cooling tower used 74.7 tons of recycled water per day, calculated based on 246 days of use per year. |
| Provide employees with water efficiency management training | Water-saving management personnel received training to raise awareness of water conservation (course topics included applications of waste reduction and water-saving results). In 2025, online training totaled 1921 participants, with cumulative training hours reaching 961 hours. In the future, more targeted education and training will be planned progressively based on operational needs and the importance of water resource management. |




## Analysis of process water dependency

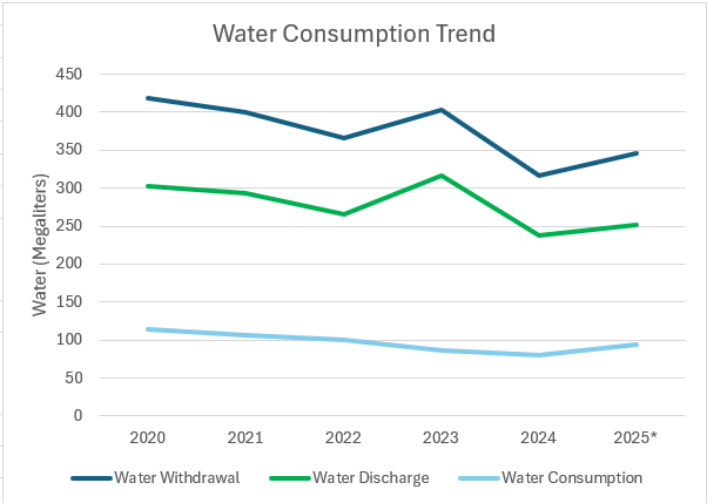
TECO's main business is motor production. Except for water used in sand mold making during casting, most operations utilize recycled water for equipment cooling, environmental purposes such as air emission scrubber towers, and employee domestic use.

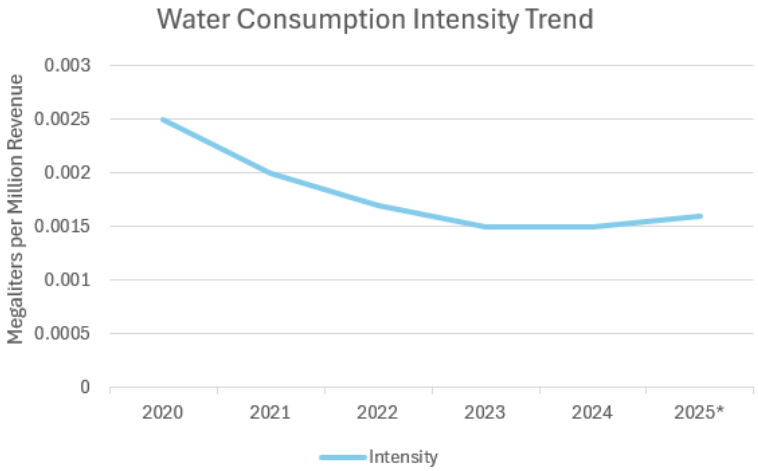


In addition to water conservation and recycling measures, TECO also reduces the possibility of water waste through pipeline inspections and other methods. For example, aging cast iron pipelines and site subsidence at the Taian Technology (Wuxi) plant caused corrosion and damage to underground fire protection pipelines, resulting in water leakage. After abnormal water consumption was identified in May 2024, a daily meter reading and monitoring mechanism was initiated. Over the past two years, pipeline replacement, leak repairs, and system inspections have been carried out, effectively improving the water leakage issue. In 2025, water consumption decreased by 8,329 tons compared with the previous year, representing a reduction of 39%. This demonstrated significant water conservation results and enhanced overall water resource management capabilities.

TECO's wastewater discharge volume is estimated at 80% of water use or calculated based on process wastewater volume. Wastewater from each plant is tested by qualified testing firms commissioned by each plant, and the discharged water quality complies with legal regulations. There are no environmental protection zones,

habitats, or areas of high biodiversity around the plant areas, and there is no additional impact on the environmental ecology.




Unit: ML

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025* |
|---|---|---|---|---|---|---|
| Water withdrawal | 417.81 | 400.55 | 366.65 | 402.96 | 317.02 (Surface water 91.78 Groundwater 25.24) | 346.26 (Surface water 316.52 Groundwater 29.74) |
| Water discharge | 303.23 | 293.55 | 266.13 | 316.02 | 237.00 | 251.48* (Third-party water 251.48) |
| Water consumption | 114.58 | 107 | 100.52 | 86.94 | 80.02 | 94.78 |
| Intensity (water consumption/NT$ million) | 0.0025 | 0.0020 | 0.0017 | 0.0015 | 0.0015 | 0.0016 |

Note: The scope of operating sites included in the 2025 calculation is consistent with that of 2021, covering 83.18% of total revenue, also referred to as the coverage rate.

*In 2025, no seawater, produced water, or third-party water was withdrawn; water was discharged only to third parties (referring to wastewater discharged into municipal sewage systems and third-party treatment facilities), with no discharge to surface water, groundwater, or seawater.
*Only the 2025 data were verified by an external third party (BSI).
*2025 water resource consumption target: 85.22 ML.
*The Group's water resource intensity has continued to decline since 2020, indicating gradual improvement in water use efficiency. Although water resource intensity increased slightly in 2025 compared with the previous year, it remained relatively low compared with historical levels, indicating that the long-term trend of improving water use efficiency was unaffected.

## Effluent management

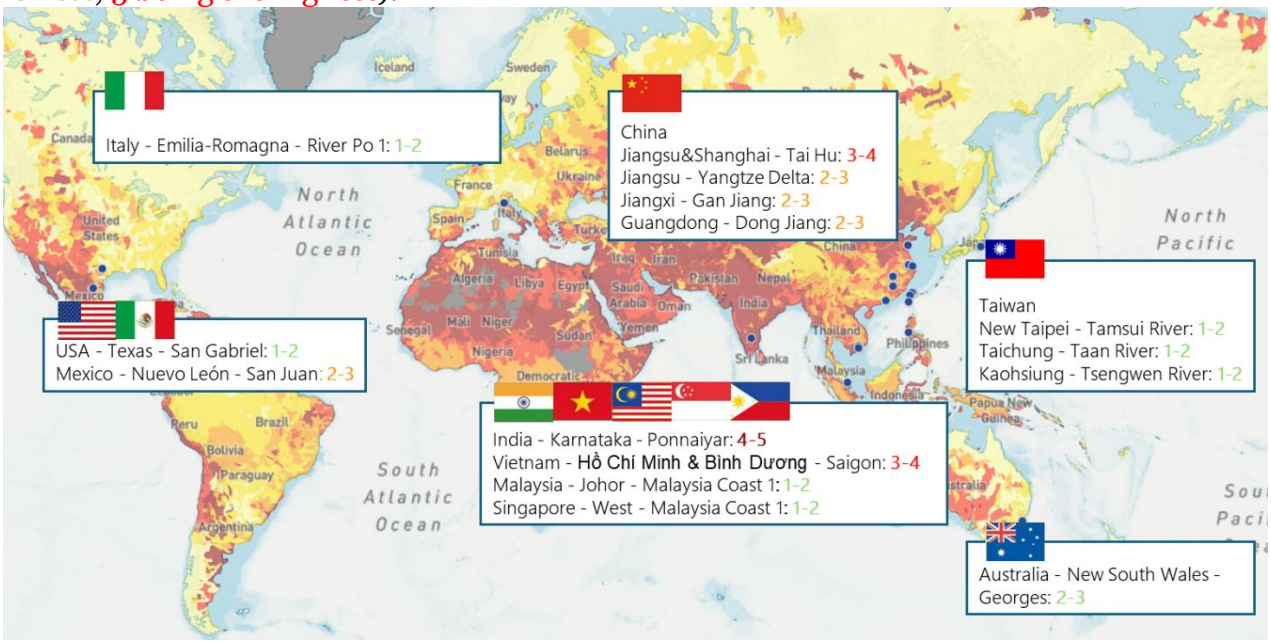
TECO Group's primary water usage is for process cooling water and domestic sewage; therefore, most wastewater originates from general wastewater. Wastewater from major production plants is collected via underground pipelines and discharged into the sewer or drainage system, eventually flowing into industrial park authorities or municipal sewage treatment plants for centralized treatment. All wastewater treatment processes comply with the local industrial park wastewater treatment plant's inflow standards (with no exceedance incidents in 2025), and interception facilities are installed within the plants for emergency situations. There is no significant impact on the respective production areas or the surrounding environment. The water resource regions covered by plant locations include Taiwan, China, Europe, and the Americas. Including sales sites and production plants, management coverage reaches 83.18%. Water resource management execution relies on each business unit and sales site to follow management practices, regularly conduct effluent water quality monitoring, and periodically review wastewater volumes to apply for discharge permit modifications, ensuring compliance. Each region conducts water resource risk identification and opportunity assessment based on its process characteristics and standard procedures.

### Water use efficiency

The main water source for TECO Group's plants and sales offices is municipal potable water, primarily used for process cooling and daily operational needs. Water use and drainage management at all sites comply with local government regulations, and legal compliance is continuously monitored. No water or wastewater-related violations occurred in 2025.
In terms of water use efficiency, TECO continues to promote water-saving management measures, enhancing overall water use performance through water resource inventories, equipment replacement, and process optimization. As the company's global manufacturing sites gradually expand, water intensity indicators have been incorporated into management and performance tracking, demonstrating TECO's ongoing commitment to water resource protection.

## Water resource sensitivity analysis

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




India (Ponnaiyar), which is classified as a high-risk area, is an emerging production base established by TECO in recent years based on international geopolitical considerations. It is currently still in the process of continuously expanding its production capacity. Water required for operations is mainly supplied by water tankers, with annual water consumption of approximately 1,500 metric tons. The overall scale of water resource use remains manageable. As production capacity gradually increases in the future, the Company will progressively establish a comprehensive water resource management system based on operational needs and local water resource risks, including real-time water use monitoring, efficiency optimization, and process water recovery and recycling mechanisms, to strengthen long-term water resource resilience.

As for other major operating sites, China (Taihu Lake) is a secondary-risk area. TECO's production bases primarily engage in stamping and machining processes, which have a relatively low dependence on water resources, resulting in limited direct operational water risks. Their potential risks mainly arise from the upstream supply chain, particularly the metal smelting industry. TECO procures more than 35,000 metric tons of steel annually in China from steel mills including Baosteel, TISCO, Xinyu Iron & Steel, Shougang, Huaigang, and Valin Steel. As steelmaking is a water-intensive process, water resource pressure within the relevant supply chain may indirectly affect the Company's operational stability. In the future, the Company will continue to strengthen its supply chain water risk assessment and management mechanisms.

In addition, Vietnam (Saigon) is also a secondary-risk area. The Vietnam site primarily carries out subsequent motor manufacturing processes, including machining, assembly, and testing, which are not water-intensive processes and have relatively limited dependence on water resources. Overall water risk remains manageable.

Taiwan sites are assessed overall as low-risk areas; however, specific environmental issues still require close attention, including the relatively high risk of eutrophication in coastal areas. The flagship motor plant located in Zhongli, Taoyuan has continued to frequently face seasonal water shortages over the years. According to the "2025 Taiwan Climate Change Analysis Series Report: Extreme Rainfall and Impacts in Taiwan under Warming Trends," as global warming continues, future rainfall patterns will become more extreme, resulting in the phenomenon of "the wet becoming wetter and the dry becoming drier." As global warming reaches 4°C, the frequency of extreme rainfall events that originally occurred once every 50 years will increase to once every 10 years, meaning that we will face stronger rainfall impacts more frequently. Under the RCP2.6 and RCP6.0 scenarios, both the frequency and intensity of extreme climate events may increase. The analysis of weather phenomena and corresponding measures is as follows:

| Scenario | Weather phenomenon | TECO Response Measures |
|---|---|---|
| **RCP 2.6 $CO_2$ concentration 421 ppm** | Increase in rainfall by 89%*, assuming 10 cm of flooding in the plant | ● Precautions: All production equipment and critical materials at the Zhongli plant must be protected from flood risks. When heavy rainfall or extreme weather warnings are received in advance, disaster prevention response measures will be activated, and sandbags will be deployed around the perimeter of the plant to strengthen water barriers and prevent rainwater from flowing backward into the plant. In addition, the Zhongli plant is approximately 30 to 50 centimeters higher than the surrounding area, providing a certain degree of natural flood protection. Based on these conditions, the necessity and cost-effectiveness of installing flood barriers are currently being carefully assessed to enhance overall disaster resilience.<br>● Flooding has occurred: If sudden heavy rainfall causes water to enter the plant on the same day, leaving insufficient time to deploy sandbags for flood protection, pumps will be urgently mobilized to rapidly drain the flooded areas. |
| **RCP 6.0 $CO_2$ concentration 670 ppm** | Decrease in rainfall by 25%*, assuming a 1-week water outage in the plant | ● The water used in Zhongli No. 1 Plant's low-voltage motor is mainly used for casting, dissolving, sand treatment and dip painting (80 tons/day of shared water), and for the circulating water (10 tons/day of shared water) for air conditioning cooling by the integrated factory's electricians and cutting by the mechanics.<br>■ Water interruption within 4 days: The water storage capacity of the Zhongli Plant is approximately 600 metric tons, including reservoirs and water towers.<br>■ Water interruption for over 4 days: 25-ton water tankers (4 trips/day) are mobilized to support the water supply. |

*The RCP2.6 scenario uses the maximum summer rainfall as the indicator, while the RCP6.0 scenario is assessed using the minimum spring rainfall.
Data source: "Taiwan Climate Change Projection Information and Adaptation Knowledge Platform Project" (TCCIP), which projects weather conditions for 2041-2060 and compares them with the baseline period (1986-2005).

# 2.1-3 Waste Management

To implement the goal of waste reduction and comply with local government regulations regarding waste declaration, storage, disposal, treatment, and reuse management, internal regulations such as the “Waste Storage and Disposal Management Guidelines” and related environmental management regulations for plant waste were formulated. When selecting waste treatment vendors, their processing capabilities and acceptance standards are assessed on-site to strengthen the tracking and management efficiency of waste disposal and treatment. Meetings are also convened occasionally to review and revise the procedures in accordance with regulations and current conditions.

| TECO Waste Management Plan | 2025 Management Actions |
|---|---|
| Conduct waste audits to identify improvement opportunities | Based on ISO 14001 Environmental Management System and internal management procedures, TECO inventories waste treatment annually. According to operating sites, waste composition, and treatment methods, hotspots are identified and corresponding reduction measures are planned. In 2025, general industrial waste totaled 15,021.80 metric tons, of which waste metal accounted for 77.14%; waste wood accounted for 10.51%; and general household waste accounted for 6.01%. |
| Promote action plans to reduce waste generation | Each TECO operating plant complies with relevant waste management regulations for reporting, storage, removal, treatment, and reuse management.<br>Accurate classification is used to improve recycling and reuse opportunities. Circular economy practices are introduced, including in-plant melting and reuse of metal scraps, as well as the recovery of valuable metal materials through joint investment with home appliance companies in “E&E Recycling, Inc.” |
| Set quantitative targets for waste reduction | The management goal is to reduce in-plant waste generation by 2% annually. In 2025, the data coverage rate reached 83.18%, with continuous optimization toward 100% coverage. |
| Invest in innovation or R&D to achieve waste reduction | TECO invests in the practice of circular economy, including the continuous development of silicon steel smelting technology to improve resource reuse efficiency and remanufacture waste metal into motor housing frames.<br>In addition, TECO jointly established “E&E Recycling, Inc.” with home appliance manufacturers to specialize in recovering metal materials from waste home appliances. |
| Provide employee training on waste reduction | TECO organizes training courses related to waste reduction (environmental education) for waste management personnel at production sites. In 2025, a total of 3 participants attended in-person courses, with an accumulated total of 21 hours. |
| Integrated recycling plan to reduce landfill volume | TECO implements management based on the "Waste Storage, Removal, and Treatment Management Regulations" to reduce the likelihood of waste entering landfills. In 2025, the weight of recycled and reused waste accounted for more than 92.05% of total waste weight. |
| Effectiveness of waste diversion from landfill verified by third party | TECO commissions government-certified waste removal and treatment contractors in various regions to conduct waste removal, treatment, and landfill operations. Waste transfer processes are confirmed through contracts. Weight data for each waste treatment procedure is verified by contracted third-party waste vendors. In 2025, the landfill diversion rate of transferred waste exceeded 99%. |

## General industrial waste




Unit: tons

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|
| Total amount recycled and reused | 12526.55 | 15340.87 | 12027.48 | 14100.44 | 14056.18 | 13827.09 |
| Total treated amount | 1000.24 | 724.22 | 859.64 | 946.89 | 1041.67 | 1194.71 |
| Landfill | - | 215.34 | 192.42 | 39.01 | 1.76 | 164.25 |
| Incineration with energy recovery | | | 342.66 | 733.05 | 691.24 | 836.65 |
| Incineration without energy recovery | | 468.68 | 280.72 | 115.99 | 295.04 | 0.00 |
| Other treatment methods | | 40.2 | 43.84 | 58.84 | 53.63 | 88.43 |
| Unable to track treatment method | 1000.24 | - | - | - | - | 105.38 |
| Coverage | 79.70% | 89.50% | 80.30% | 84.60% | 84.34% | 83.18% |

Note: The scope of operating sites included in the 2025 calculation is consistent with that of 2021, covering 83.18% of total revenue, also referred to as the coverage rate.
Note: Only the 2025 data for Taiwan sites (including Taiwan affiliates and subsidiaries) were verified by an external third party (BSI). The total amount treated was 677.79 tons, including 0.00 tons of landfill, 638.94 tons of incineration (with energy recovery), 0.00 tons of incineration (without energy recovery), and 38.85 tons of other disposal operations, all of which were conducted off-site.

- 2025 total amount of general industrial waste treated Target: 1219 /tons.

Hazardous industrial waste




Unit: tons

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|
| Total amount recycled and reused | 0.00 | 536.25 | 599.28 | 602.35 | 600.89 | 606.04 |
| Total treated amount | 731.55 | 336.15 | 294.86 | 286.27 | 281.49 | 247.62 |
| Landfill | | 3.37 | 0.13 | 0.07 | 0.71 | 31.78 |
| Incineration for renewable energy generation (energy recovery (steam)) | - | - | - | 206.47 | 240.97 | 140.42 |
| Incineration without renewable energy generation (non-energy recovery) | - | 280.07 | 237.27 | 31.95 | 4.35 | 0.00 |
| Other treatment methods | - | 10.39 | 10.40 | 0.71 | 6.86 | 74.71 |
| Unable to track treatment method | 731.55 | 42.32 | 47.06 | 47.07 | 28.60 | 0.71 |
| Coverage | 79.70% | 89.50% | 80.30% | 84.60% | 84.34% | 83.18% |

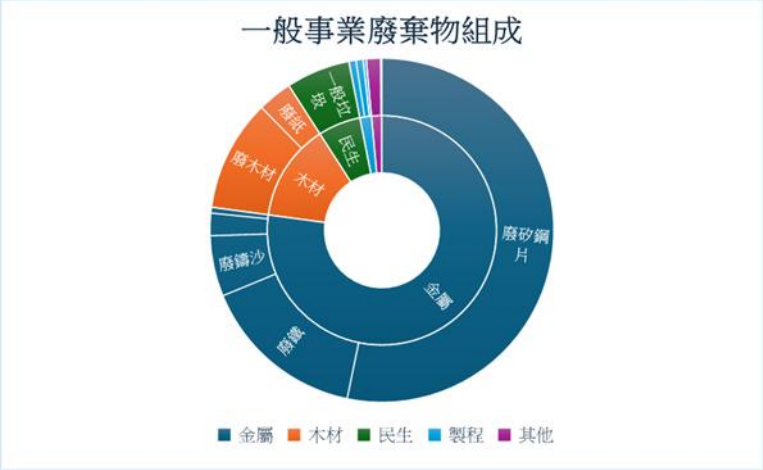
Note: The scope of operating sites included in the 2025 calculation is consistent with that of 2021, covering 83.18% of total revenue, also referred to as the coverage rate.
Note: Only the 2025 data for Taiwan sites (including Taiwan affiliates and subsidiaries) were verified by an external third party (BSI). The total amount treated was 0.00 tons, with landfill, incineration (with energy recovery), incineration (without energy recovery), and other disposal operations all totaling 0.00 tons. Therefore, no distinction was made between on-site and off-site operations.

- 2025 total amount of hazardous industrial waste treated Target: 276 /tons.

Due to different definitions of hazardous waste in various countries, the waste oil, grinding sludge, coolant emulsions, aqueous washing solution, contaminated packaging, contaminated filters and absorbents, and exhausted wheels generated at the Italy plant are all recognized as hazardous waste. However, the aforementioned

waste is considered general industrial waste in other countries.

Unit: Tons




| | | |
|---|---|---|
| Metals | Scrap iron | 15.54% |
| | Waste silicon steel plates | 53.24% |
| | Scrap copper | 2.11% |
| | Waste aluminum | 0.54% |
| | Waste foundry sand | 5.70% |
| Wood | Waste wood | 10.51% |
| | Waste paper | 3.25% |
| Household | General waste | 6.01% |
| Process | Waste solvents | 0.00% |
| | Waste oil mixtures | 0.07% |
| | Waste activated carbon | 0.68% |
| | Waste sludge | 0.00% |
| | Waste paint and paint residues | 0.65% |
| | Waste packaging drums | 0.02% |
| | Waste resin | 0.20% |
| Other | Waste plastics | 0.12% |
| | Waste PCBs | 0.00% |
| | Other | 1.35% |

In 2025, the total weight of general industrial waste composition was 15,021.80 tons.

In 2025, management was carried out with a target of 2% annual reduction per plant. Data coverage rate reached 83.18%. TECO Group's waste removal, treatment, and landfill operations in all regions are commissioned to qualified local government-approved removal and treatment vendors, and contracts are used to confirm that waste transfers are certified by third parties (e.g., in Taiwan, vendors approved by the Ministry of Environment are selected).

## Pallet recycling and reuse

During the delivery of raw materials to TECO Group's plants in Taiwan, most suppliers use wooden pallets as tools for loading and transportation. To reduce resource consumption and the generation of industrial waste, the Group follows the principles of waste reduction and resource recycling and reuse by managing the recovery and reuse of wooden pallets that retain usable value.

After inspection and classification, recovered wooden pallets that remain usable are dismantled and



remanufactured into wooden crates, with priority given to their use for shipments; some wooden pallets and crates that remain functional are also provided free of charge to a nearby military logistics plant to promote resource sharing, extend product life cycles, and reduce the need for final waste disposal.

In 2025, a total of 664 wooden pallets were recovered and reused, amounting to approximately 13.1 tons; from 2022 to 2025, the cumulative amount recovered and reused reached 52.9 tons, equivalent to approximately 2,804 wooden pallets and crates. Based on an estimated cost of approximately NT$300 per unit, this measure has cumulatively helped save approximately NT$84 ten thousand in social resource investment, while effectively reducing the generation of industrial waste and delivering both environmental and social benefits.


陸軍兵工整備發展中心

感謝狀

茲感謝　東元電機股份有限公司

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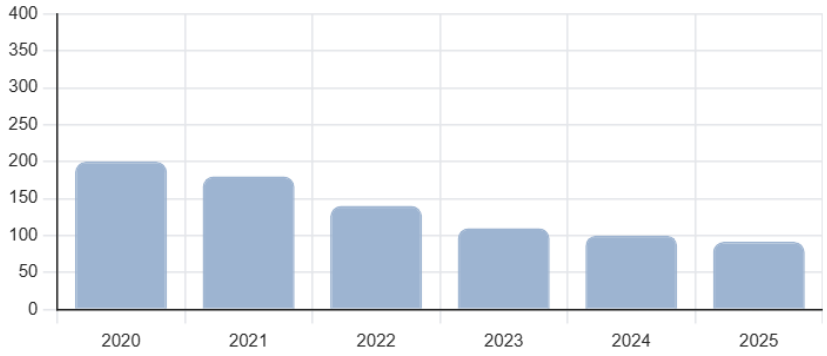
作業順利圓滿，特頒此狀，以致謝忱。

主任
陸軍少將 張菘輔

中華民國 114 年 3 月 10 日

## Pollution prevention

Air pollutants are primarily produced during the motor manufacturing process at the Zhongli plant, mainly in the form of volatile organic compounds (VOCs). The company aims to improve from the source, primarily by switching to environmentally friendly water-based paints for motor primers and topcoats that do not contain VOCs. In addition, varnishes with lower VOC content are also introduced. In Taiwan, the sites that generate air pollutants are TECO Zhongli and Tesen. Qualified air pollution control equipment is installed in accordance with the law, and dedicated air pollution personnel operate in compliance with environmental regulations, striving to reduce pollutant concentrations to meet air pollution standards. The types of pollutants at TECO and Tesen include sulfur oxides, nitrogen oxides, particulate pollutants, and volatile organic compounds.

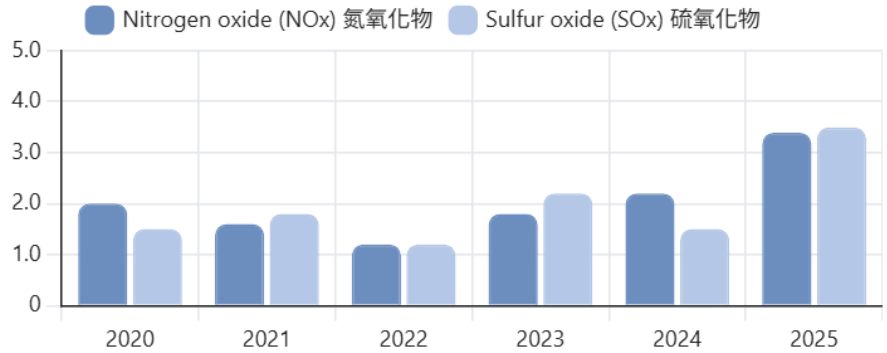



Unit: Tons

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|
| VOCs | 200.77 | 179.7 | 136.7 | 110.4 | 101.21 | 91.37 |
| Coverage scope | 78.5% | 89.5% | 80.3% | 84.6% | 84.34% | 83.18% |

- 2025 VOC target: 93.11/tons.

Unit: Tons




| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|
| NOx | 1.99 | 1.53 | 0.92 | 1.62 | 2.13 | 3.39 |
| SOx | 1.62 | 1.77 | 1.02 | 1.99 | 1.07 | 3.49 |
| Coverage scope | 78.5% | 89.5% | 80.3% | 84.6% | 84.3% | 83.18% |

- The scope of data coverage accounts for 83.18% of TECO Group's total consolidated revenue.
- Management is conducted with a target of a 8% annual reduction, and the 2025 target for volatile organic compounds is 93.11 tons.

# 2.1-4 Natural Capital and Biodiversity Management

According to the “Global Risks Report” published by the World Economic Forum in January 2025, biodiversity loss, climate change, and natural resource scarcity have been listed as key risks to business operations. TECO adopts B2B2S as the core of its sustainability strategy, with its own operations, collaboration with customers and suppliers, and the promotion of society's low-carbon transition as its core approaches. Within this strategic context, TECO incorporates nature and biodiversity management into value chain environmental management and links it with topics such as the circular economy, water resource management, and environmental responsibility throughout the product life cycle, rather than limiting it to external nature conservation issues.

Recognizing the dependencies and impacts of its own operations and value chain on natural capital, TECO refers to the "Taskforce on Nature-related Financial Disclosures" (TNFD) framework and integrates the ISO 14001 environmental management system with its existing enterprise risk management mechanisms to systematically identify and manage nature-related dependencies, impacts, and sensitivities across the value chain (upstream, own operations, and downstream), assess material nature-related risks and opportunities, and use the analysis results as the basis for subsequent risk and opportunity management, product and supply chain strategies, environmental performance indicators, and information disclosure, thereby building environmental management resilience and advancing toward nature-positive growth.

## Biodiversity and Ecosystem Restoration Management Framework

| Identification of natural dependencies, impacts, and sensitivities in the value chain | Risk and opportunity identification and analysis | Establishment of measurement indicators and management goals | Supervision, communication, and disclosure |
|---|---|---|---|
| ● Prioritize defining the scope and boundaries for the Company’s evaluation of natural capital issues.<br>● Establish TECO’s principles for identifying natural dependencies, impacts, and sensitivities in the value chain based on characteristics of the value chain and databases (e.g., Encore, IBAT).<br>● Analyze critical ecosystem services, natural impacts, and sensitive locations in the value chain. | ● Analyze international reports and industry conditions to compile a list of key risks and opportunities related to TECO Electric & Machinery's value chain (upstream, own operations, and downstream).<br>● Identify key risks and opportunities based on risk and opportunity identification principles.<br>● Formulate management strategies. | ● Develop corresponding management indicators and measures, and further formulate mid- to long-term implementation plans. | ● Disclose information with reference to international reporting frameworks such as TNFD.<br>● Report results and progress on related topics to senior management and the Board of Directors on a regular basis. |

## Identification of Natural Dependencies and Environmental Impacts

TECO follows natural capital management principles and the spirit of the TNFD framework to conduct systematic inventories of its own business activities and those of upstream key suppliers, identifying the dependencies at each stage of the value

chain on key ecosystem services and their potential impacts on natural capital. TECO follows natural capital management principles and the spirit of the TNFD framework to conduct systematic inventories of its business activities and those of upstream key suppliers, identifying the dependencies at each stage of the value chain on key ecosystem services and their potential impacts on natural capital. Based on the analysis results of its own operations and the dependencies and impacts of the supply chain, a summary is as follows:

- Ecosystem Service Dependencies

TECO's value chain activities have a high degree of dependence on ecosystem services such as water supply and hydrological regulation. Specifically, TECO's own operations and key supply chains cover industries such as motor manufacturing, home appliances and electronic component manufacturing, as well as steel and metal processing, all of which rely on the natural provision of water resources and regulation services. Among them, the dependence is most significant in the steel and basic metal manufacturing industries. In addition, TECO's value chain also depends on regulatory services provided by the natural environment, such as stable rainfall, flood prevention, and storm mitigation, to reduce the impact of extreme weather events on operating sites and supply chain facilities. In the future, TECO will continue to strengthen the identification and management of water resource risks in the value chain to avoid operational disruptions caused by unstable water supply and climate change.

- Natural Capital Impact

The main potential pressures on the natural environment from TECO and its supply chain's industrial activities include noise and light disturbance, greenhouse gas emissions, non-greenhouse gas air pollutants, and potential impacts of toxic pollutants on water bodies and soil. Relevant operational activities of TECO's own business groups may generate continuous noise and light disturbances, affecting the surrounding natural ecology and community environmental quality. Upstream key suppliers, especially those in energy-intensive industries such as steel smelting, non-ferrous metal refining, and heavy machinery manufacturing, generate large amounts of greenhouse gas emissions, exacerbating climate change risks. In addition, the steel and metal manufacturing processes may emit large amounts of sulfur oxides (SOx), nitrogen oxides (NOx), and particulate matter (PM), affecting regional air quality and human health, and may cause hazardous heavy metals and other pollutants to enter water bodies and soil. Based on the above analysis, TECO will focus on promoting pollution control and resource efficiency management measures and will continue to use the results of this analysis as the core basis for identifying natural capital risks, locating risk hotspots, and planning ecological restoration strategies.

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

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

Dependency and Impact Rating:

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

- Ecosystem Service Dependencies

TECO Electric & Machinery Co., Ltd. follows the LEAP methodology of the TNFD, and conducts natural sensitivity analysis on 24 of its own operation sites and 10 upstream key supplier sites through the integration of Integrated Biodiversity Assessment Tool (IBAT) and other public data. The assessment focuses on the distance between the sites and ecologically sensitive areas (such as specific wildlife habitats, migration corridors, ecological buffer zones, and internationally important conservation areas) to objectively identify potential natural sensitivity.

This analysis covers operational sites in Taiwan and overseas. For Taiwan, the "Taiwan Ecological Network" map data is referenced, while overseas sites are assessed using the Key Biodiversity Areas (KBA) database. It is especially worth noting that due to the limited land area and high population density in Taiwan, even sites located within legal industrial zones may still fall within the Taiwan Ecological Network, increasing the necessity and complexity of natural sensitivity assessments. Summary of the analysis results:

- Own Operation Sites

- Approximately 10% of own operation sites are located within the Taiwan Ecological Network, about 5% are located 0–2 kilometers from the Network, and about 25% are located 2–5 kilometers from the Network.
- For overseas sites, about 5% are located 0–2 kilometers from a KBA area, and about 25% are located 2–5 kilometers from a KBA area.
- Sensitive species include the leopard cat, pangolin, yellow-margined box turtle, yellow pond turtle, and the Georgetown Salamander, a species endemic to Texas, USA.
-

- Supplier Sites

- Approximately 20% of supplier sites are located within the Taiwan Ecological Network, and about 10% are located 0–2 kilometers from the Network.
- For overseas supplier sites, about 30% are located in South Korea and within 2–5 kilometers from a KBA area.
- Sensitive species include eastern grass owls, russet sparrows, leopard cats, pangolins, yellow-margined box turtles, and yellow pond turtles.

Based on the above analysis, TECO's value chain operational locations overlap with or

are located near natural sensitive areas. In the future, continued monitoring and evaluation will be conducted. This sensitivity analysis will serve as an important basis for subsequent natural risk identification, risk hotspot localization, and ecological management planning. Management and communication strategies will be developed first for high-sensitivity areas in TECO's operations and value chain to reduce the impact on nature. At the same time, TECO will continue to monitor the survival status of sensitive species around its operation and supplier sites to maintain local biodiversity.

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

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

## Nature-related Risk and Opportunity Identification Results

TECO fully recognizes the close relationship between corporate operations, products and services, and the natural environment, and continues to monitor the impacts of climate change, natural resource use, ecosystem changes, and environmental regulatory trends on its operations. To strengthen organizational resilience and seize sustainable development opportunities, TECO systematically identifies and assesses the nature-related physical risks, transition risks, and opportunities that its major business groups and key supply chains may face.

The following section explains the value chain positions potentially affected by the identified nature-related risks and opportunities, their potential operational impacts, and the corresponding management measures, serving as the basis for the Company to continuously strengthen environmental management, supply chain resilience, product compliance, and the development of products and services with low environmental impact.

| Classification | Risk and Opportunity Factors | Affected Value Chain | Description of Potential Impacts | Management Measures |
|---|---|---|---|---|
| **Physical Risk** | Temperature changes (air, freshwater, seawater) | Own Operations, Upstream | Changes in air, freshwater, and seawater temperatures constitute chronic nature-related physical risks and may alter regional aquatic environments, ecosystem operating conditions, and the capacity of receiving water bodies to absorb pollutant discharges.<br><br>For TECO, prolonged high temperatures or changes in water temperature may increase the management burden associated with plant cooling, air conditioning, water use, wastewater, and pollution prevention and control, as well as equipment maintenance and product quality | ● Strengthen plant water resource, wastewater, and pollution prevention and control management, and continue to monitor the impacts of high temperatures and changes in the water environment on operations.<br>● Promote improvements in energy-saving equipment, air-conditioning systems, and process energy efficiency to reduce the energy and water resource burden during operations. |

| | | | | |
|---|---|---|---|---|
| | | | control costs. In addition, if the source regions of key components are also affected by changes in water resources or process environments, supply costs may rise or delivery schedules may become unstable, thereby affecting mid- to long-term operational resilience. | ● Strengthen the tracking of environmental management by key suppliers, and progressively improve the level of visibility into water use, energy use, and pollution prevention and control across the supply chain. |
| **Physical Risk** | Flooding (coastal, riverine, pluvial, groundwater) | Own Operations, Upstream | Flooding constitutes an acute nature-related physical risk and may directly affect operating sites, warehouses, project sites, logistics nodes, and supply chain operations.<br><br>If plants or project sites are located in low-lying, coastal, riverside, or poorly drained areas, flooding may damage equipment, raw materials, project facilities, or infrastructure, resulting in work stoppages, project delays, or delayed deliveries. At the same time, flooding may also increase the risk of waste, chemicals, or pollutants escaping, resulting in wastewater treatment, environmental restoration, and compliance costs. If suppliers are affected by disasters, this may | ● Continue to review drainage, wastewater, temporary waste storage, and pollution prevention and control management at operating sites, warehouses, and project sites to reduce operational and environmental risks under extreme weather events.<br>● Strengthen wastewater treatment, chemical management, waste sorting and temporary storage, and pollution prevention and control measures to reduce the risk of pollutant releases during disasters. |

| | | | | |
|---|---|---|---|---|
| | | | increase pressure related to alternative procurement, quality inspections, and timely product delivery, thereby weakening overall value chain resilience. | ● Enhance supply chain response and delivery resilience under flooding or extreme weather events through key supplier management and delivery risk tracking. |
| **Transformation Risk** | Changes in National Legislation | Own Operations, Upstream | Countries may progressively strengthen environmental regulatory and policy requirements in response to issues such as pollution prevention and control, water resource management, waste recycling, and ecological protection. Such changes primarily affect TECO's operational compliance, environmental permits, pollution prevention and control, waste treatment, project sites, and supply chain management costs across different regions.<br><br>If standards governing emissions, water use, waste, or environmental permits in locations where operating sites or suppliers are based become more stringent, monitoring and reporting, equipment upgrades, | ● Maintain environmental regulatory identification and compliance management mechanisms covering water resources, waste, pollution prevention and control, chemicals, and product environmental requirements.<br>● Continue to invest in pollution prevention and control, wastewater treatment, waste resource recovery, and environmental protection equipment improvements to reduce operational compliance risks.<br>● Strengthen cross-regional environmental regulatory identification, |

| | | | | |
|---|---|---|---|---|
| | | | internal management, and supplier compliance verification costs may increase.<br><br>Failure to promptly identify and respond to differences in legislative directions may affect the suitability of existing operating assets, overseas market access requirements, and eligibility to bid for public works or large-scale projects, thereby affecting the Company's mid- to long-term operational stability and market competitiveness. | supplier environmental compliance verification, and product environmental data management to address water resource, waste, pollution prevention and control, and product environmental requirements in different markets. |
| **Transformation Risk** | Requirements and Regulations for Existing Products and Services | Own Operations, Upstream | Regulatory changes affecting existing products and services primarily determine whether the products themselves continue to meet market access requirements, customer specifications, and technical standards. As energy efficiency standards, hazardous substance restrictions, low-pollution material requirements, packaging recycling, product safety, and life-cycle information disclosure requirements become more stringent, TECO's air conditioners, motors, electrical equipment, smart energy solutions, and turnkey engineering services may require | ● Continue to optimize product design, material selection, and customer documentation response processes to meet requirements concerning energy efficiency, hazardous substances, recyclability, and product life-cycle information.<br>● Strengthen the management of REACH, RoHS, customer-restricted substances, and the Group's prohibited and restricted |

| | | | | |
|---|---|---|---|---|
| | | | adjustments to product design, material selection, testing and certification, quality management, and customer documentation response processes.<br><br>If upstream suppliers are required to meet material, process, or environmental data requirements, such as those concerning hazardous substances, the proportion of recycled materials used, product carbon footprint, or water footprint data, component verification, testing, data collection, and delivery schedule management costs may also increase. Failure to respond promptly may affect the revenue structure, product portfolio, market access, and customer procurement evaluation results. | substances to ensure that products meet market access requirements and customers' environmental protection requirements.<br>● Progressively enhance the capabilities to collect and respond to information on product carbon footprints, recyclability, recycled material use, and life-cycle environmental impacts. |
| **Opportunity** | Develop new products or services through R&D and innovation | Own Operations, Upstream | As stakeholder demand for water resource management, pollution prevention and control, resource efficiency, recycling, and low-environmental-impact solutions increases, TECO can incorporate the relevant requirements into product and service development. | ● Continue to develop low-environmental-impact products and services, including high-efficiency motors, energy-efficient air conditioners, smart energy solutions, energy storage, and Super ESCO, to help |

| | | | | |
|---|---|---|---|---|
| | | | Through a product portfolio comprising high-efficiency motors, energy-efficient air conditioners, smart energy solutions, energy storage, Super ESCO, and turnkey engineering services, TECO can help customers reduce energy consumption, GHG emissions, pollutant emissions, and environmental management burdens during the use phase. At the same time, incorporating material efficiency, hazardous substance reduction, repairability, recyclability, and life-cycle environmental information management into the product design stage will help enhance product added value, customer loyalty, and bidding competitiveness, while expanding revenue from products and services with low environmental impact. | customers reduce energy consumption and environmental management burdens during the use phase.<br>● Gradually incorporate energy conservation, material efficiency, hazardous substance management, and product life-cycle thinking into product and service development processes.<br>● Expand integrated environmental solutions by addressing customers' needs for energy conservation, carbon reduction, water resources, pollution prevention and control, and resource efficiency. |
| **Opportunity** | Transition to more energy- and resource-efficient buildings | Own Operations, Upstream | As the building market gradually shifts toward energy efficiency, resource efficiency, and low-pollution equipment, demand for high-efficiency electromechanical equipment and system | ● Promote Super ESCO one-stop energy services by integrating high-efficiency equipment, energy management, operations and maintenance |

| | | | | |
|---|---|---|---|---|
| | | | integration services will increase.<br><br>TECO's air conditioners, heat pumps, motors, power distribution equipment, smart energy management, and turnkey engineering services can support customers in reducing energy consumption and environmental management burdens during the building use phase, while addressing sustainable building requirements for public works, factories and offices, and commercial buildings.<br><br>The above trends will help enhance TECO's competitiveness in the markets for high-efficiency equipment, smart energy services, and low-environmental-impact engineering, while expanding revenue sources from related products and services. | monitoring, and energy-saving improvement solutions.<br>● Expand the portfolio of building-related products with low environmental impact, including high-efficiency air conditioners, heat pumps, motors, power distribution equipment, and smart energy management solutions.<br>● Leverage the Group's experience in energy conservation, renewable energy, and energy management as the foundation for promoting low-environmental-impact building solutions externally. |

TECO consolidated the aforementioned analyses of nature-related dependencies, impacts, and sensitivities, together with the corresponding management measures for nature-related risks and opportunities, and identified five key nature-related management topics to strengthen the links between natural capital analysis results and environmental management, supply chain management, and product and service development. The actions and management priorities for each management topic are shown in the table below.

| Name of Management Topic | Actions and Management Priorities |
|---|---|

| | |
|---|---|
| Water Resource Management | Continue to strengthen water use efficiency, water withdrawal and discharge management, wastewater treatment, and water quality monitoring, while monitoring the potential impacts of climate change, droughts, flooding, or changes in regional water resource conditions on operating sites and key supply chains. |
| Pollution Prevention and Control and Hazardous Substance Management | Strengthen the management of air pollutants, wastewater, chemicals, and hazardous substances in accordance with the environmental management system, and reduce the potential pressures of processes and products on the environment and ecosystems through REACH, RoHS, customer-restricted substance requirements, and the Group's prohibited and restricted substance requirements. |
| Circular Economy and Sustainable Material Management | Promote waste reduction, sorting and recycling, resource recovery and reuse, and tracking of outsourced treatment, while strengthening sustainable materials, recycled material use, material traceability, and data collection on key materials such as metals and plastics. Calculate the circularity of IE4 high-efficiency motors on a trial basis in accordance with ISO 59020, and formulate action plans to improve product disassemblability, durability, material labeling, and resource circularity based on the assessment results |
| Product Life-cycle Environmental Responsibility | Incorporate environmental considerations into product design, material selection, manufacturing, use, and end-of-life stages, and reduce the environmental impact throughout the product life cycle through measures such as improving product energy efficiency, hazardous substance management, lightweight design, repairability, recyclability, and life-cycle environmental information management. |
| Development of Products and Services with Low Environmental Impact | Continue to develop low-environmental-impact products and services, including high-efficiency motors, energy-efficient air conditioners, smart energy solutions, energy storage, and Super ESCO, to help customers reduce energy consumption and environmental management burdens during the use phase. |

# Biodiversity Management Framework and Indicators

| ***Guiding principles*** | **Corresponding measures** |
|---|---|
| *Top-level oversight of nature-related risks and opportunities* | The Corporate Governance and Sustainability Committee oversees nature- and biodiversity-related issues, while the ESG Office is responsible for coordinating assessments, data compilation, and cross-departmental coordination, and reports to senior management and the Board of Directors based on management needs. |
| *Biodiversity Risk Assessment – Identification of the organization's operational activities' dependence on, impact on, and sensitivity to nature* | The Company conducted a systematic analysis of natural capital dependence, impact, and sensitivity based on the "LEAP methodology" framework:<br>● Dependence analysis: Through inventorying the value chain and operational activities, the Company identified and assessed the ecosystem services (such as water resources, pollination, climate regulation, etc.) that key operations depend on, and conducted cross-location analysis using databases such as ENCORE and IBAT.<br>● Impact analysis: Identified and assessed the potential negative environmental pressure that the Company's activities may exert on nature.<br>● Sensitivity analysis: Based on the natural characteristics (such as protected areas and habitats of endangered species) of the locations where the operational sites are situated, conducted site-level and regional-level nature sensitivity assessments. |
| *Biodiversity Risk Assessment - Nature-related risks and opportunities that may have significant impact on the organization's business, strategy, and financial planning* | ● Based on the natural capital analysis results, identify nature-related physical risks, transition risks, and opportunities, and integrate them into existing environmental management, enterprise risk management, supply chain management, and product and service development processes. |
| *Indicators used by the organization for assessing nature-related risks and opportunities under alignment with strategy and risk management* | ● In 2021, announced a target to reduce operational carbon emissions by 50% over ten years.<br>● Establish water use and waste reduction targets, strengthen monitoring mechanisms, and reduce environmental impacts.<br>● Implement air pollution permit operating standards in compliance with regulations, conduct regular inspections, and reduce volatile organic compound emissions. |
| *Commitment indicators for the organization's management of nature-related risks and opportunities and progress targets* | TECO **has established achieving zero gross deforestation by 2050 and generating a net positive impact on the natural environment** as its long-term core goals for managing nature-related risks and opportunities, and reduces negative impacts on nature through actions such as climate mitigation, resource efficiency, pollution reduction, and sustainable procurement. Specific targets include:<br>● Reduce Scope 1 and Scope 2 carbon emissions by 50% by 2030.<br>● Target a 2% annual reduction in water use and waste treatment volume.<br>● Target a 8% annual reduction in VOCs.<br>● All photocopy paper procured by headquarters bears the FSC or PEFC label. |

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

# 2.2 Empower employees and enhance their well-being

## 2.2-1 TECO Human Rights Policy

TECO Electric & Machinery firmly believes that respecting human rights and creating a dignified work environment are of vital importance. The Company recognizes the broad impacts of its operations on society and the environment and acknowledges its responsibility to respect human rights throughout the global value chain. Accordingly, it has established a human rights policy as the Company's highest guiding principle for implementing human rights protection, guiding all business decisions and daily operations.

The Company's human rights policy applies to all TECO departments, stakeholders, and every individual in its supply chain and among its partners, including but not limited to all personnel in its own operations, such as regular employees and contract employees, as well as partners such as suppliers, contractors, new business relationships (mergers, acquisitions, and joint ventures), customers, and local communities.

The human rights policy serves as the Company's highest guiding principle for implementing human rights protection. The Company commits to supporting internationally recognized human rights standards, including but not limited to the "Universal Declaration of Human Rights," the "United Nations Guiding Principles on Business and Human Rights," the "Ten Principles of the United Nations Global Compact," the "International Covenant on Economic, Social and Cultural Rights (ICESCR)," and the International Labour Organization's core labor standards and other international human rights principles and norms. It also strictly complies with the laws and regulations of all locations where it operates worldwide, treats all personnel equally and with respect, and focuses on areas including fairness and non-discrimination, fostering sound labor-management relations, prohibiting child labor, prohibiting forced and compulsory labor, working hours, remuneration equity and living wage protection, establishing a safe and healthy work environment, and freedom of assembly and association. The Company has established a human rights governance framework, conducts human rights due diligence to assess the adverse impacts of human rights issues, implements education and training, establishes grievance channels and mechanisms for handling and remediating violations, and regularly discloses the progress and performance of human rights implementation to all stakeholders through sustainability reports or the Company's official website, thereby strengthening the effectiveness of human rights management and reducing human rights risks in operations and the value chain. For details of the human rights policy, please refer to TECO Electric & Machinery's official website: TECO Sustainability Commitment / Certificates over the Years / CSR / TECO Electric & Machinery Human Rights Policy

## Employee Rights Protection and Labor Practice Measures

| Labor Practices Plan | Specific Actions in 2025 |
|---|---|
| Ensure wages meet or exceed cost of living estimates or benchmarks | ● In accordance with the internal salary management Procedures, a minimum threshold mechanism has been established. Ensure that wages are not lower than the minimum wage approved by the local central competent authority.<br>● Wages are reviewed regularly based on market levels and cost of living indicators to ensure alignment with living costs. |
| Monitor working hours, including overtime management | ● An overtime policy is established, and the overtime system is used to monitor daily and monthly overtime hours.<br>● Weekly attendance notification emails are sent to remind employees of their attendance status for the month. |
| Ensure employees receive overtime pay | ● Overtime pay is issued in accordance with laws and regulations. It is automatically calculated and paid through the payroll system, with all overtime requiring supervisor approval and record retention. |
| Conduct regular communication with worker representatives on working conditions | ● Labor-management meetings are held quarterly, and union forums are held every six months to communicate on labor rights, compensation and benefits, or working conditions. |
| Monitor gender pay gaps to achieve equal pay for equal work | ● Gender pay is reviewed regularly, and a review and improvement mechanism is in place to implement gender pay equality. |
| Expand social protection/social insurance beyond national regulations (e.g., health insurance, maternity leave, pension benefits, etc.) | ● Social insurance is provided in accordance with the law, along with group insurance funded by the Company. Family members may also join the group insurance at their own expense.<br>● Pregnant employees are granted 10 days of prenatal check-up leave; employees hospitalized due to illness may subsequently apply for convalescence leave; employees are entitled to 3 days of non-deductible welfare leave annually.<br>● Other benefits include scholarships for employees' children, hospitalization allowances, gift money, and condolence payments. |
| Ensure employees enjoy the right to paid annual leave | ● The HR system automatically calculates leave types, days, and leave records.<br>● At the end of each year, employees pre-schedule their annual leave for the following year to plan their vacation in advance, with flexibility to adjust as needed.<br>● Supervisors can check employees' pre-scheduled and actual leave status in the system to avoid leave accumulation. |
| Provide training or retraining to mitigate the negative impacts of industrial or climate transition | ● In 2025, TECO Electric & Machinery systematically promoted sustainability education and training to support the advancement of the Company's energy transition strategy and climate targets.<br>● The courses covered three professional areas: energy policy and power technologies (amendments to the Electricity Act and net-zero policies, virtual power plants, microgrids, and power quality), low-carbon technology applications (solar photovoltaic and energy storage systems and ESCO services), and professional carbon management capabilities (GHG inventories, advanced product carbon footprints, and carbon credit methodologies), strengthening employees' professional competencies in responding to policy developments and market transformation; the "Sustainability Trends and TECO ESG Practices" course was also conducted for all employees to build a shared understanding of the Company's sustainability strategy and transformation direction.<br>● In 2025, a total of 12 courses comprising 49 hours were conducted, comprehensively enhancing the organization's resilience and capabilities in responding to the climate transition. |

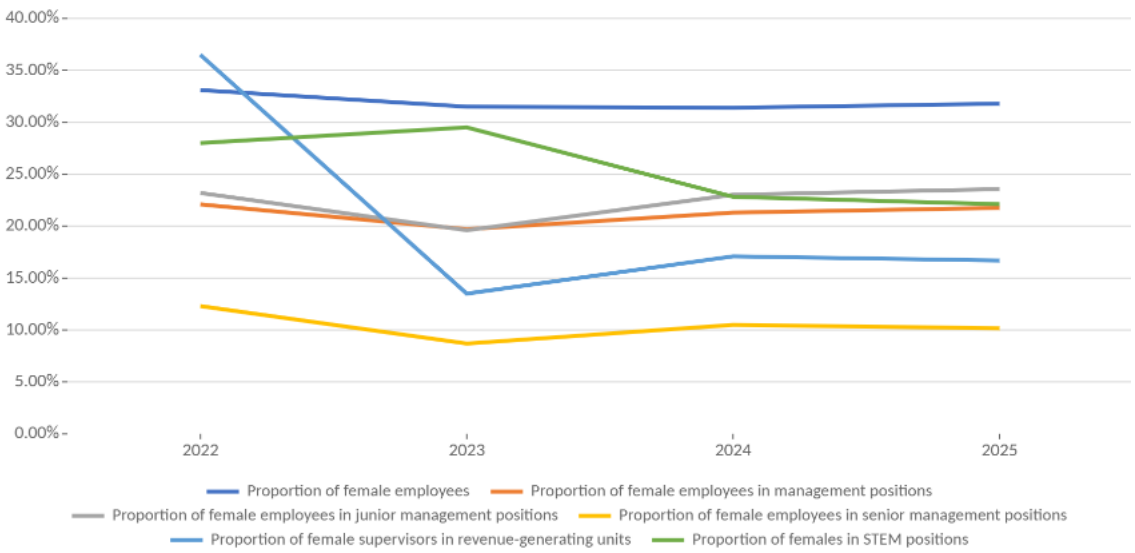
# 2.2-2 Equal Treatment and Opportunity

- Number of full-time employees at global production and sales sites within the core business in 2025: 5,929; number of contract and part-time employees: 837 persons.
- Number of employees covered by this report: 5,917; number of employees of the parent company: 2,494 (as of December 31, 2025, including contract and part-time employees).

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

- Regular employees refer to full-time employees with permanent or fixed-term contracts; employees without employment contracts or guaranteed working hours.
- The scope of regular employees in global core business operations, including production and sales sites, covers: TECO parent company in Taiwan, China region, Southeast Asia regions, Europe region, Americas region, TAC, TNZ, Tesen Electronic, Zimtech Co., Ltd., E-Joy Electronics International Co., Ltd., Yatec Engineering Corporation, Taian-Ecobar Technology (TET), A-OK Technical Service, Sodick (Taiwan) Co., Ltd., TECO Singapore, TECO Japan, Shen Chang Electric, EVK e-Motor Technology, and NCL, all 100% regular employees.
- The number of employees changed significantly compared with 2024. Taiwan, North America, and China recorded comparable increases in headcount; Southeast Asia, due to active expansion, increased its headcount to 2 times the 2024 level.

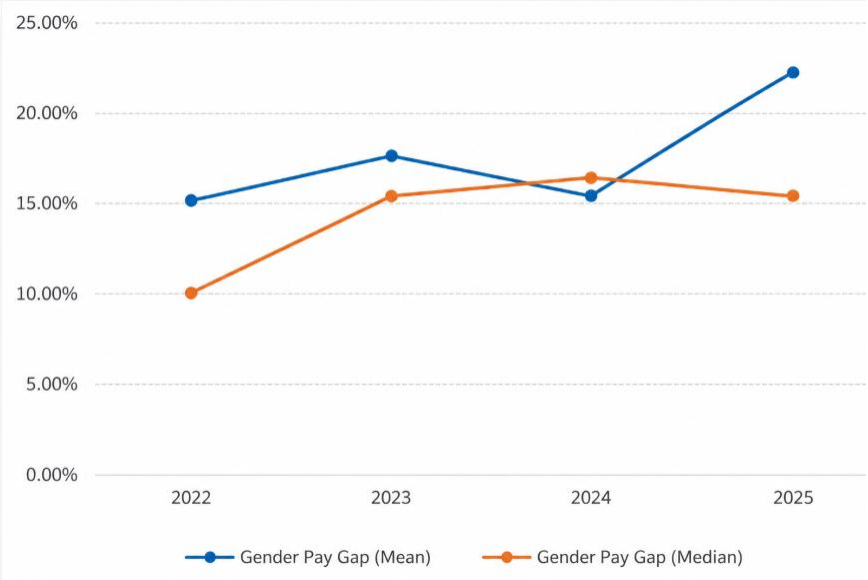





| | 2022 | 2023 | 2024 | 2025 | Future Goals |
|---|---|---|---|---|---|
| Proportion of female employees | 33.10% | 31.50% | 31.41% | 31.79% | 31.5% |
| Proportion of female employees in management positions | 22.10% | 19.70% | 21.30% | 21.76% | 22% |
| Proportion of female employees in junior management positions | 23.20% | 19.60% | 23.01% | 23.56% | 23.5% |
| Proportion of female employees in senior management positions | 12.30% | 8.70% | 10.49% | 10.16% | 10.5% |
| Proportion of female supervisors in revenue-generating units | 36.50% | 13.50% | 17.09% | 16.69% | 17% |
| Proportion of females in STEM positions | 28.00% | 29.50% | 22.83% | 22.11% | 22.5% |

- Data disclosure scope includes: (5929/5929) Number of regular employees in global core business operations including production and sales sites / Number of regular employees in global core business operations including production and sales sites.
- Definition of entry-level management: supervisors below the manager level.
- Definition of senior management: supervisors at the division director level or above, including division directors/department heads/director-level supervisors/assistant vice presidents, business group presidents, etc.

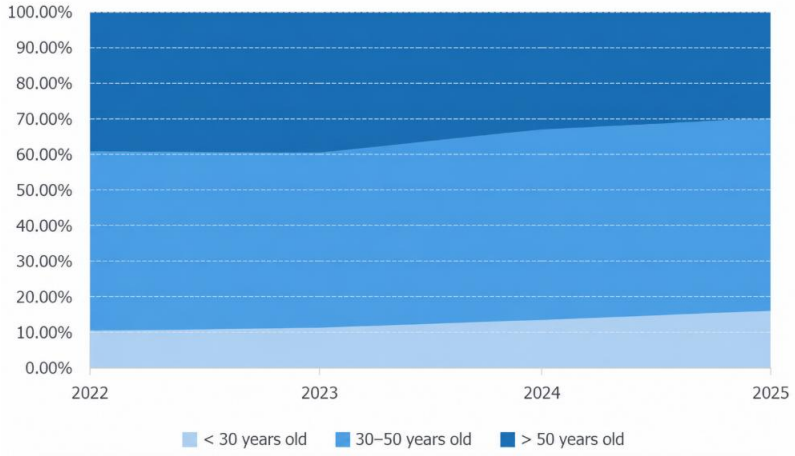
- Gender pay




| Item / Year | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| Average salary difference between male and female | 15.20% | 17.60% | 15.40% | 21.8% |
| Median salary difference between male and female | 10.00% | 15.30% | 16.20% | 15.4% |
| Bonus Differences | 0 | 0 | 0 | 0 |

Data disclosure scope includes: (4190/5259) 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, MotovarioS.p.A, 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 age




| Age range / Year | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| <30 years old | 9.60% | 11.20% | 12.71% | 14.54% |
| 30-50 | 51.50% | 49.30% | 53.71% | 53.52% |
| > 50 years old | 38.90% | 39.50% | 33.58% | 31.94% |

Data disclosure scope includes: (5929/5929) 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.

## Female-to-male salary ratio/salary difference (by level/2025)

| Level | Salary | | Remuneration | |
|---|---|---|---|---|
| | Male | Female | Male | Female |
| Supervisors at or below supervisor level | -1.19% | 1.00 | 3.51% | 1.00 |
| Manager-level supervisors | -0.04% | 1.00 | -0.32% | 1.00 |
| Directors at or above director level | -15.71% | 1.00 | -7.64% | 1.00 |
| Non-management staff | 10.13% | 1.00 | 18.98% | 1.00 |

- In accordance with the Type 2 assurance requirements.
- The disclosed data were calculated in accordance with the relevant requirements of the Taiwan Stock Exchange and Taipei Exchange regarding the "Reporting of Salary Information for Full-time Employees Who Do Not Hold Management Positions," and annualized statistics were prepared in accordance with the reporting requirements. The statistical scope excludes appointed managers and employees who served for less than six months during the year.
- In analyzing gender remuneration differences at each level, the Company's remuneration system is determined based on job responsibilities, professional capabilities, and performance, with no differences in remuneration standards based on gender. Remuneration differences are relatively large at certain levels (such as supervisors at the division level or above), mainly because the number of female supervisors is relatively small, making the average more susceptible to individual remuneration levels and resulting in more pronounced differences in the overall average.
- The Company will continue to monitor gender remuneration equality and promote diverse and inclusive talent development measures to foster a balanced gender composition at all levels.
- Male-to-female base salary ratio (with female as base 1).
- Female salaries are higher at the management level; male salaries are higher among non-management employees. Data scope: 38.6% of TECO parent company in Taiwan (2,291/5,929).

## Regional Distribution of the Global Workforce and Management

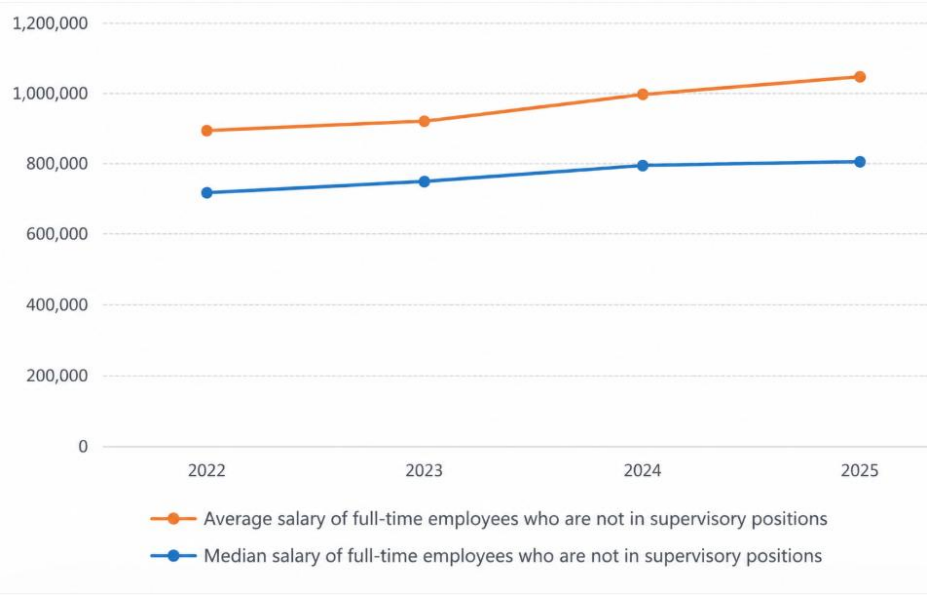
| Continent | Proportion of total labor force (as a percentage of total labor force) | Analysis of all management positions, including junior, middle, and senior management levels (as a percentage of total number of managers) |
|---|---|---|
| Asia | 90.61 | 91.46 |
| North America | 2.36 | 2.70 |
| Europe | 4.57 | 3.82 |
| Oceania | 1.09 | 1.38 |
| Africa | 0.00 | 0.00 |
| Central and South America | 1.37 | 0.64 |
| Total | 100.00 | 100.00 |

TECO publicly discloses the regional distribution of its global workforce and management, covering 100% of employees within the scope of its core business operations. Considering differences in applicable laws and personal data protection regulations across operating locations, the Company currently does not publicly disclose the composition of its employees by race/ethnicity or nationality. Instead, TECO discloses the composition of its global workforce and management by geographic region.

- In 2025, TECO continued to promote gender equality and female talent development. The proportion of women in management increased from 21.30% to 21.76%, while the proportion of women in entry-level management increased from 23.01% to 23.56%. Through fair promotion, talent development, and diversity and inclusion measures, the Company continues to strengthen the development of female leadership talent and enhance the diversity of its management team and organizational resilience.
- TECO Electric & Machinery upholds the principles of gender equality and equal opportunity. In talent recruitment, appointment, and promotion, candidates' educational and professional experience and professional capabilities are the primary evaluation criteria. Through systematic human resource management mechanisms, the Company ensures consistency and fairness in the decision-making process and avoids differences based on gender.
- Considering the workforce structure characteristics of the electrical machinery and equipment manufacturing and repair industry, in which the proportion of female workers is generally low, the overall proportion of female employees in the Company also reflects current industry conditions. At the same time, to further enhance organizational diversity and inclusion, TECO proactively aligns with the United Nations Sustainable Development Goal SDG5 (Gender Equality), incorporates gender diversity into its overall talent development strategy, and strengthens women's participation in management and strategic positions through female talent development, key position experience arrangements, and succession planning.

- In the future, the Company will continue to regularly monitor the gender composition at each job level, review the fairness of remuneration and promotion opportunities, and integrate performance management and talent development mechanisms to progressively increase women's representation at key decision-making levels, thereby deepening the culture of diversity and inclusion and strengthening the organization's long-term competitiveness.

## Average and Median Salary of Full-Time Employees Who Are Not in Supervisory Positions




| Item / Year | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| Number of full-time employees who are not in supervisory positions | 2,221 | 2,170 | 2,066 | 2,221 |
| Average salary of full-time employees who are not in supervisory positions | 893,000 | 920,000 | 998,777 | 1,045,289 |
| Median salary of full-time employees who are not in supervisory positions | 715,000 | 748,000 | 792,708 | 802,124 |

Disclosure of the number of full-time non-managerial employees in Taiwan, the average and median salary of full-time non-managerial employees, and the differences of the three from the previous year. Data disclosure scope: (2,291/5,929) number of regular employees at TECO parent company in Taiwan / number of regular employees in global core business operations including production and sales sites.
The disclosed headcount was calculated in accordance with the requirements established by the Taiwan Stock Exchange and Taipei Exchange for the "Reporting of Salary Information for Full-time Employees Who Do Not Hold Management Positions," excluding employees who received salaries for less than six months during the year, and in analyzing gender remuneration differences at each level, the

Company's remuneration system is determined based on job responsibilities, professional capabilities, and performance, with no differences in remuneration standards based on gender. Remuneration differences are relatively large at certain levels (such as supervisors at the division level or above), mainly because the number of female supervisors is relatively small, making the average salary susceptible to individual high-salary cases and resulting in more pronounced differences in the overall average.
The Company will continue to monitor gender remuneration equality and promote diverse and inclusive talent development policies to improve gender balance at all levels."

# 2.2-3 Talent Career Development




| Item / Year | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| Average training hours | 14.36 | 23.26 | 12.73 | 18.39 |
| Average training cost | $2,054.05 | $1,553.61 | $2,444.01 | $2,867.30 |

Average training hours by gender

| Gender | Average training hours |
|---|---|
| Male employees | 19.42 |
| Female employees | 16.36 |

Average training hours by job level

| Job Level | Average training hours |
|---|---|
| Non-management staff | 20.42 |
| Supervisors at or below supervisor level | 19.27 |
| Manager-level supervisors | 13.62 |
| Supervisors at or above director level | 18.14 |

Average training hours by training type

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

| Training Type | Average training hours |
|---|---|
| In-person courses | 3.81 |
| Online courses | 1.08 |
| OJT | 16.12 |
| External training courses | 4.06 |

This refers to the average training hours per participant.

In 2025, the Company continued to invest diversified resources in talent development. Total education and training hours reached 84,907.3 hours, average training hours per employee rebounded to 18.39 hours, and total investment amounted to NT$13,235,440.

For the Taiwan parent company, the training focus this year remained on the development of supervisors and key talent, and a comprehensive management competency training framework was established.

In addition, in 2025, the Taiwan parent company comprehensively expanded training for all employees in AI literacy and application, occupational safety and health, information security awareness, sustainability, human rights, regulatory compliance, basic general education courses, and other areas, while also providing professional and technical development for employees at all job levels. In terms of training methods, flexible online and offline approaches were maintained, making overall training outcomes more tangible.

In 2025, data for various indicators increased compared with the previous year, due not only to the expanded calculation coverage but also reflecting the Company's commitment to talent development and sustainable operations.

The scope of data disclosure includes: (4616/5929) full-time employees of the Taiwan parent company, plants in China, Southeast Asia, the Americas, Europe, and other regions, survey scope coverage ratio/number of full-time employees at production and sales sites within the global core business.

# Talent Cultivation Program

| Development plan | Description of benefits | Quantified benefits | Participation Ratio |
|---|---|---|---|
| Digital Seed Cultivation and Digital Competition:<br>To address the rapid development of digital transformation, the Company officially introduced the M365 collaboration platform as an important tool for advancing organizational digitalization and cross-departmental collaboration. On this basis, in addition to providing all employees with general training on basic tools, the Company selects digital champions from each business unit and focuses on developing their ability to use M365 tools to promote process automation and visualization, progressively integrating digital applications into daily operations and management processes, while cultivating talent capable of driving digital projects through relevant training mechanisms.<br>In addition, to prepare for the future introduction and practical application of the data middle platform, the Company once again planned and held an internal Idea Pitch project competition centered on the data middle platform in 2025 as an important initiative for digital application and transformation concepts. Advancement of digital transformation and establishment of a data-driven innovation mechanism | Through systematic promotion mechanisms, including M365 tool training, digital champion development, and the Idea Pitch innovation competition, TECO Electric & Machinery continues to strengthen employees' ability to integrate digital tools with actual operational needs, progressively build internally driven digital innovation capabilities, and enhance the organization's overall data application and problem-solving capabilities.<br><br>Among these, the digital competition mechanism encompasses a complete process, including proposal ideation, professional coaching, and results sharing, guiding teams to evaluate the potential of data applications and project feasibility in a structured manner. Through cross-departmental participation, it also promotes knowledge exchange and the dissemination of best practices, effectively deepening employees' digital mindset.<br><br>At the same time, this mechanism also establishes a bottom-up innovation proposal screening and management process, enabling management to systematically identify internal innovative ideas with development potential and incorporate them as decision-making references for digital transformation strategy planning and system implementation assessments, thereby further strengthening the connection between talent development and organizational innovation governance and enhancing the Company's long-term operational efficiency and competitiveness. | In 2025, TECO Electric & Machinery continued to deepen digital talent development and organizational transformation capability building, advancing digital transformation through a dual-track strategy: on the one hand, the Company systematically developed key digital talent, cumulatively training 171 employees with the ability to apply advanced M365 tools (RPA and Power BI) and 38 digital project management professionals, thereby establishing the human capital foundation for digitalization; on the other hand, through the internal data middle platform Idea Pitch innovation competition mechanism, the Company encouraged cross-departmental digital application proposals. A total of 13 proposals were collected during the year, of which 5 were approved following senior management evaluation and are planned for subsequent implementation, forming an internal incubation source for digital transformation projects.<br>In terms of evaluating the benefits of innovation proposals, the top five proposals cover application areas such as process automation, data integration, and management optimization. They are estimated to reduce the proportion of manual processing by approximately 70% to 80% and save more than 1,000 hours of manual work annually; in areas such as operational management, supply chain risk control, occupational safety, and energy management, they are assessed to have the potential to generate cost savings or avoid losses of approximately NT$3 million to NT$5 million. The above quantitative assessment results have served as a basis for decision-making in the Company's digital transformation strategy planning and system implementation, reflecting TECO's core direction of driving decisions with data and enhancing organizational operational efficiency and resilience. | 7.46% (171/2,291) |
| Key Talent Development Program:<br>To actively cultivate successors for supervisory positions, the company has established a “key talent” system for job grades 5–8. Every two years, key talents from each unit are selected, and individual development plans (IDPs) are planned for them. Through IDPs and the allocation of training resources to key talents, the company cultivates a successor team for junior and mid-level supervisors. | 1. By cultivating key talents, the continuity and stability of work in each unit can be ensured, reducing the confusion caused by changes in management.<br>2. Successors who are familiar with company strategies will be able to more effectively promote and implement them after succession, in response to market changes and challenges.<br>3. A clear key talent system can effectively motivate employees, allowing them to see their career development path, fostering a stronger sense of identity and belonging to the company, which helps improve team productivity. | In 2025, through this program, among the 66 key talents, 2 were promoted to grade 9 senior managers and graduated from the program; among the remaining 64 key talents, 21 received grade promotions, confirmed appointments, or assumed supervisory positions, representing a promotion rate of 32.8%. | 2.88% (66/2,291) |

| | | | |
|---|---|---|---|
| Intergenerational Collaboration Smart Factory Transformation Competition:<br>In response to the digital transformation trend in the manufacturing industry, TECO launched the "Intergenerational Collaboration Project," selecting 20 seed members from younger and senior generations across four factories to jointly advance smart manufacturing transformation. Through workshops, a consensus on cross-generational collaboration was established, and 8 smart manufacturing benchmark factories were visited to gain practical experience; each factory subsequently proposed a smart transformation plan and developed a phased implementation roadmap. | This project combines cross-generational collaborative learning with competition-based practice to facilitate knowledge transfer and digital capability development, strengthening employees' recognition of and participation in digital transformation. The four factories also completed smart manufacturing transformation plans focused on automation, digitalization, and lean production, serving as an important basis for subsequent smart factory and digital transformation investment planning. | The four transformation plans developed through this project are estimated to generate total annualized financial benefits of approximately 77 million to 108 million, with an estimated overall investment of approximately 280 million to 300 million and a payback period of approximately 1 to 6 years (depending on the plan for each factory). Key benefits include labor savings, increased production capacity, optimization of WIP and inventory capital, reduced energy costs, and an increased proportion of high-margin products. | 0.8% (20/2,291) |
| Management Associate(MA) - Project Mercury:<br>For two consecutive years, talented young professionals have been recruited to support the Group's innovation and transformation and have successfully developed their careers. | In 2025, TECO launched the "Project Mercury" management trainee program to cultivate key talent with an international perspective and cross-disciplinary capabilities. The first cohort of MAs engaged in core areas such as overseas market expansion, post-merger integration, and regional operations management, and participated in major international projects in the Middle East, Southeast Asia, China, and other regions, accumulating multinational practical and operations management experience and strengthening the Company's global competitiveness and organizational resilience. | After completing one month of foundational training, MAs are assigned to projects of different natures based on their individual experience, background, and professional expertise, with rotations conducted occasionally. Rotation periods are generally 3 to 6 months, and 3 MAs have currently undertaken overseas market rotations. In addition, each quarter, the Company arranges for senior executives to review learning progress with the MAs, monitor their project assignments, and provide timely guidance to ensure that development outcomes and individual growth remain aligned with the Company's needs. | - |

Data disclosure scope includes:
38.6% (2,291/5,929) Number of regular employees at TECO parent company in Taiwan / Number of regular employees in global core business operations including production and sales sites.

"TECO cultivates talent with a global perspective and market development capabilities through cross-disciplinary rotations and overseas practical experience"
MA members actively participate in key projects such as overseas market expansion, post-merger integration (PMI), smart manufacturing, and digital transformation. Through real-world operational experience, they accumulate cross-cultural communication, problem-solving, and operations management experience, progressively becoming an important force in driving the Company's transformation.

- **Jason Lin｜China Regional Operations Management**

Participated in financial analysis for the China region, M365 digital transformation, and plant construction projects, identifying operational issues through data.
Through cross-departmental collaboration and system implementation, gradually developed capabilities in operations management and decision-making support.

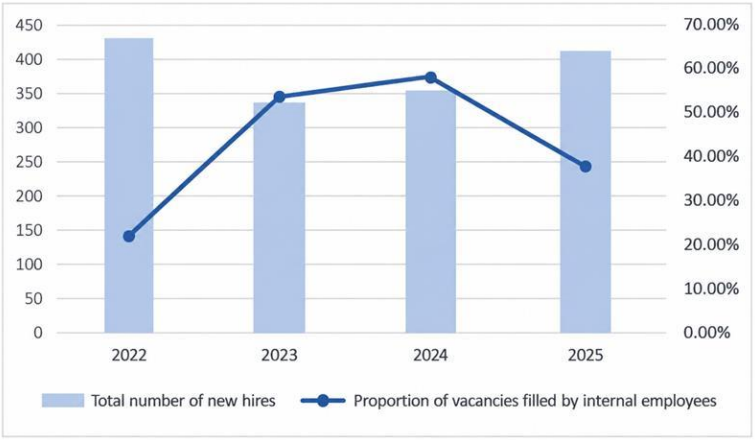
- **Richard Chen | Post-Merger Integration (PMI)**

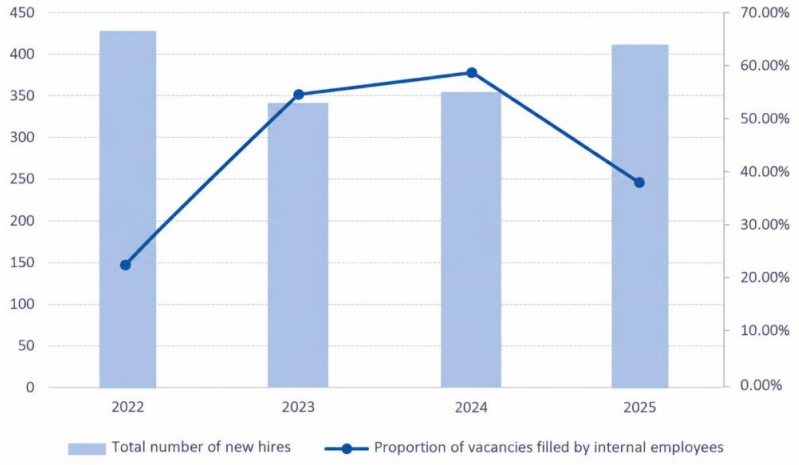
Participated in overseas M&A integration projects, assisting in establishing process systems and internal control management mechanisms.
Strengthened risk management and organizational coordination capabilities in a highly dynamic environment, enabling smoother integration implementation.

- **An Lee｜Middle East Market Expansion**

Actively participated in Middle East market development and local partnerships, assisting in advancing the expansion of overseas operating sites.
From customer development to cross-cultural communication, progressively accumulated practical international market and project management experience.

## Talent Incentives and Retention

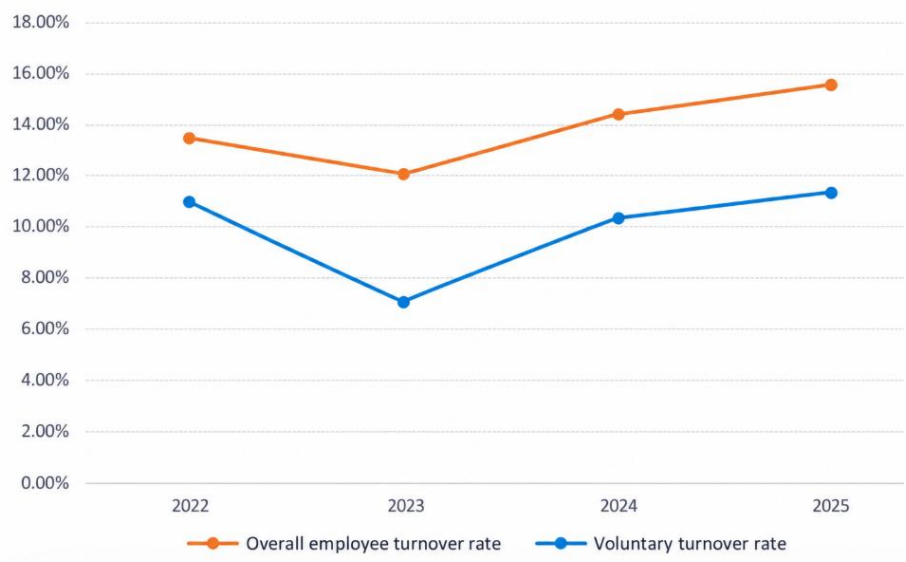



| Item / Year | **2022** | **2023** | **2024** | **2025** |
|---|---|---|---|---|
| Total number of new hires | 427 | 340 | 355 | 412 |
| Proportion of vacancies filled by internal employees | 21.90% | 53.6% | 57.6% | 37.8% |

Internal appointments: Compared with last year, the proportion of vacancies filled by internal employees decreased slightly due to the Company's active organizational expansion in 2025, of which 27.7% were manufacturing positions; overall, the male-to-female ratio was approximately 2.33:1, and employees aged 40-49 accounted for the largest proportion of internal appointments, at approximately 33.55%.
External supplementation: Compared to last year’s new employees, male employees still accounted for the majority, with 268 males and 144 females, a male-to-female ratio of 2.8:1. Although there were more male employees, the proportion of female employees increased compared to the past. In terms of age distribution, employees aged 30-50 accounted for the majority, indicating that middle-aged employees constituted the primary workforce in 2025.
Data disclosure scope includes: 38.6% (2,291/5,929) number of regular employees at TECO parent company in Taiwan / number of regular employees in global core business operations including production and sales sites.

## Employee Turnover Rate Trends




| Item / Year | **2022** | **2023** | **2024** | **2025** |
|---|---|---|---|---|
| Overall employee turnover rate | 13.44% | 12.04% | 14.41% | 15.53% |
| Voluntary turnover rate | 10.96% | 7.04% | 10.33% | 11.35% |

Data disclosure scope includes:
38.6% (2,291/5,929) Number of regular employees at TECO parent company in Taiwan / Number of regular employees in global core business operations including production and sales sites.

Departing employees were statistically categorized by gender: males accounted for 70.20%, females accounted for 29.80%; categorized by age into three groups: under 30, 30 to 50, and over 50, with proportions of 22.64%, 47.28%, and 30.09% respectively. The 30 to 50 age group accounted for the highest proportion.
Given the Company's active business expansion and investment in new businesses in recent years, overall workforce mobility increased compared with the previous year. To effectively address the challenge of rising turnover, TECO Electric & Machinery has established a systematic talent retention management mechanism, with specific actions including:

- Regular review and alignment: The Human Resources Center regularly analyzes and reviews turnover issues with supervisors of each unit and formulates targeted improvement measures.
- Employee care forums: Employee care forums are held in batches to proactively listen to frontline employees and collect substantive suggestions regarding welfare measures, the work environment, and other areas.
- Closed-loop feedback mechanism: Opinions are collected through satisfaction surveys after the forums, and relevant units are tasked with tracking and improving the key issues raised by employees to ensure the implementation of measures and strengthen employees' trust in the organization's responsiveness.

The above mechanisms have been incorporated into routine management processes, conducted regularly each year, and used to track changes in employee satisfaction and improvement outcomes, thereby effectively reducing the risk of talent loss and

enhancing organizational stability and employees' workplace experience.
In addition, the Company simultaneously promotes the optimization of key talent retention and knowledge transfer mechanisms, assisting each unit in developing diversified and long-term talent development plans. To manage turnover risk more effectively, the Company specifically conducts continuous tracking of key talent and develops tailored Individual Development Plans (IDPs) based on individual needs, focusing on four key areas: management capabilities, English communication skills, knowledge and technology transfer capabilities, and professional competencies, ensuring the continuous advancement and deepening of core talent capabilities.
At the same time, the Company also implements a retention bonus mechanism to strengthen key talent's willingness to remain from an incentive perspective, thereby establishing a stable and forward-looking talent deployment. As of the end of 2025, the key talent retention rate reached 97.0%, demonstrating that the Company has achieved concrete and significant results in key talent development and retention management.

## Employee Composition by Age Group and Gender

| | Number of new hires | | Number of departures | | Total number of employees | | |
|---|---|---|---|---|---|---|---|
| Age group / Gender | Male | Female | Male | Female | Male | Female | Total |
| <30 years old | 63 | 34 | 51 | 28 | 141 | 75 | 216 |
| (Total number of employees in the category/total number of employees) | 44.68% | 44.68% | 36.17% | 37.33% | 65.28% | 34.72% | |
| 30-50 | 153 | 101 | 109 | 56 | 743 | 420 | 1,163 |
| (Total number of employees in the category/total number of employees) | 20.59% | 24.05% | 14.67% | 13.33% | 63.89% | 36.11% | |
| > 50 years old | 52 | 9 | 85 | 20 | 637 | 275 | 912 |
| (Total number of employees in the category/total number of employees) | 8.16% | 3.27% | 13.34% | 7.27% | 69.85% | 30.15% | |
| Total | 268 | 144 | 245 | 104 | 1,521 | 770 | 2,291 |

Data disclosure scope includes: 38.6% (2,291/5,929) number of regular employees at TECO parent company in Taiwan / number of regular employees in global core business operations including production and sales sites.

- TECO had a total of 146 non-employee workers (calculation date: 2025/12/31), including 66 dispatched personnel and 80 contractor personnel.
- Contractor personnel refer to personnel employed under contracting agreements signed with TECO. The contractor completes the agreed work and delivers the results within a specified period in accordance with the contract, and TECO pays the remuneration as agreed after completing acceptance; the contracting model is primarily applied to outsourced special processing operations in production processes and support work unrelated to core operations, such as security and cleaning services.
- Dispatched personnel refer to workers employed by a dispatch company under a dispatch agreement signed between TECO and the dispatch company and assigned to provide services at TECO. During their work, these personnel are subject to TECO's direction and supervision. Dispatched personnel are primarily assigned to positions such as drivers, reception services, mass retail channel sales, and factory production.

# Performance measurement and long-term rewards

| Items | Execution method |
|---|---|
| Performance measurement | ● **Performance Goal Management Mechanism**<br>TECO Electric & Machinery has established a systematic performance management mechanism. In accordance with the "Employee Performance Evaluation Management Procedures," performance evaluations are conducted regularly twice a year (once every six months), with supervisors at all levels conducting assessments and providing feedback in accordance with their respective authority and responsibilities. Performance ratings are divided into five levels (Level 1 being the highest) and are reasonably distributed in accordance with the annual performance evaluation policy. Performance evaluation criteria are assigned different weightings based on job level, covering achievement of key objectives (70%-80%) and demonstration of values (20%-30%). Except for student workers, industry-academia cooperation students, and short-term contract personnel, all other personnel are subject to performance evaluations at a 100% coverage rate. The values dimension includes "customer centricity, growth orientation, open dialogue, and cross-disciplinary collaboration" to strengthen the alignment of employee behavior with the Company's strategy and culture. Before the evaluation, supervisors at all levels must conduct at least one performance interview to provide feedback on employees' performance and jointly confirm future work objectives and development plans. For employees whose performance does not meet expectations, supervisors initiate the performance coaching mechanism. In 2025, a total of 190 employees received coaching for improvement, continuously enhancing overall workforce effectiveness.<br>● **Diversified Performance Evaluation Mechanism**<br>To enhance the completeness and objectivity of performance evaluations, the Company has introduced diversified evaluation mechanisms based on job characteristics. Senior executives, personnel nominated for appointment or promotion to manager-level positions or above during the year, certain members of matrix organizations, and expatriate personnel are comprehensively evaluated across multiple dimensions, including performance, responsibility, leadership, continuous improvement, and organizational contribution, to obtain feedback from multiple perspectives and strengthen management quality.<br>● **Team Performance and Senior Governance Mechanism**<br>In terms of team performance management, the Chairman, President, and senior executives regularly (quarterly) review and evaluate the achievement of objectives by each business group and staff unit to ensure that organizational performance is aligned with the Company's overall business strategy and strengthen the connection between performance management and business decision-making.<br>● **Performance Dialogue and Employee Engagement Mechanism**<br>The Company continues to optimize its performance management processes. Since 2024, it has introduced a performance interview questionnaire mechanism to track the implementation of dialogues between supervisors and subordinates, serving as an important basis for evaluating management quality. In 2025, the completion rate of interviews between direct supervisors and subordinates reached 75.9%, effectively promoting two-way communication and feedback mechanisms and enhancing employee engagement and organizational cohesion.<br>● **Open Dialogue Promotion and Communication Support Mechanism**<br>To further implement the core value of "open dialogue," starting in 2026, the Company has allocated a managerial activity expense budget of NT$2,000 per person per month for supervisors at the department director level and above (73 people in total) to support internal exchanges, interactions, and related activities within each unit. Through systematic resource investment, the Company strengthens its internal communication culture, promotes the exchange of opinions across levels and departments, and enhances overall organizational collaboration effectiveness. |

| | |
|---|---|
| | ● Employee Stock Ownership and Long-term Participation Mechanism<br>The Company promotes an employee stock ownership trust program, under which employees who meet the eligibility requirements based on performance and seniority may participate in the employee stock ownership plan. The Company provides a certain proportion of matching contributions to assist employees in purchasing the Company's shares, thereby enhancing employees' participation in and identification with the Company's operating results. In 2025, 71.8% of eligible employees (1,412 out of 2,291 employees) were eligible to participate, with 318 employees actually participating, demonstrating the program's level of coverage and the Company's continued efforts to promote employees' long-term participation. |
| Long-term compensation plan | ● **Employee Sharing Mechanism and Value Alignment**<br>In 2025, the Company established the "Treasury Stock Ownership Association" and implemented a treasury share transfer plan for employees. Through the share transfer mechanism, the Company shares its operating results with employees, strengthening the alignment of interests between employees and the Company's long-term development. In 2025, a total of 2,092,800 shares were transferred, further deepening employee participation and organizational cohesion and supporting the human capital foundation for the Company's sustainable operations. |

Data disclosure scope includes: 38.6% (2,291/5,929) number of regular employees at parent company TECO in Taiwan / number of regular employees in global core business operations including production and sales sites.

## Link between sustainability KPIs and performance

| Applicable group | Sustainability performance weight in KPI | Indicator content |
|---|---|---|
| President and Business Group General Managers | 2% | Achievement of total carbon emissions reduction, carbon intensity improvement, and effectiveness of low-carbon proposal implementation (including implementation of the internal carbon fund) |
| General Managers of Major Manufacturing Affiliates | 4% | Achievement of total carbon emission reduction and improvement of carbon intensity, performance in key carbon reduction projects, achievement of green supply chain. |
| General Managers of Sales Affiliates | 4% | Improvement of carbon intensity, growth in proportion of low-carbon product sales. |
| Mid- and Senior-level Managers and Sustainability Project Personnel | Individually set | The KPI is directly linked to the performance indicators of the President of the respective business group, jointly advancing sustainable development goals. Starting in 2026, 20% of the long-term incentive award is linked to ESG performance (achievement rate of the carbon emissions intensity per unit of output target), and 30% is linked to relative total shareholder return (TSR), strengthening the linkage between sustainability performance and shareholder value. |

## Working Conditions and Communication

Labor union and labor-management meetings:
To improve work efficiency and working conditions and ensure smooth communication between labor and management, TECO Electric & Machinery established an industrial union in 1974 and, in accordance with the "Labor Union Act" and the "Collective Agreement Act," has entered into collective agreements with the union since 1981 to protect employees' rights and maintain harmonious labor-management relations. The Company resumed collective agreement negotiations in 2018. Over a period of 4 years and 13 meetings, the parties engaged in extensive communication on issues including working conditions, welfare measures, occupational safety, grievance systems, and union operations. The revised collective agreement was signed on February 21, 2023, with multiple provisions exceeding the requirements of current laws and regulations. It applies to all union-member employees and remains effective until February 20, 2026. Regarding union operations, a general meeting of member representatives is convened annually, and members regularly elect directors and supervisors. Meetings of the directors and supervisors are also held monthly, with the Company attending to facilitate timely communication; meanwhile, the Company holds a forum every six months attended by the Chairman, President, and union representatives to establish a direct dialogue mechanism between senior management and employees. Union offices are also established at the plants to strengthen channels for daily exchanges of opinions. In addition, the Company conducts annual selection and recognition of exemplary workers and ensures that all operating activities and major matters involving employee

rights are handled in accordance with relevant labor laws and regulations, continuously enhancing employee participation, organizational cohesion, and the overall quality of labor-management relations.



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

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

| Year | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| **Percentage of employees covered by collective agreements** | 100% | 100% | 100% | 100% |

Data disclosure scope: Taiwan parent company, accounting for 42.7%. The number of employees eligible to join the union is 1,983, and the number of union participants is 1,983 (100%).
TECO also establishes various complaint channels, such as the organization of quarterly labor-management negotiation meetings and the organization of irregular meeting as important channels for the rights and benefits of employee communication in order to ensure the routine labor-management interaction. The discussion items of the labor-management meeting includes the discussion of labor change status, company business development and talent development needs, salary and welfare, working environment and complaint matters etc. Employees' rights and interests may be protected according to the company system or feedbacks may be provided to the labor-management negotiation representatives in order to obtain the protection of rights and interests and to maintain proper interaction between parties of the labor and management.
TECO Group has union organizations in Taiwan, Wuxi, Mexico, and Vietnam. The group's core business coverage rate is 60.7%.

## Employee Health and Friendly Workplace Measures

| Items | Contents |
|---|---|
| Workplace Stress Management | TECO has signed contracts with professional psychological counseling institutions to provide employees with psychological counseling services. Employees may receive counseling via phone or in-person appointments, with up to 4 hours (1 hour per session) of free professional psychological counseling services per year. |
| Exercise and Health Programs | TECO holds regular quarterly health seminars, has installed AEDs (Automated External Defibrillators) in offices, and designated CPR/AED training as a required course to encourage employees to gain health knowledge. Regular cancer screening activities are also held each year to protect employee health. Additionally, exercise classes are held after work, and the company covers part of the tuition fees. |
| Flexible Employee Working Hours | In order to help employees handle family affairs and care for their families, achieve work-life balance, avoid traffic congestion during peak hours, work according to personal life rhythms, and reduce work-related psychological stress, thereby promoting physical and mental health. Employees may choose to work between 07:50 and 09:00 depending on their personal situation. |
| Work-from-Home Program | If unavoidable circumstances arise, employees may discuss and negotiate individual arrangements with their supervisors based on their job duties and subsequently submit an application for a work-from-home arrangemen. |
| Conversion to part-time work | Flexible adjustments based on individual cases are discussed. |
| Babysitting Measures and Subsidies | To support employees who need to care for young children, the Company provides paid family care leave, enabling employees to build their families and careers with peace of mind. |
| Breastfeeding Facilities or Benefits | For pregnant employees, the Company provides designated parking spaces upon request, offers maternity health protection consultations, and has set up breastfeeding rooms, which have been certified as excellent by the Taipei City Government. |
| First Aid in the Workplace | Since 2023, the Nangang Headquarters has installed additional AEDs, and more than 70% of employees have completed CPR+AED training, obtaining the Taipei City AED Safe Location Certification. |
| Paid Maternity/Prenatal Checkup Leave for Primary Caregivers | During pregnancy, the Company grants primary caregivers 10 days of fully paid prenatal checkup leave and 8 weeks of paid maternity leave before and after childbirth, totaling 9.5 weeks of paid leave. |
| Paid Family Care Leave | The Company provides 3 days of paid welfare leave annually to help employees balance work and family life. |

# Employee Benefits and Career Support Measures

<table>
<tr><td>Benefit Measures</td><td colspan="4">Content Description<br>Data Scope: Taiwan parent company, 38.6% (2,291/5,929) of full-time employees at covered entities; excludes contract and part-time employees.</td></tr>
<tr><td>Parental Leave Information and Data</td><td></td><td>Parental Leave Information and Data</td><td>Female</td><td>Male</td></tr>
<tr><td></td><td>a</td><td>Total number of employees entitled to parental leave</td><td>46</td><td>58</td></tr>
<tr><td></td><td>b</td><td>Total number of employees who actually used parental leave</td><td>13</td><td>4</td></tr>
<tr><td></td><td>c</td><td>Total number of employees who returned to work during the reporting period after completing parental leave</td><td>3</td><td>6</td></tr>
<tr><td></td><td>d</td><td>Total number of employees still employed 12 months after returning from parental leave</td><td>3</td><td>6</td></tr>
<tr><td></td><td>e</td><td>Return-to-work rate after parental leave</td><td>92%</td><td>100%</td></tr>
<tr><td></td><td></td><td>Retention rate after parental leave</td><td>100%</td><td>100%</td></tr>
<tr><td>Retirement Transition Assistance Programs</td><td colspan="4">Retired Employees<br>I. Career Transition Support for Retired Employees<br>The Company is committed to assisting employees in smoothly transitioning into retirement and post-retirement life while continuing to maintain their social participation and employability. Relevant measures include:<br>1. Retirement Planning and Career Development Courses<br>Provide diversified courses for middle-aged and older employees and employees approaching retirement age, covering topics such as retirement financial planning, health management, second-life development, and LOHAS lifestyles, helping employees plan their career transitions in advance.<br>2. Continued Employment and Experience Transfer Mechanism<br>The Company has established a post-retirement reemployment system to employ retired employees aged 65 or older in roles as consultants, mentors, or technical knowledge transfer specialists, thereby extending the value of their expertise and promoting organizational knowledge transfer.<br>3. Post-retirement Support and Community Connection<br>Support the operations and activities of the TECO Retirees Association, encouraging retired employees to continue participating in society and the Company community and enhancing their quality of life and psychological well-being.<br>II. Transition Assistance Program for Employees Whose Employment Relationship Is Terminated<br>The Company adheres to the principle of fulfilling its corporate responsibilities. During workforce adjustments, it follows local labor laws and regulations regarding advance notice and communication mechanisms and provides basic career transition support measures, including referrals to internal job vacancies, employment opportunities at affiliates, and employment counseling and vocational training resources, to assist employees in transitioning to their subsequent career development, reduce the impact of job transitions, and maintain their employability."</td></tr>
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|---|---|
| Standard Benefits for Full-Time Employees | ● Insurance: In accordance with the law, employees are enrolled in labor insurance, labor pension, and national health insurance. Additionally, group insurance benefits are provided, with all premiums fully covered by the Company. Coverage includes life insurance, accident insurance, medical insurance, critical illness insurance, and cancer medical insurance. Employees may also enroll their dependents at preferential rates.<br>● Retirement System: Regarding employee retirement, the Company has established the "Labor Retirement Measures" in accordance with relevant laws and regulations. Retirement funds are allocated monthly and deposited into the Taiwan Bank Trust Department to ensure post-retirement livelihood. For those who chose to adopt the Labor Pension Act effective July 1, 2005, the Company contributes monthly to the employee's personal account at the Bureau of Labor Insurance at a rate of 6% of the employee's monthly salary, according to the wage classification table stipulated by the government.<br>● Comprehensive and Above-Legal Leave System: To balance work and life and to implement effective leave management, in addition to statutory leaves, the Company reviews the usage rate of annual leave for each department and incorporates it into the annual performance evaluation of supervisors.<br>1. Parental Leave: Employees may apply for unpaid parental leave according to their needs. Leave may be taken any time before the child reaches the age of three, for up to two years.<br>2. Volunteer Leave: To encourage employees to participate in social welfare activities and fulfill corporate citizenship responsibilities, the Company offers volunteer leave. Employees may take three days of volunteer leave per year with full pay, and it will not affect their performance evaluation.<br>3. Birthday leaves: In view of the fact that the birthday is a once-a-year special occasion, the Company has decided to create a special birthday leave to allow employees to arrange activities in the month of their birthdays in a flexible manner, give them a chance to fully experience the joy of birthday, and offer our blessings to our employees on their special day. |

# Employee Health and Workplace Well-being Measures

<table>
<tr><td>Data Scope</td><td>Taiwan parent company full-time employees account for 38.6% (2,291/5,929) of full-time employees within the reporting scope; contract and part-time employees are excluded.</td></tr>
<tr><td>Employee Benefits Beyond Statutory Requirements</td><td>● Prenatal Checkup Leave: During pregnancy, the Company grants ten days of fully paid prenatal checkup leave, which exceeds the current legal requirement of seven days.<br>● Convalescence Leave: To allow employees to recuperate with peace of mind and receive sufficient rest when ill, employees who are hospitalized may apply for convalescence leave after discharge for a number of days corresponding to their hospitalization sick leave.<br>● Welfare Leave: The Company provides three days of paid welfare leave annually to help employees balance work and family life.</td></tr>
<tr><td>Non-occupational Medical and Health Services Provided by the Organization</td><td>1. In addition to legally mandated periodic health checkups, on-site physician services, and compliance with the four major occupational safety laws, TECO provides the following items for health promotion:<br>● Health Seminars (All Employees): Held quarterly to strengthen employees' health knowledge.<br>● Lactation Rooms (Postpartum Employees): Company-owned lactation rooms are established to facilitate use by postpartum employees.<br>● Health Education Information (All Employees): Monthly dissemination of health education materials to enhance employee health awareness.<br>● Employee Health Checkups (Once every two years for employees; biennial executive checkups not included)<br>2. TECO provides the following resources for voluntary employee participation.<br>● Massage Services by the Visually Impaired (Nangang Office): Visually impaired personnel are employed to provide massage services to employees two days a week, helping to relieve ergonomic discomfort.<br>● Promotion of CPR & AED training courses (Nangang Office); certification as a Safe Location awarded by Taipei City.<br>● Provision of 4 hours of psychological counseling per person per year (one of the EAP programs) (Nangang Office), to reduce the risk of psychological disorders among employees. Annual promotional seminars are also held to promote psychological counseling services and enhance employees' knowledge of mental health.<br>● Cancer Screenings (All Employees): Held annually to allow employees to be screened at the office, reducing cancer risk.<br>● Management of contractors and associated non-workers entering the premises for construction shall comply with the Occupational Safety and Health Act concerning major negative impacts, related hazards, and risk identification (through organizational meetings, hazard notification, labor insurance accident coverage, emergency response handling, and possession of legally required licenses for special operations prior to entry, etc.); to reduce negative impacts and hazards faced by non-workers.<br>Vaccination (all employees): Vaccinations (publicly funded/self-paid) are held annually, allowing employees to conveniently receive them at the office to reduce the risk of contracting influenza and COVID-19.<br>3. Scope covered under management systems and internal regulations (Number of persons: 5,759/Workers are counted monthly and accumulated to reflect the total number of workers included in the statistics during 2025, including workers who resigned, retired, or whose contracts expired during the year.) :
<table>
<tr><td>ISO 45001 Standard Requirements</td><td>Workers (employees)</td><td>Non-workers</td><td>Contractors</td></tr>
<tr><td>Number covered</td><td>2,896</td><td>165</td><td>313</td></tr>
<tr><td>Regulations established in accordance with legal requirements</td><td>Workers (employees)</td><td>Non-workers</td><td>Contractors</td></tr>
<tr><td>Number covered</td><td>2,896</td><td>70</td><td>10,990</td></tr>
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</td></tr>
</table>

# Occupational Health Risk Management and Follow-up Mechanism

<table>
<tr><td>Prevention and Mitigation of Major Negative Occupational Health and Safety Impacts</td><td colspan="5">Occupational disease tracking progress:</td></tr>
<tr><td rowspan="4">Information and Statistical Data on Workers' Occupational Diseases</td><td>Occupational disease grading / year</td><td>2022</td><td>2023</td><td>2024</td><td>2025</td></tr>
<tr><td>Grade 4 (Abnormal health check results and related to work)</td><td>0</td><td>0</td><td>4(0.127%)</td><td>0</td></tr>
<tr><td>Grade 3 (Abnormal health check results, work-relatedness cannot be determined, requires further evaluation by occupational physician)</td><td>7(0.4%)</td><td>0</td><td>0</td><td>2</td></tr>
<tr><td>Below Grade 2 (No abnormal health check results or unrelated to work)</td><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="5">In 2025, the Company continued to conduct annual health examinations and established follow-up and care mechanisms for employees with abnormal examination results, regularly monitoring their health conditions and reminding them to attend follow-up visits in accordance with medical recommendations to promote employee health and workplace safety.</td></tr>
</table>



# 2.2-4 Employee Engagement

## Employee Satisfaction Survey

TECO Electric & Machinery regularly conducts a company-wide employee opinion survey each year as a core management mechanism for understanding employee perceptions and assessing organizational health, and uses the survey results as an important basis for optimizing human capital strategies and continuous improvement.

**In terms of survey framework design**, the questionnaire covers four core dimensions: employee satisfaction, engagement, workplace well-being, and work stress, with a total of 50 questions divided into 13 survey aspects, including supervisor leadership, colleague interactions, innovation climate, awareness of digitalization, work and system arrangements, employee welfare, performance evaluation, career development, education and training, quality of life, employee engagement, workplace well-being, and work stress, comprehensively reflecting employees' actual perceptions of the work environment and organizational culture.

**In terms of optimizing the survey mechanism**, the overall framework and core questions remain consistent across years to facilitate trend comparisons and continuous tracking; meanwhile, to implement the principles of diversity, equity, and inclusion (DEI), the wording of certain questions was appropriately refined this year to enhance the inclusiveness and effectiveness of the questionnaire and strengthen the willingness of employees from different groups to participate and the quality of their feedback.
The survey results will serve as a basis for management to formulate specific improvement actions, supporting the organization's continuous advancement in areas such as employee relations, the workplace environment, and talent development, and demonstrating TECO Electric & Machinery's emphasis on employee voices and commitment to responding to them.

1. Survey respondents: All employees of the Taiwan parent company, all core business companies in the United States, Europe, Australia, Southeast Asia, and China, as well as TESEN Electronic, Shen Chang Electric, Zimtech Co., Ltd., Information Technology Total Services Co., Ltd., Yatec Engineering Corporation, Taian-Ecobar Technology (TET), TECOM, E-Joy Electronics International Co., Ltd., Taiwan Pelican Express, A-OK Technical Service, TECO Japan, NCL Energy, and other companies; the results are provided to supervisors at the plant and division levels or above in each business unit and reported during the annual interviews between the Human Resources Center and business unit supervisors.

| | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| Score | Supervisors: 73.6 Colleagues: 71.3 Average: 72.4 | Supervisors: 84.8 Colleagues: 88.8 Average: 86.8 | Supervisors: 76.7 Colleagues: 69.9 Average: 71.8 | Supervisors: 76.5 Colleagues: 75.0 Average: 74.6 | Supervisors: 76.2 Colleagues: 74.0 Average: 74.7 |
| Participation rate (%) | 51.0% | 51.6% | 45.9% | 36.0% | 52% |

- Survey Methodology and Tracking Indicators
  This year's employee opinion survey was conducted through an anonymous online questionnaire using M365 Forms to ensure privacy protection during the response process and the objectivity and credibility of data collection. The questionnaire tracking indicators cover four core dimensions, including job satisfaction, sense of purpose, well-being, and work stress, and reflect employees' actual perceptions through specific questions, such as job satisfaction (whether the welfare provided by the Company meets their needs), sense of purpose (clarity regarding the scope of work and responsibilities), well-being (positive feelings at work), and work stress (the level of stress and tension caused by work). The overall design establishes clear corresponding indicators for each dimension, facilitating annual trend tracking and subsequent management improvements.

- Survey Results and Response Actions
  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.
  In terms of survey results, global employee engagement reached 69.6 points, a significant increase of 1 point from 68.5 points in 2024. The Company also demonstrated its commitment to continuously strengthening employee engagement and organizational identification in this area. Further analysis indicated that career development opportunities and work stress were the dimensions requiring relatively greater improvement this year, with work stress showing a more significant degree of change. Based on an overall assessment, the main reasons include the pressure of adapting during the organizational transformation process and increased management involvement in operational details following adjustments to the delegation of authority, which affected employees' workloads.
  In response to the above results, the Human Resources Center has designated the relevant issues as priority improvement items and plans to implement specific improvement measures in areas including the optimization of career development mechanisms, employee stress management, and engagement enhancement, continuously improving employees' work experience and organizational health, while tracking effectiveness and making rolling adjustments through subsequent survey mechanisms.

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

(1) **Issue Identification and Cause Analysis**

The survey results indicated that employees of overseas affiliates generally reported relatively high work stress and expressed greater concern regarding issues related to remuneration and welfare and engagement. Further qualitative analysis found that employees in certain regions showed a high level of concern regarding the progress of the Company's system and process optimization, indicating that employees have recognized the Company's ongoing direction and concrete actions for improvement, while also holding higher expectations for the implementation effectiveness of the relevant measures, reflecting employees' awareness of participation and positive expectations for organizational improvement.

(2) **Improvement Measures**

In response to the above survey findings, the Company has planned specific response measures in three major areas:

- **Enhanced Communication Transparency**: Continue optimizing internal communication mechanisms to ensure information transparency and timely feedback throughout policy implementation, narrow gaps in employee perceptions, and enhance understanding of and identification with the Company's decision-making direction.
- **Optimization of Remuneration and Benefits**: Regularly review the reasonableness of the remuneration structure and simultaneously adjust employee welfare measures to systematically address employees' expectations regarding remuneration fairness and welfare needs, strengthening the overall employee value proposition.
- **Work System and Stress Management**: Continue optimizing work arrangements and operating systems, promote work-life balance for employees, and formulate appropriate support measures for regions or groups experiencing relatively high work stress to enhance overall workplace well-being and engagement.

(3) **Follow-up Mechanism**

The above improvement measures will be incorporated into the annual tracking of human capital strategy implementation, and their effectiveness will be continuously monitored through subsequent employee opinion surveys to ensure a complete management closed loop of "problem identification → action response → effectiveness verification," demonstrating TECO Electric & Machinery's commitment to systematically responding to employee voices.

TECO Australia and New Zealand (TECO ANZ) Recognized in the 2025 "Australia's Best Employers" Awards

In 2025, independent research organization WorkL conducted the assessment based on an anonymous survey of all employees, covering seven operating sites across Australia and New Zealand. The employee participation rate reached 86%, and the main results were as follows:

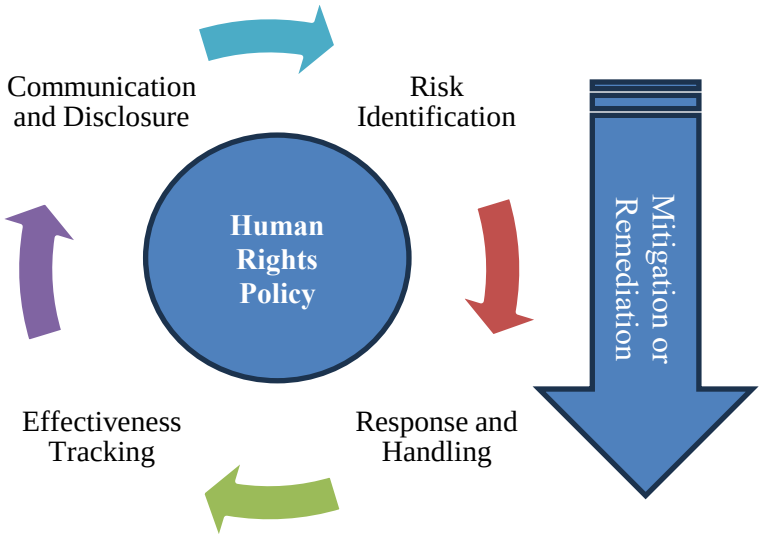
- Employee well-being 76% (Rating: Good)
- Turnover risk and health risk were both 15% (Rating: Excellent)
- Employee Net Promoter Score: 43 points
- Diversity and inclusion score: 74%, surpassing local and global industry averages

Feedback indicated that 84% of employees reported having a good relationship with their supervisors, while 82% felt respected, identified with their work, and believed that the Company valued their physical and mental well-being. The Company also takes seriously the improvement recommendations reflected in the survey and continues to enhance remuneration competitiveness and employee experience to strengthen its talent retention capabilities.

## Human Rights Identification and Risk Mitigation

TECO Electric & Machinery respects and supports the core labor standards and human rights principles set forth in the "Universal Declaration of Human Rights," the "United Nations Guiding Principles on Business and Human Rights," the "Ten Principles of the United Nations Global Compact," and the "International Covenant on Economic, Social and Cultural Rights (ICESCR)," and is committed to ensuring that all stakeholders are treated equally and with dignity. The relevant commitments cover regular employees and contract employees in the Company's own operations, as well as suppliers, contractors, customers, and local communities, and extend to all parties involved in new business relationships such as mergers and acquisitions and joint ventures. The issues covered include fairness and non-discrimination, labor-management relations, prohibition of child labor, prohibition of forced and compulsory labor, working hours, remuneration fairness and living wage protection, establishment of a safe and healthy work environment, and freedom of assembly and association, demonstrating the Company's comprehensive management of human rights protection across the value chain.

To identify human rights risks in its own operations and supply chain, TECO Electric & Machinery has established human rights due diligence procedures and conducts human rights due diligence annually to assess human rights risks. The Company referred to the Ministry of Economic Affairs' "Corporate Human Rights Due Diligence Operational Manual" and common human rights issues in the industry and, following discussions at internal meetings, identified the human rights risk issues covered by its own operations and supply chain. With employees and direct suppliers as the scope, the Company conducted questionnaire-based self-assessments to understand their assessments of the severity and likelihood of negative impacts arising from each human rights issue, identified significant human rights risks, and established annual tracking and review mechanisms to ensure the effective implementation and continuous improvement of relevant improvement measures. For the material human rights risks of concern, the Company plans corresponding mitigation or remediation measures and continuously adjusts and optimizes them based on the assessment results.



TECO Electric & Machinery compiled statistics based on the collected human rights self-assessment questionnaires, assigning scores of 1 to 3 from low to high for likelihood of occurrence. The severity assessment included the degree of impact, scope of impact, and irremediability, which were also scored from 1 to 3 from low to high. Based on the assessment scores, risk levels were classified into three levels: low, medium, and high. The statistical analysis results of the negative human rights impact assessments for employees and suppliers were as follows:

## Materiality Assessment of Employee Human Rights Due Diligence

| Topic | Negative Impact Assessment | | |
|---|---|---|---|
| | Severity Assessment (Including assessments of degree, scope, and irremediability) | Likelihood of occurrence | Materiality Assessment Results |
| Forced Labor | 2.31 | 1.12 | 2.59 |
| Remuneration and Benefits | 2.23 | 1.34 | 3.00 |
| Occupational Health and Safety | 2.34 | 1.34 | 3.14 |
| Freedom of Assembly and Association | 2.01 | 1.11 | 2.23 |
| Prevention of Workplace Violence and Unlawful Infringement | 2.29 | 1.53 | 3.49 |
| Privacy | 2.05 | 1.27 | 2.60 |

Note: The employee self-assessment questionnaire was distributed to the Company's managers at the mid-level and above, with a questionnaire coverage rate of 34%. The results identified no material actual risks. There were 8 employees subject to potential impacts, and mitigation measures have been adopted for all of them.

## Materiality Assessment of Supplier Human Rights Due Diligence

| Topic | Negative Impact Assessment | | |
|---|---|---|---|
| | Severity Assessment | Likelihood of occurrence | Materiality Assessment Results |
| Forced Labor | 2.34 | 1.04 | 2.43 |
| Working Conditions | 2.27 | 1.04 | 2.35 |
| Occupational Health and Safety | 2.26 | 1.09 | 2.47 |
| Labor Unions and Collective Bargaining | 2.13 | 1.08 | 2.29 |
| Community Environment and Safety | 1.97 | 1.04 | 2.05 |
| Prohibition of child labor | 2.31 | 1.04 | 2.40 |
| Prohibition of Human Trafficking | 2.36 | 1.00 | 2.36 |

Note: The supplier self-assessment questionnaire was distributed to the Company's major suppliers under centralized bulk procurement and those of each business group, with a questionnaire coverage rate of 9%. The results identified no material actual risks. 2 suppliers with potential negative impacts were identified, and a communication and engagement mechanism will be planned in 2026 to assist them in making improvements.

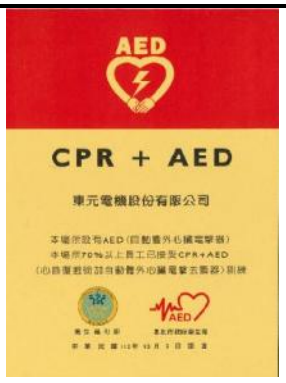
## Human Rights Risk Identification

| Risk Level | Score Range | Employee-related Issues | Supplier-related Issues |
|---|---|---|---|
| Significant Risk | ≧6 | No | No |
| Moderate Risk | ≧3 and <6 | Workplace Violence and Unlawful Infringement<br>Occupational Health and Safety<br>Remuneration and Benefits | No |
| Slight Risk | <3 | Forced Labor<br>Privacy<br>Freedom of Assembly and Association | All issues covered in this survey were classified as low risk. |

Based on the materiality assessment results, TECO Electric & Machinery has no human rights issues with significant risks. The Company ranks human rights issues by degree of impact and designates employee-related general risk issues and the top three supplier human rights issues in the materiality ranking as human rights issues requiring attention, and plans corresponding mitigation and remediation measures for these issues.

| Human Rights Issues of Concern | Stakeholders | Risk mitigation measures | Remediation Measures | 2025 Implementation Results |
|---|---|---|---|---|
| Occupational Health and Safety | Employees | 1.Track improvement progress through biweekly/monthly meetings of senior executives, business group safety committees, and regular follow-up by site supervisors, strengthening supervision and accountability for the implementation of occupational safety issues at all levels.<br>2.Regularly conduct training on different safety topics; simultaneously introduce a digital management platform to drive continuous improvement in safety performance through data. | Regardless of the injury level, all occupational injuries must follow the “Accident Handling Procedures” for reporting, accident investigation, and documentation, and be summarized monthly into the occupational injury report form for presentation at the quarterly occupational safety committee meeting. For each accident, the causes must be analyzed during the investigation, protective measures improved, operating standards optimized, and internal education and training completed, with continuous review and improvement. | ● FR (excluding traffic accidents): 2.48 for regular employees; 0 for other workers<br>● SR (excluding traffic accidents): 71 for regular employees; 0 for other workers |
| | Suppliers (Contractors) | TECO regards contractors as important work partners. To ensure the work safety of contractor personnel, each production site not only holds coordination organization meetings with contractors and conducts hazard communication prior to construction in accordance with relevant occupational safety and health regulations, but also promotes various management mechanisms to strengthen contractors' safety and health management. | | ● FR (excluding traffic accidents): 0.08 for engineering contractors and outsourced contractors<br>● SR (excluding traffic accidents): 272 for engineering contractors and outsourced contractors |
| Prevention of Workplace Violence and Unlawful Infringement | Employees | 1.Implement the prevention plan for unlawful infringement in the performance of duties, and raise awareness of relevant issues through education and training courses and occasional seminars to prevent unlawful infringement.<br>2.Establish a reporting and assistance mechanism, with a dedicated unit responsible for accepting, investigating, and handling incidents. | 1. Upon receipt of a complaint by the HR unit, a task force is appointed by the President to launch an investigation and implement response measures, protecting the complainant.<br>2. Collaborate with external psychological counseling institutions to provide psychological counseling services. | Reported cases: 2 (0 substantiated; 2 unsubstantiated); 100% investigation completion rate. |
| Remuneration and Benefits | Employees | Regularly review the reasonableness of the remuneration structure, simultaneously adjust employee welfare measures, regularly monitor the gender composition at each job level, and review the fairness of remuneration and promotion opportunities, systematically responding to employees' expectations regarding remuneration fairness and welfare needs and strengthening the overall employee value proposition. | Through employee opinion surveys, improvement measures are incorporated into the implementation tracking of annual human capital strategies, and their effectiveness is continuously monitored to ensure a complete management closed loop of "problem identification→action response→effectiveness verification." | ● The Company established the "Treasury Stock Ownership Association" and implemented a treasury share transfer plan for employees. Through the share transfer mechanism, the Company shares its operating results with employees, strengthening the alignment of interests between employees and the Company's long- |

| | | | | |
|---|---|---|---|---|
| | | | | term development.<br>● Upgrade plant environments: Replan the employee lounge spaces at the Zhongli and Guanyin plants and upgrade their facilities and functions; renovate the dormitories at the Zhongli plant into two-person suites, each equipped with a private bathroom. |
| | Female employees | Promote the maternal health protection program for employees and provide lactation rooms and designated parking spaces. | Provide professional consultation through on-site physicians.<br>Employees may apply for convalescent leave for prenatal care. | 2025 Maternity Employee Health Protection Plan tracked and cared for a total of 22 individuals throughout the year. |
| Prohibition of forced labor | Supplier | Require suppliers to sign the Human Rights and Environmental Sustainability Commitment and, through the Supplier Code of Conduct, prohibit the use of forced, bonded, debt-bound, or indentured labor, prohibit unreasonable restrictions on workers' access to and from the workplace and freedom of movement, and prohibit the withholding, destruction, concealment, confiscation, or denial of employees' access to their identity or immigration documents. | Conduct audits through regular supplier evaluations. | Controlled adequately without risks |
| Prohibition of child labor | Supplier | Require suppliers to sign the Human Rights and Environmental Sustainability Commitment and prohibit the employment of child labor through the Supplier Code of Conduct. | Conduct audits through regular supplier evaluations. | Controlled adequately without risks. |




Safe Place Certification




Excellent Breastfeeding Room Certification

## Human Rights-Related Training:

TECO Electric & Machinery continues to promote human rights-centered education and training and cultural initiatives, and deepens its workplace culture through diversity, equity, and inclusion (DEI) programs at three levels: system design, education and awareness promotion, and daily practices, systematically integrating human rights principles into organizational operations and management practices. In terms of implementation strategy, the relevant measures address both awareness enhancement and system implementation: on the one hand, education and training are used to strengthen employees' awareness of and sensitivity to human rights issues and enhance all employees' ability to identify and respond to potential infringement scenarios; on the other hand, management systems and codes of conduct are continuously optimized to ensure that human rights protection mechanisms are effectively embedded in daily operations, reduce potential risks, and promote a friendly and inclusive workplace environment.

The above achievements have received objective recognition from external organizations. In 2025, TECO Electric & Machinery received the TCSA Gender Equality Leadership Award, affirming the Company's continued investment and tangible achievements in gender equality and human rights issues, while further strengthening TECO Electric & Machinery's brand image and social credibility as a responsible corporate citizen.

In 2025, the Company continued to deepen human rights education and integrate human rights awareness into its corporate culture. In 2025, a total of 62 human rights-related training courses were conducted, with 10,425 participant completions and a total of 14,019.5 training hours, specifically demonstrating the Company's commitment to safeguarding employee rights and workplace safety.

The courses planned for this year covered the following core human rights aspects to ensure policy implementation across all operational processes:

- **Workplace Human Rights and Equality:** Includes new employee training, sexual harassment prevention, and prevention of unlawful infringement in the workplace, actively fostering a dignified work environment.
- **Occupational Safety and Health:**Regularly conduct fire drills, first aid, CPR and AED training, and occupational safety and health education and training, while enhancing employees' physical and mental well-being through health seminars and safeguarding their lives and safety.
- **Ethical Governance and Compliance:** Implement ethical corporate management education, promotion of the Personal Data Protection Act, and information security training to strengthen employees' legal awareness and privacy protection.
- **Workplace Communication and a Culture of Transparency:** Through communication management courses for supervisors and employees at all levels, empower them to master effective dialogue and active listening skills, ensure smooth two-way communication channels, reduce organizational barriers, and ensure that employees' voices are valued, fostering an open and transparent workplace

communication environment.

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

# 2.2-5 Occupational Safety and Health Commitment

Compliance with International Standards:
In response to international trends in occupational safety and health, introduce and continuously operate the ISO 45001 occupational health and safety management system to strengthen overall risk management capabilities.

Safe and Healthy Workplace:
Through the occupational safety and health management system and risk improvement mechanisms, implement prevention-oriented management and internal audit and supervision mechanisms, and facilitate communication and participation through the "Occupational Safety and Health Committee," composed of labor and management representatives, continuously reducing workplace risks, promoting employees' physical and mental health, and advancing toward the goal of zero major occupational accidents.

Enhanced Risk Management:
Extend occupational safety and health management across the value chain, strengthen risk assessments and education and training for supply chains and operational activities, and ensure a safe, healthy, and clean work environment through regular reviews and continuous improvement mechanisms, comprehensively enhancing occupational safety and environmental performance.

## Occupational Safety Maintenance

### Safety and Health Philosophy: “Pollution-free Environment, Zero Occupational Accidents”

TECO has established a "Safety and Health Division" under the President's Office, which is dedicated to formulating the Company's safety and health policies, managing plans, and supervising all plants and sites across the Group. Dedicated safety and health units have also been established at each plant and site to implement the operation of the safety and health management system.
TECO has established an internal safety and health management system based on the ISO 45001 occupational health and safety management system and continues to promote its operation in a systematic manner. A total of 9 production sites across the Group have obtained ISO 45001 certification, accounting for 50.3% of the Group; 3 sites, including the Zhongli Plant, Hukou Plant, and Tung Sheng Electric, have also obtained CNS 45001 certification, strengthening compliance with local regulations. The remaining 6 sites (Jiangxi TECO, Jiangxi TECO AC, Wuxi Precision, Wuxi TECO Electro Devices, SHEN CHANG ELECTRIC, and Westinghouse USA) follow the Group's unified occupational safety and health management policies and internal control system, implement self-management and internal audits, continuously monitor occupational safety risks, and ensure operational safety and regulatory compliance.

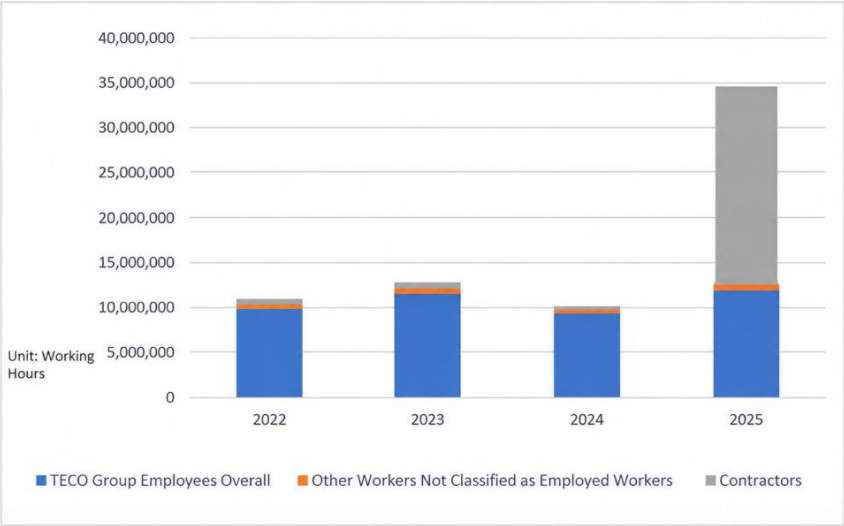
In terms of management operations, the Company regularly convenes the Occupational Safety and Health Committee quarterly (in months 1, 4, 7, and 10), with labor representatives accounting for more than one-third of the committee members, and facilitates communication and management exchanges on occupational safety and health issues through a labor-management participation mechanism. The Company also continues to promote management activities such as risk assessments, education and training, and performance reviews in

accordance with the ISO 45001 framework to enhance overall occupational safety and health management effectiveness.

| | |
|---|---|
| Identification of Legal and Stakeholder Requirements | Compliance with safety and health regulations is assessed quarterly. A total of 227 regulations were identified, all of which met the requirements. |
| d Identification and Risk Assessment | A total of 4537 safety and health hazards were identified, including 1 high-risk case and 24 medium-high-risk cases. Risk control measures have been implemented to reduce their risk levels to medium risk, while the remaining cases were classified as low risk or negligible risk. |
| Quantitative Target Management | 7 occupational safety and health objective management programs were completed within the year. |
| Standard Operating Procedures | A total of 123 procedure documents were reexamined; 8 were regularly reviewed and revised. |
| Education, Training, and Information Dissemination | Total of 2582 people received training, totaling 8763 hours; 90 communications were issued. |
| Regular Inspections and Patrols | A total of 502 cases were recorded, and all were corrected immediately. |
| Investigation and Statistics of Occupational Accidents and Near Misses | A cumulative total of 11.65 million accident-free working hours and 29 moderate injuries. |
| Improvement Proposals and Change Management | 240 improvement proposals and 25 change management cases. |

TECO evaluates and prioritizes environmental and occupational safety and health issues based on their likelihood of occurrence and degree of impact, and accordingly establishes annual quantitative management objectives and action plans. Covering key issues such as energy conservation and carbon reduction, pollution prevention, and safety protection. Through a risk-oriented objective management mechanism, strengthen the execution of improvement measures, ensure that operational risks remain controllable, and enhance sustainability performance.

## Occupational Injury Statistics (Working Hours)



| | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| TECO Group Employees Overall | 9,616,537 | 11,423,538 | 9,308,721 | 11,657,688 |
| Other Workers Not Classified as Employed Workers | 413,600 | 331,432 | 311,520 | 462,322 |
| Contractors | 668,809 | 692,488 | 459,630 | 22,592,914 |

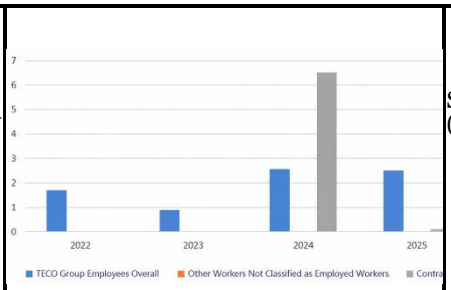
In order to strengthen occupational injury statistics across all plants of TECO Group, TECO Group independently calculates the Frequency Rate (FR) and Severity Rate (SR) of disabling injuries for all official employees. In addition, the Frequency Rate (FR) and Severity Rate (SR) of disabling injuries are also calculated for other workers, engineering contractors, and outsourced contractors in TECO Group's Taiwan sites. The goal is to implement occupational injury management for TECO Group employees and to fulfill the responsibility of supervising occupational safety and health management of supply chain partners.

Note: Starting from 2025, contractors' working hours were expanded to include project engineering work, resulting in a significant increase in the reported figures.

Disabling Injury Frequency Rate (FR)

Lost Time Injury Frequency Rate (LTIFR)

(GRI 403-9)




| | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| TECO Group Employees Overall | 1.66 | 0.87 | 2.57 | 2.48 |
| Other Workers Not Classified as Employed Workers | 0 | 0 | 0 | 0 |
| Contractors | 0 | 0 | 6.52 | 0.08 |
| Coverage | 82.7% | 84.6% | 84.6% | 82.8% |

- The disabling injury frequency rate of TECO official employees

FR (excluding traffic accidents) is 2.48.

- TECO other workers' "disabling injury frequency rate"

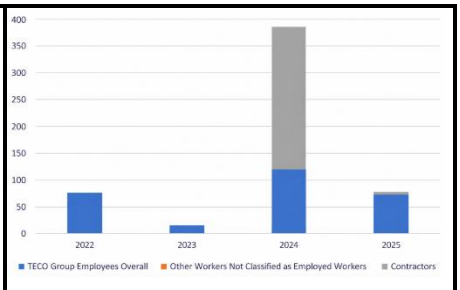
FR (excluding traffic accidents) is 0.

- Engineering contractors' and outsourced contractors' "disabling injury frequency rate"

FR (excluding traffic accidents) is 0.08.

(Note): According to Article 6 of Taiwan's

Disabling Injury Severity Rate (SR)




| | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| TECO Group Employees Overall | 74 | 13 | 118 | 71 |
| Other Workers Not Classified as Employed Workers | 0 | 0 | 0 | 0 |
| Contractors | 0 | 0 | 39161 | 268 |
| Coverage | 82.7% | 84.6% | 84.6% | 82.8% |

- The disabling injury severity rate of TECO official employees

SR (excluding traffic accidents) is 71.

- TECO other workers' "disabling injury severity rate"

SR (excluding traffic accidents) is 0.

- Engineering contractors' and outsourced contractors' "disabling injury severity rate"

SR (excluding traffic accidents) is 268.

(Note): According to Article 6 of Taiwan's



| | |
|---|---|
| Enforcement Rules of the Labor Inspection Act, the definition of disabling injury frequency rate (FR) = number of disabling injuries / total hours worked × 1,000,000. The scope of disabling injury count is limited to occupational injury incidents that occurred in 2025; this standard also applies to subsidiaries and affiliated companies in the United States, Italy, China, and Vietnam. | Enforcement Rules of the Labor Inspection Act, the definition of disabling injury severity rate (SR) = total lost workdays / total hours worked × 1,000,000. The scope of total lost workdays is limited to occupational injury incidents that occurred in 2025; this standard also applies to subsidiaries and affiliated companies in the United States, Italy, China, and Vietnam. In addition, in accordance with the requirements of the Occupational Safety and Health Act, SR is rounded to the nearest integer. |

- TECO Electric & Machinery regards contractors as important work partners. To ensure the work safety of contractor personnel, each production site not only holds coordination organization meetings with contractors and conducts hazard communication prior to construction in accordance with relevant occupational safety and health regulations, but also promotes various management mechanisms to strengthen contractors' safety and health management.
- A contractor evaluation system has been established. Relevant personnel conduct regular evaluations of contractors, and the evaluation results help the procurement unit to preliminarily understand contractor sources, while also meeting practical needs such as improving the quality of contracted work and the level of occupational safety.

According to internal regulations, occupational injury incidents are classified into major, moderate, minor, and near miss levels.
In 2025, there were no employee fatalities due to occupational injuries. For contractors, there was 1 fatal occupational injury case involving 1 person. Details are as follows:

| Level | Number of Cases | Type of Case |
|---|---|---|
| Moderate Injuries | 29 | Caught/crushed/cut: 13 cases<br>Collision/impact injuries: 5 cases<br>Falls: 3 cases<br>Falls: 1 cases<br>Electric shock: 1 case<br>Sprains: 4 cases<br>Others: 2 cases |
| Major Accident | 1 | Falls: 1 cases |

Regardless of the injury level, all occupational injuries must follow the “Accident Handling Procedures” for reporting, accident investigation, and documentation, and be summarized monthly into the occupational injury report form for presentation at the quarterly occupational safety committee meeting. For each accident, the causes must be analyzed during the investigation, protective measures improved, operating standards optimized, and internal education and training completed.

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

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

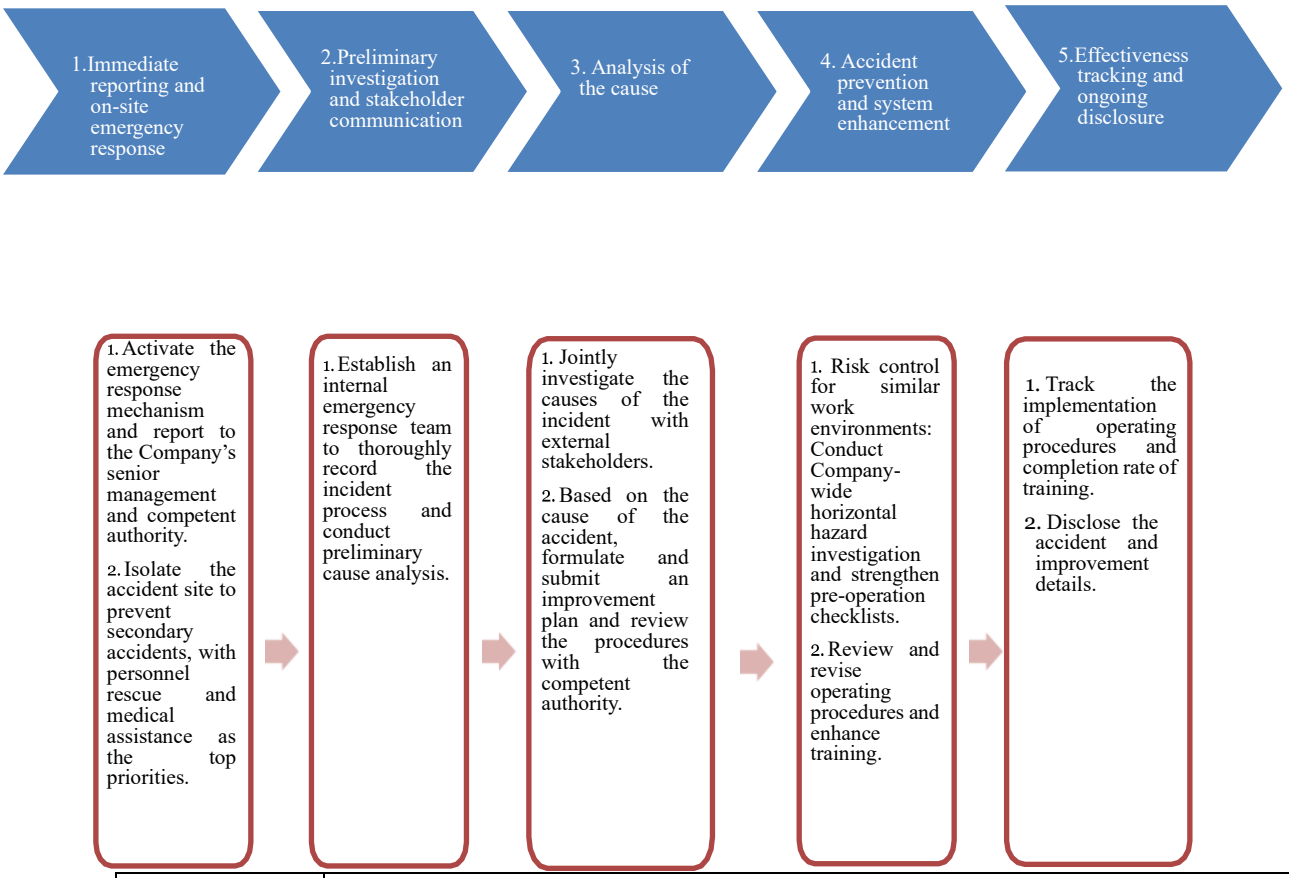
**TP8 Contractor Fall Incident**

On January 5, 2025, during the "New Construction Project for Public Facilities (I) in the Terminal 3 Area" at Taoyuan Airport contracted by TECO, a worker stepped through a wooden plank on the work platform and fell while performing rebar tying work on the roof slab. One contractor personnel unfortunately lost their lives.

**Follow-up Emergency Handling and Remedial Actions**

1. Emergency Response and Handling of the Accident
   - Immediately notify emergency medical services and seek medical assistance.
   - Immediately suspend operations at the site and cordon off and control the area to prevent secondary accidents.
2. Accident Analysis
   - An occupational accident investigation team was established, with members including the Company, the airport company, the general consultant, the supervision unit, and subcontractors.
   - The team members jointly analyzed the causes of the incident (direct causes, indirect causes, and basic causes).
3. Improvement Measures and Prevention of Recurrence
   - Access Control Improvement: Install an additional facial recognition system to control personnel access to the work area.
   - "5 Requirements" control for workers entering the work site. Protection is required, insurance coverage and health examinations are required, training is required, notification is required, and control is required.
   - Designate a responsible engineer for each area: Implement hazard notification and toolbox meetings before entry, ensure that the information is communicated to all workers, and promptly report and record relevant information.
   - Further strengthen work platform operations: Inspect panels, reinforce the site, and install additional fall protection nets.
4. Ongoing Tracking and Review
   - Implement access control for personnel entering and leaving the work area.

## Major Occupational Safety Accident Handling Procedure




| | |
|---|---|
| Environmental, Safety and Health Violations | In 2025, 18 violations occurred, resulting in fines totaling NT$1.716 million.<br>In 2024, 4 violations occurred, resulting in fines totaling NT$830 thousand,<br>In 2023, 3 violations occurred, resulting in fines totaling NT$250 thousand.<br>In 2022, 7 violations occurred, resulting in fines totaling NT$780 thousand.<br>Details of the violations in 2025 are listed in Appendix "5.2 Legal Compliance Violations". |

## Five-Pronged Occupational Safety Implementation

TECO Electric & Machinery promotes occupational safety and health management through five major aspects: "prevention mechanisms, continuous improvement, employee participation, leading indicators, and leadership management," continuously enhancing its safety culture and management effectiveness.

- In terms of prevention mechanisms, the Company implements hazard identification and risk assessments in project engineering and production plants, proactively identifies potential risks and adopts preventive measures, while complying with occupational safety and health-related regulatory requirements to strengthen operational safety management. For identified risks and improvement items, senior executives track improvement progress through biweekly/monthly meetings, while the Occupational Safety and Health Committee and plant supervisors conduct regular follow-ups to ensure that improvement measures are effectively implemented.
- In terms of continuous improvement, the Company regularly conducts education and training on various safety topics and introduces a digital management platform to continuously review safety performance through data analysis and management mechanisms as a basis for subsequent improvements and management optimization.
- In terms of employee participation, the Company encourages employees to proactively

identify and report potential hazards through VR immersive experiences, a hazard reporting mechanism, and the Safety Star recognition system, jointly participate in workplace safety improvements, and enhance safety awareness among all employees.

- In terms of leadership management, the Company strengthens management's commitment and accountability for occupational safety and health through safety consensus camps and leadership workshops, promotes the top-down implementation of a safety culture, continuously enhances workplace safety performance, and advances toward the goal of zero accidents.

# 2.3 Advance sustainability governance and information transparency

## 2.3-1 Sustainable Governance

### Board of Directors

TECO Electric & Machinery's "Board of Directors" is the Company's highest governance and supervisory body, with overall responsibility for the core direction of the Company's sustainable development and long-term value creation. The Board of Directors is responsible for formulating the Company's strategic blueprint, appointing and supervising senior managers, strengthening the corporate governance and risk management framework, and promoting the implementation of corporate social responsibility and sustainable operations; it also ensures that the Company operates prudently in accordance with laws and regulations, the Articles of Incorporation, and governance best practices to maintain corporate resilience and safeguard the sustainable interests of the Company and all shareholders.

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

TECO emphasizes gender equality and diverse professional backgrounds in the selection of directors. Its members possess core capabilities in operational judgment, financial analysis, business management, crisis response, industry insight, and international perspectives to achieve effective governance. According to the Company's Articles of Incorporation, the Board consists of 11 seats with a three-year term, including four independent directors. Directors are nominated through a candidate nomination system. The nomination, review, and announcement procedures are conducted in accordance with the Company Act and relevant regulations. The current directors come mainly from the industry and academia, with expertise in industrial fields, finance, law, and regulations, demonstrating the professionalism and diversity of the governance structure.

To strengthen corporate governance and sustainability management, the following functional committees have been established under the Board of Directors to assist in its operations:

1. **Audit Committee**: Composed entirely of independent directors, with one member elected by the members to serve as the convener and meeting chair. Responsible for reviewing the Company's financial statements and audit plans and evaluating the effectiveness of the internal control system.
2. **Remuneration Committee**: Shall consist of no fewer than three members, with independent directors comprising a majority of the members, and one independent director elected by the members to serve as the convener and meeting chair. Responsible for regularly reviewing the Director and manager performance assessment and remuneration policies, systems, standards and structure.
3. **Corporate Governance and Sustainability Committee**: Composed of three or more directors, with one member elected by the members to serve as the convener and meeting chair. Responsible for reviewing and evaluating the soundness of the Company's corporate governance organization and systems and supervising the implementation of corporate social responsibility and sustainable operations. In 2025, the Corporate Governance and Sustainability Committee convened 2 meetings, with a 100% attendance rate for all members.
4. **Nomination Committee**: Composed of at least three directors, with independent directors comprising a majority of the members. One member shall be elected by the members to serve as the convener and meeting chair. Responsible for reviewing and nominating candidates for directors (including independent directors) and senior managers.
5. **Strategy Committee**: Composed of at least three directors or external experts, with the Chairman serving as the convener and meeting chair. Responsible for reviewing business operations and strategic development directions and discussing relevant organizational change and transformation plans.

| Management objectives | Current status | Achievement level |
|---|---|---|
| At least one female director on the board | 3 female directors, accounting for 27.27%. | ✅ |
| The number of independent directors exceeds one-third of total board seats | 4 independent directors, accounting for 36.36%. | ✅ |
| Directors concurrently serving as company managers do not exceed one-third of the total board seats | Did not exceed one-third. | ✅ |
| No more than two directors have spousal or second-degree kinship relationships | There are no spouses and relatives within the second degree of kinship. | ✅ |

Meanwhile, to strengthen directors' understanding of and supervisory capabilities regarding ESG sustainability issues, all directors in 2025 met the training-hour requirements stipulated in the "Directions for the Implementation of Continuing Education for Directors of TWSE/TPEx Listed Companies" (at least 6 hours for continuing directors). The continuing education courses included: corporate governance, challenges and responses in the new global economic and trade landscape, manufacturing transformation and directors' governance responsibilities in the AI era, fair treatment of customers and sustainable governance from a consumer protection perspective, fair treatment of customers and financial inclusion, the Convention on the Rights of Persons with Disabilities, legal matters that the Board of Directors should understand when supervising enterprises: beware of inadvertently crossing the red line on concerted actions...etc.

## Average tenure of current directors

| | |
|---|---|
| Average tenure of all directors | 7.23 |
| Average tenure of executive directors | 2 |
| Average tenure of non-executive directors | 13.1 |
| Average tenure of independent directors | 2.5 |

Note: Executive directors: Employees of the Company who typically hold senior management positions with executive functions (such as CEO and CFO).
Independent directors: Non-executive directors who meet the independence criteria specified in the question on "Director Independence."Other non-executive directors: Directors who are neither executive directors nor meet the criteria for independent directors. They are not classified as executive directors or independent directors, and some may be employed by the Company in a non-executive capacity.
The statistics in this table are as of June 30, 2026.

## Corporate Governance and Sustainability Committee

In 2025, TECO's sustainable development management approach, strategies and objectives, and implementation status were reported to the Corporate Governance and Sustainability Committee on January 22 and August 6, and subsequently to the Board of Directors on February 19 and August 13. The Board of Directors' supervision of sustainable development is as follows:

- Environmental (E):
  (1) Integrated the Group's carbon emissions assurance operations and disclosed the total carbon emissions of subsidiaries included in the consolidated financial statements, while continuing to make progress toward achieving the 2030 emissions reduction target.
  (2) Expanded the scope of application of the internal carbon fund and established incentive measures.
  (3) Completed a preliminary high-level analysis of the 15 Scope 3 carbon emissions categories and identified carbon emissions hotspots. Carbon emissions are currently highest during the product use stage, and greater emphasis on emissions reduction in this area is recommended.
- Social (S):
  (1) Promoting care through social inclusion: communal dining activities for older adults, Indigenous music and dance performances, beach cleanup activities, and Earth Hour activities.
  (2) It is recommended that TECO take the lead in sponsoring technology, humanities, and arts organizations to place equal emphasis on technology and culture.
  (3) Senior executives led employee volunteers in participating in the restoration of the Tefuye Historic Trail and shared TECO's experience at the results presentation press conference for the "Natural Carbon Sink and Biodiversity Project Matching Platform" of the Forestry and Nature Conservation Agency. It is recommended that the Tefuye Historic Trail restoration activities be continued and that a plan for TECO's long-term participation be developed.
- Corporate Governance (G):
  (1) All supervisors and employees are required to complete the online video course "Sustainability Trends and TECO ESG Practices"; courses on carbon credits, customer ESG requirements, and other topics are also provided to supervisors and employees in relevant departments; the IFRS S1/S2 disclosure standards continue to be implemented.
  (2) It is recommended that supervisors and employees of the Company's ESG-related units obtain objective external professional certifications.

## Long-term Incentive and Performance Linkage Mechanism

In 2023, TECO Electric & Machinery established the “Long-Term Incentive (LTI) System”, applicable to personnel at the manager level and above. LTI awards are granted annually and paid in installments over a three-year period based on performance conditions, strengthening the linkage between management and the Company's mid- and long-term operating performance. Starting in 2026, to further integrate sustainable development goals, the LTI calculation and payment mechanism was adjusted. In addition to being linked to individual performance indicators, long-term indicators such as relative total shareholder return, ESG sustainability performance, and earnings per share are incorporated based on job level to promote the integration of operating performance, shareholder value, and sustainability performance. In addition, the Company has implemented "internal carbon pricing" (NT$1,600 per ton) since 2023 and has levied carbon fees accordingly, further affecting the profitability of each business group and ultimately managers' remuneration.

## Long-Term Performance Reward Mechanism

The Company established the "TECO Cohesive Shareholding Committee." Employees at the manager level and above may contribute a portion of their monthly salary, and the Company makes a matching contribution of the same amount to purchase the Company's shares through a shareholding trust. TECO will continue to optimize the long-term reward guideline and to increase the ratio of sustainability indicators incorporated into employee performance appraisals. Through this system, the linkage between executive compensation and the Company’s medium- and long-term operational performance is strengthened, cohesion and a sense of identity among personnel are enhanced, and the results of the Company’s operations are shared.

To strengthen the linkage between the President and the Company's long-term operating performance, the "President Shareholding Requirements of the Company" were established in 2025, stipulating that the President shall hold the Company's common shares with a total market value equivalent to 300% of the President's annual base salary. The President shall meet the shareholding requirement within five years from the date of appointment. Thereafter, if the market value of the shareholdings falls below the required level due to a salary adjustment, the President shall make up the shortfall within three years from the date of the salary adjustment. The President shall not hedge or pledge shares counted toward the requirement or engage in any other conduct that reduces risk or affects ownership.

The Company's common shares included in the aforementioned shareholding requirements comprise shares held in the following forms:
(1) Shares held in the securities account under the President's name.
(2) Shares held in securities accounts under the names of the President's spouse and minor children.
(3) Shares held through the employee stock ownership trust and recorded in the President's dedicated account.
(4) Shares allocated by the Company to the President pursuant to the Procedures for Transfer of Treasury Shares to Employees.
(5) Other shares recognized by the Company as being clearly and beneficially owned by the President.

## Sustainability Information Management

To implement sustainability governance and ensure the quality and reliability of sustainability information, TECO has formulated and promulgated the "Sustainability Information Management Operating Guidelines" and the "Sustainability Information Management Detailed Operating Rules" as the standard operating procedures for the internal collection, compilation, assurance, and disclosure of sustainability information, with the aim of strengthening cross-departmental collaboration and improving the accuracy, consistency, and completeness of information. Through the implementation of these guidelines, we are committed to reducing the risk of misstatements in public disclosures, while ensuring compliance with relevant regulatory requirements and responding transparently and reliably to stakeholders' expectations and needs regarding sustainability performance information.

## Preparation for IFRS S1 and S2 Disclosures

TECO has initiated preparations for sustainability information disclosure in compliance with international standards, with the finance department serving as the responsible unit and the "ESG Office" serving as the joint executive secretariat. Together with key business and support departments, they are promoting the inventory and disclosure of information related to the International Financial Reporting Standards (IFRS), including the "General Requirements for Disclosure of Sustainability-related Financial Information" (S1) and "Climate-related Disclosures" (S2). To enhance the completeness and compliance of the disclosed content, the Company engaged external consultants to assist with preliminary diagnostics and guidance, ensuring that its disclosure mechanisms align with global sustainability disclosure trends. In accordance with the IFRS Sustainability Disclosure Standards and the requirements governing information to be included in annual reports, the Company will pilot the preparation of a dedicated sustainability information chapter in its 2026 annual report, laying a solid foundation for future sustainability performance management and transparent reporting.

| Planned Content of the Implementation Plan | | |
|---|---|---|
| **Work Items** | **Scheduled Completion Date** | **Progress** |
| Establish a cross-departmental project team for the adoption of the ifrs sustainability disclosure standards | Q4 2024 | Achieved |
| Preliminarily identify material differences and impacts between current sustainability information and the IFRS Sustainability Disclosure Standards | Q4 2024 | Achieved |
| Preliminarily identify the reporting entity | Q4 2024 | Achieved |
| Formulate the implementation plan | Q4 2024 | Achieved |
| Identify sustainability-related risks and opportunities and their financial effects, and assess material sustainability-related financial information | Q2 2025 | Achieved |
| Identify and collect the required information | Q3 2025 | Achieved |
| Revise and adjust the Company's processes, financial and non-financial reporting processes, information systems, supply chain management processes, internal controls, and daily operations of each department | Q4 2025 | Achieved |

## ESG Office

The “ESG Office” reports directly to the Chairman and is dedicated to promoting sustainability-related operations:

- Consolidate international trends and industry characteristics, formulate group sustainability strategies, and implement net-zero emissions.
- Shape a sustainability culture and enhance sustainability empowerment.
- Plan and promote sustainability projects, track target achievement to improve competitiveness.
- Evaluate responses to key international initiatives and engage substantively with stakeholders.
- Disclose TECO’s sustainability performance and strive for excellence in domestic and international benchmark sustainability ratings.

# 2.3-2 Business Ethics

To ensure that all employees of the Company strictly adhere to standards of conduct and ethical principles when engaging in business activities, TECO has formulated the Company's "Code of Ethical Conduct for Directors and Managers" and "Procedures for Ethical Management and Guidelines for Conduct" in accordance with the "Sample Template for Ethical Conduct Guidelines for TWSE/TPEx Listed Companies," serving as the standards of conduct for everyone in the Company, from directors to entry-level employees.
In terms of sustainable governance, the Board of Directors has established three foundational documents—the "Sustainable Development Best Practice Principles," the "Ethical Corporate Management Best Practice Principles," and the "Corporate Governance Best Practice Principles"—to standardize the Company's operations and has issued the "TECO Group Sustainability Policies and Commitments" to establish a corporate culture.




TECO has formulated the "TECO Group Sustainability Policies and Commitments" as its sustainable development guidelines. The scope covers TECO Electric & Machinery, listed companies and manufacturing subsidiaries in its consolidated annual report, and its key suppliers and partners. It sets forth business policies in the environmental, social, and governance areas to ensure the implementation of the Group's overall sustainable development policies and meet stakeholders' requirements and expectations. For supplier management, the Company follows the "Supplier Code of Conduct" and issues the "Human Rights and Environmental Sustainability Commitment," requiring suppliers to sign and return it together with the procurement contract.

TECO continues to strengthen anti-corruption management by promoting a culture of integrity through new employee training, annual integrity advocacy, risk assessment, and contract clauses with the supply chain. In 2025, the signing rate of integrity statements reached 100%, and anti-corruption course coverage continued to achieve the goal of training all personnel; anti-corruption education was also promoted among business partners to strengthen the overall integrity governance system.

| | |
|---|---|
| Zero Political Donations | The amount of political donations in 2025 was zero. |
| Zero Integrity Violations | In 2025, there were no incidents of unfair competition, bribery and corruption, conflicts of interest, money laundering, or insider trading. |

## Intellectual Property and ESG Linkage

Today, the success of commercialization is no longer solely measured by corporate profits, but rather by whether the product can meet the high expectations of the market and consumers regarding ESG. TECO deeply understands this trend and actively integrates ESG principles into the core of its intellectual property (IP) strategy. To this end, TECO not only utilizes IP information to assist in the formulation of internal business strategies but also extends IP planning to external corporate activities and corporate image building, thereby establishing an innovative IP management system. Support and implement the Company's corporate values of "customer-centricity" and "growth orientation" through intellectual property management, while highlighting the brand attributes of "trustworthiness and reliability," "professionalism and innovation," and "commitment to sustainability."

TECO Electric & Machinery introduced the Institute for Information Industry's "Taiwan Intellectual Property Management System (TIPS) (Trademark)" in 2021 and passed certification in the same year. In 2024, it passed recertification under the Institute for Information Industry's "Taiwan Intellectual Property Management System (TIPS) (Trademark and Patent)," with the certificate valid until December 31, 2026. As of 2025, TECO has accumulated a total of 311 granted patents.


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

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

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

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

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

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

受評地點：台北市南湖區三重路 19-9 號 5 樓

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

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

楊志清 Chih-Ching Yang

# 2.3-3 Internal Control and Risk Management

TECO is committed to establishing a comprehensive risk management system. The Board of Directors is the Company's highest decision-making body for risk management and is responsible for approving risk management policies and important risk management systems. The "Audit Committee" and the "Corporate Governance and Sustainability Committee" assist in reviewing the Company's various risks, with clear professional division of responsibilities for risk control at different levels. Overall risk analysis is coordinated, compiled, and managed by the "Head of the Finance and Management Center," and the operation of risk management is regularly reported to the Board of Directors each year. In addition, the audit team, which reports directly to the Board of Directors, is responsible for monitoring and auditing the entire risk management mechanism. Through internal audit operations, it ensures the effectiveness of the Company's risk control and appropriately manages potential risks.

The Board of Directors formulates the “Risk Management Policies and Procedures” to regulate and define operational risks. To integrate sustainability risks into the overall risk management system, TECO updates sustainability topics in accordance with international sustainability standards and trends, business goals, key themes from benchmark companies and peers, and incorporates opinions from various stakeholders. Through a “double materiality analysis” approach, risks are identified. The “ESG Office” confirms and explains the reasons for the impact, impacted areas, evaluation methods, and corresponding “risks” and management measures for the ten major topics. At the same time, referencing the Company-wide “Risk Assessment Analysis Report” provided by the Finance Department, climate risks and key sustainability management items are listed. The hedging execution results of each responsible unit are tracked and disclosed in the Sustainability Report. The materiality identification and sustainability goal-setting procedure is conducted once per year.




## Audit Committee

Committee members are four independent directors of the Board, responsible for managing financial and internal control risks, with Independent Director Hsieh-Hsing Huang serving as the convener.

## Corporate Governance and Sustainability Committee

Committee members consist of five directors, responsible for managing sustainability, compliance, and information security risks, with Director Chun-Chih Chiu serving as the convener.

**Internal Audit Team** (Third Line of Defense): Annually, based on the five elements of COSO internal control, and considering past audit experience, the next year’s budget draft, and the existing organizational structure, the audit plan is proposed. It is used to examine the extent to which TECO’s management controls internal and external environmental risks, business unit operational risk control, and the effectiveness of internal control system design and execution. Upon completion of the audit, an audit report is issued and regularly submitted to the “Audit Committee” and the Board of Directors.

**ESG Office, Compliance and Legal Office, Information Security Office** (Second Line of Defense): Assess relevant risks such as sustainability/climate, legal compliance, and information security, and report to management, functional committees, and the Board of Directors.

Business units (First Line of Defense): Each business unit of the Company shall clearly identify the major risks faced in their operations. In response to variables such as internal and external environments and regulatory adjustments, risk planning must be conducted, and necessary risk assessment and management operations executed. The results must be periodically compiled and submitted to the audit unit.

# Risk Management Operations

For the Company's 2025 survey of risk control operations, the Finance and Management Center annually collects the risks identified by each unit and the risk matrices prepared by them. After discussions with each unit, the 61 risk sub-items in the risk matrix were reclassified into 13 types of risks. Solutions were proposed, and an overall corporate risk control matrix was drawn.




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

Risk Management Training for 2025

| Course Name | Risk Category | Course Duration (hours) |
|---|---|---|
| Corporate Governance and Ethical Business Practices | Legal Compliance Risk | 2.00 |
| Hazard Identification and Risk Assessment Training | Health and Safety Risk | 3.00 |
| Contract Management and Records Management Guidelines—Including a Discussion of Common Transaction Shortcomings | Legal Compliance Risk | 2.00 |
| Introduction to Basic Concepts of Patents and Trademarks, and Sharing of Litigation Case Studies | Legal Compliance Risk | 1.00 |
| Trade Secret Inventory Training | Legal Compliance Risk | 1.00 |
| Compliance with the Fair Trade Act | Legal Compliance Risk | 3.00 |
| Awareness Campaign on Preventing Insider Trading and Day Trading | Legal Compliance Risk | 0.50 |
| Information Security Awareness Training | Information security risk | 1.03 |
| Social Engineering Prevention Training | Information security risk | 1.02 |
| Training on Preventing Workplace Harassment and Sexual Harassment | Human Resources Risk | 0.55 |

| | Risk Item | Management unit | Response Measures | Mitigating | Avoidance | Transfer |
|---|---|---|---|---|---|---|
| 1 | Macroeconomic Risk | President Office | Monitor global economic and market developments, adjust operational and financial arrangements in response to changing conditions, and maintain a sound financial structure to address economic uncertainty. | √ | | |
| 2 | Geopolitical Risk | President Office | Promote supply chain diversification, develop a geopolitical risk map, regularly update country risk levels worldwide, and assess potential impacts. | √ | | |
| 3 | Disaster Risk | Asset management project team | Continue to monitor information related to extreme weather and disasters and strengthen emergency response and business continuity capabilities. Ensure basic resilience through existing backup measures, disaster response procedures, and education and training. | √ | | √ |
| 4 | Information security risks | Information Security Office | Introduce information security monitoring services, conduct penetration testing and red team exercises, establish web application firewalls to block Layer 7 network attacks, scan externally accessible service websites for vulnerabilities quarterly, and expand the scope of social engineering exercises to key affiliates. | √ | | |
| 5 | Market risk | Financial Division | Manage interest rate and exchange rate risks, as well as price fluctuations in the investment portfolio. | √ | | |
| 6 | Supply Chain Risk | Central Procurement and Materials Center | Continue to optimize raw material price hedging and demand forecasting mechanisms; monitor and respond to global trade regulations in real time, and actively develop secondary suppliers or alternative supply locations outside the red supply chain for raw materials and key components to reduce risks arising from the U.S.-China trade war. | √ | | |
| 7 | Credit Risk | Financial Division | Manage bank credit risk and customer credit risk. | √ | | |
| 8 | Internal Control Risk | Audit team under the board of directors | Conduct audits and supervision in accordance with the annual audit plan, | √ | | |

| | | | | |
|---|---|---|---|---|
| | | | properly implement improvement measures for audit findings, and continuously follow up and verify them; continue to conduct information security training and participate in internal and external professional auditing courses and seminars to enhance auditors' professional knowledge and practical capabilities. | |
| 9 | Operational Risk | Performance Management Division | Increase production capacity at overseas plants and raise the proportion of local production. Corporate transformation and repositioning, strategic acquisitions to strengthen deployment, and enhanced production management. | √ |
| 10 | Corporate Responsibility and Sustainability Risk | ESG Office | Announce the key ESG strategies incorporating the B2B2S philosophy, integrate external assurance of the Group's carbon emissions, and use the internal carbon fund to encourage innovation, enhance management effectiveness, and achieve carbon reduction targets. Conduct targeted sustainability education and training for employees. | √ |
| 11 | Health and Safety Risk | Health and Safety Task Force, President's Office | Reexamine and strengthen operational risk assessments and the identification of safety and environmental aspects. In addition, conduct on-site audits and training at plants and project engineering sites together with external safety and health experts, and hold safety leadership workshops to enhance employees' safety awareness and safety culture. | √ |
| 12 | Human Resources Risk | Human Resources Center | Expand diversified recruitment channels while implementing key talent development and retention mechanisms; implement employee education and training and a knowledge management database to strengthen internal experience transfer. | √ |
| 13 | Legal Compliance | Legal Compliance and | Implement ethical corporate management and the | √ |

| | | | | | |
|---|---|---|---|---|---|
| | Risk | Legal Office | Affairs | Company's intellectual property protection, carry out corporate governance-related matters, and newly formulate the "Export Control Management Procedures." | |

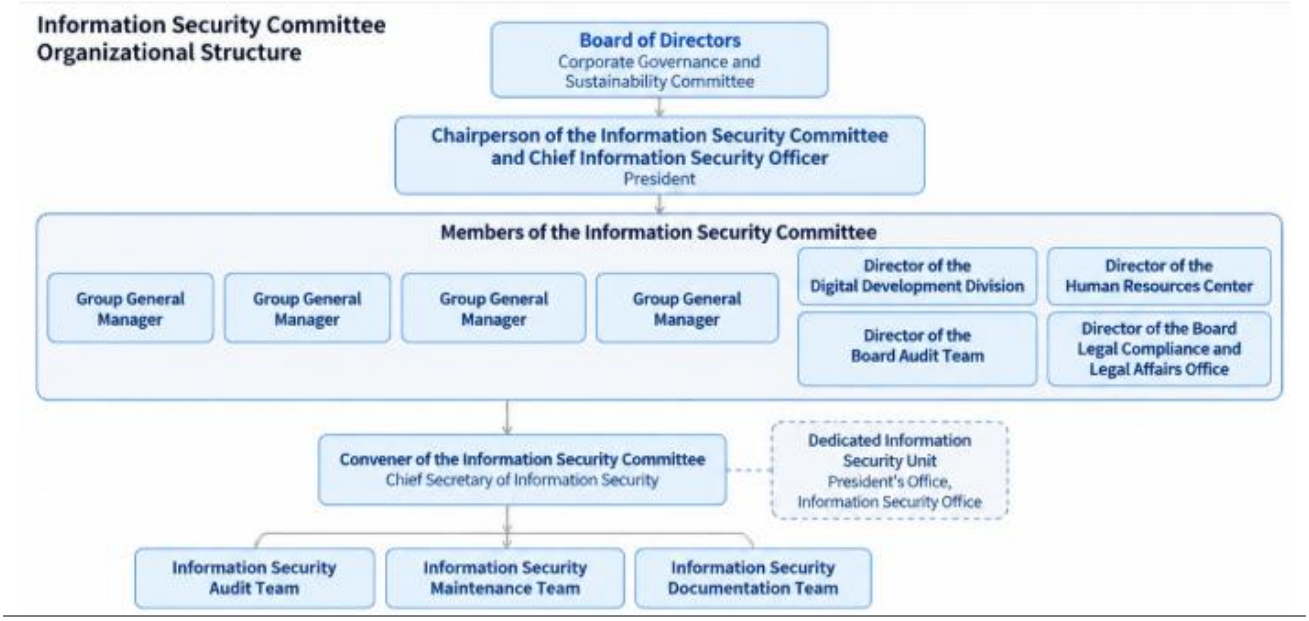
# 2.3-4 Information Security Management

TECO has established an Information Security Management System (ISMS). Its cybersecurity rating services integrate international cybersecurity standards such as IEC 62443 and NIST SP 800-82 to conduct security assessments and continuously strengthen cybersecurity protection capabilities.

| | |
|---|---|
| **Cybersecurity Governance** | TECO has established an Information Security Committee under the "Corporate Governance and Sustainability Committee" of the Board of Directors, appointed a Chief Information Security Officer, and established the "Information Security Office" as the dedicated information security management unit to continuously supervise information security enhancement measures.<br>● Board of Directors: During her tenure as Chairman, Director Chun-Chih Chiu managed the TECO Group's digital transformation and information security-related strategies, obtained ISO/IEC 27001 and CNS 27001:2014 Information Security Management System (ISMS) certification on November 4, 2021, and joined TWCERT/CC.<br>● Board of Directors: During his tenure as Vice Premier and Chief Information Security Officer of the Executive Yuan, Director Jong-Chin Shen designated information security as a national security issue, supervised government agencies at all levels in responding to hacker cyberattacks, supported the industrialization of Taiwan's information security sector, and established a comprehensive information security industry ecosystem.<br>● Board of Directors: Director Li-Tsung Huang previously served as the Business Process Reengineering (BPR) and Product Lifecycle Management (PLM) Manager at First International Computer (FIC), responsible for optimizing R&D processes, including material generation, design changes, and test status monitoring, and establishing information management software systems, hardware and server room equipment operations, firewalls, off-site backup, and other information security measures.<br>● Board Director: Independent Director Mei-Chun Chao served as an Executive Director of the Taipei Bar Association and chaired its Information Subcommittee, responsible for planning the restructuring of its information system.<br>● Chief Information Security Officer: President Fei-Yuan Kao concurrently serves as CISO and Chairperson of the Information Security Committee, responsible for planning and monitoring the Group’s information security systems and overseeing information security management operations. |
| **Cybersecurity Protection** | To strengthen the information security management, ensure the confidentiality and integrity of information, and guarantee the reliability and availability of information equipment and network systems, TECO has established the “information security policy” for information security risk management so that the Company’s information operation reaches the international information security standards. In addition, we plan for the relevant management and reporting policies, include information security in the performance |

| | |
|---|---|
| | evaluation, and provide information security training on an annual basis. In 2025, the Company completed information security protection measures, including enhanced network detection and response, privileged account management, strengthened website security protection, and improved application security protection mechanisms. |
| **Process Structure** | TECO conducts business continuity verification exercises at least twice a year. In 2025, drills were conducted for the ERP system, global order system, and core operations. Passed ISO 27001:2022 transition certification in 2024 and continued to maintain the validity of ISO 27001 certification in 2025. The Company formulated the Personal Data File Security Maintenance Plan and Handling Procedures in 2012 to promote and implement personal data protection. |
| **Risk Control** | To ensure the stable and secure operation of information systems and strengthen defense in depth, the Company focuses on antivirus, anti-hacking, and anti-leakage as its three major objectives. The Company has enhanced network firewall protections, antivirus systems, and network allowlist controls. Intrusion detection systems are used to identify malicious traffic and proactively block such traffic from entering the network. Enhance the Company's capabilities to defend against external attacks and ensure the security of internal confidential information, proactively monitor cyber threats, improve incident response capabilities, and ensure that the Company's information assets are not subject to information service errors, interruptions, or unavailability caused by various threats and damage. |

The "Information Security Committee" is responsible for coordinating the Company's information security policies and governance matters. Through semiannual management review meetings, it regularly audits various information security operations and adopts corresponding protective measures and strategies to ensure the continued suitability, adequacy, and effectiveness of the information security management system.



To enhance employees' awareness of information security, in addition to regular information security promotions, company-wide training courses are held to improve employees' knowledge related to cybersecurity protection. Unscheduled and unannounced social engineering drills are also conducted annually. The results of these drills are reviewed and improved to strengthen information security awareness across departments and among employees.

| Item | Course title | Training completion rate | Training hours | Trainees |
|---|---|---|---|---|
| 1 | 2025 - Information Security Awareness Education and Training | 76.6% | 1,745.3 hours | 1,689 |
| 2 | 2025 - Information Security Education and Training for Senior Executives | 68.3% | 61.5 hours | 47 |

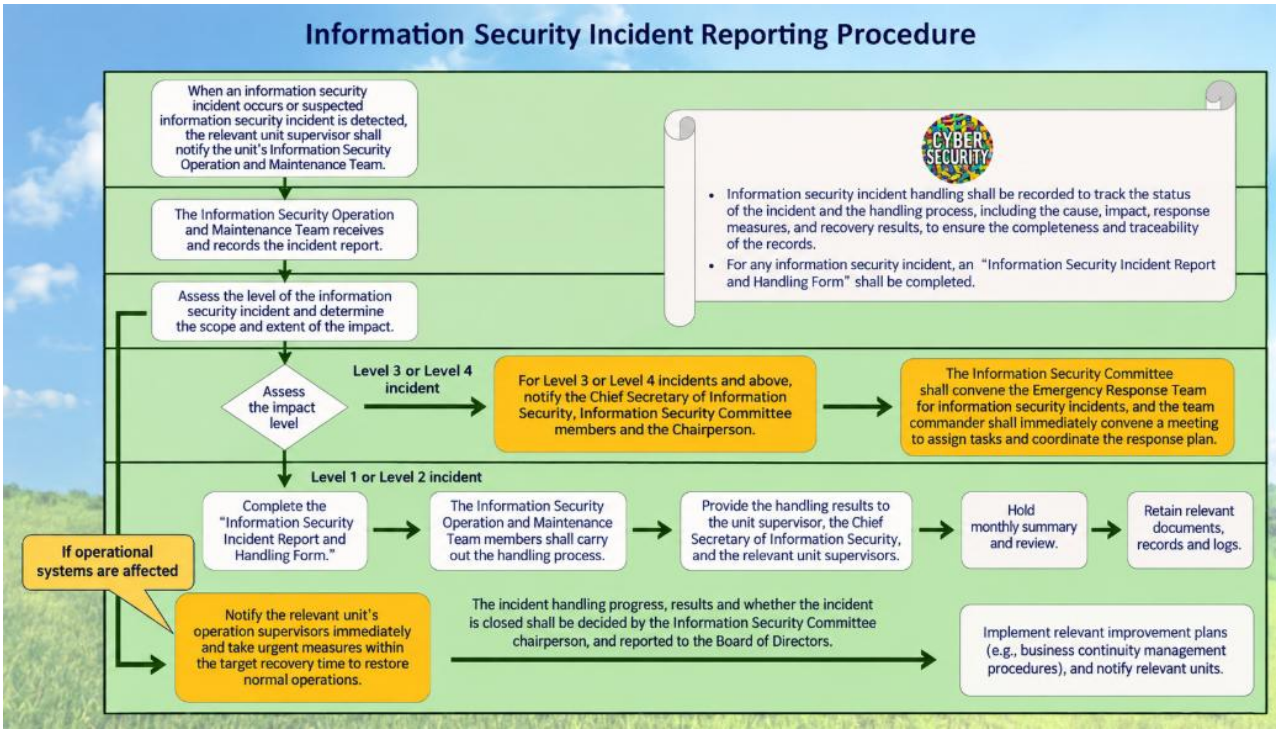
To improve the completion rate and management effectiveness of information security education and training, the following improvement mechanisms are planned for subsequent implementation:
I. Strengthen the Course Reminder Mechanism
Human Resources will assist in configuring course notification and reminder functions in the TECO e-Academy. The system will automatically send relevant notifications, including increasing the frequency of course notifications and deadline reminders, and proactively sending reminders to employees who have not completed the training before the course deadline to ensure that employees complete their learning tasks promptly.
II. Establish a Supervisor Follow-up Management Mechanism
Compile a list of employees who have not completed the training as a reference for supervisors of each unit to track and manage the training completion rate, strengthen cross-unit collaboration and accountability, and effectively improve the overall quality of training implementation.







In 2025, TECO Electric & Machinery continued to implement its information security management mechanisms, with no material cybersecurity incidents, customer privacy breaches, or operational disruptions occurring during the year. The Company incorporates information security into its risk-oriented overall management framework, and the Chief Information Security Officer and the Information Security Office, under the supervision of the Board of Directors, continue to promote relevant management measures to reduce information security risks and maintain operational stability. Passed dual ISO 27001/CNS 27001 certification, established systematic management and continuous improvement mechanisms, ensured the confidentiality, integrity, and availability of information assets, and strengthened the organization's information security resilience.



**AI-driven Digital Transformation and Smart Operations Management**

TECO Electric & Machinery launched the "AI First-Year Promotion Plan," with digital transformation and smart decision-making as its strategic core, to build comprehensive application capabilities. Establish the "Enterprise Knowledge AI Platform" as the technological foundation, vertically integrate the professional expertise and operational resources of each business group, and accelerate the development of AI application scenarios with business value.

In response to fragmented operational processes and data, progressively strengthen cross-system data integration and consistency, and use digital tools to improve data management efficiency and quality. At the same time, integrate operational information and establish management visualization tools, enabling management to monitor key operational indicators and enhance decision-making quality and cross-departmental collaboration efficiency.

Through the above measures, operational efficiency is effectively improved and repetitive work is reduced, allowing human resources to be allocated to high value-added tasks, thereby further strengthening organizational operational resilience and overall competitiveness.

AI Governance and Digital Governance Responsibilities

TECO Electric & Machinery continues to promote the application of artificial intelligence (AI) technologies and places importance on data protection, information security, transparent governance, and risk management. It is progressively establishing AI management mechanisms that balance innovation efficiency and responsible governance to support the Company's digital transformation and sustainable development.

- AI Governance and Transparency

  The Company is committed to disclosing the purposes, limitations, and potential risks of AI systems and establishing appropriate explanation and communication mechanisms to enhance the transparency and comprehensibility of AI applications. For AI-generated content, content identification mechanisms have also been established. For example, documents produced by the internal AI meeting minutes assistant are labeled as generated by an AI system, helping users identify the source and scope of use of the content.

  In addition, the Company clearly defines the purposes and scope of application of AI systems and establishes relevant management and control mechanisms to prevent the improper use of AI technologies or deviation from their original design purposes. At the same time, the Company has established a division of responsibilities and management mechanisms for AI applications, strengthening the traceability and management accountability of AI applications through regular review and follow-up processes.

- Information Security and Data Protection

  TECO Electric & Machinery is committed to complying with relevant data protection and information security requirements throughout the AI system lifecycle and adopting appropriate data governance measures, including data access permission controls, multi-factor authentication (MFA), data protection, and anomaly monitoring mechanisms, to reduce the risks of information leakage and unauthorized use.

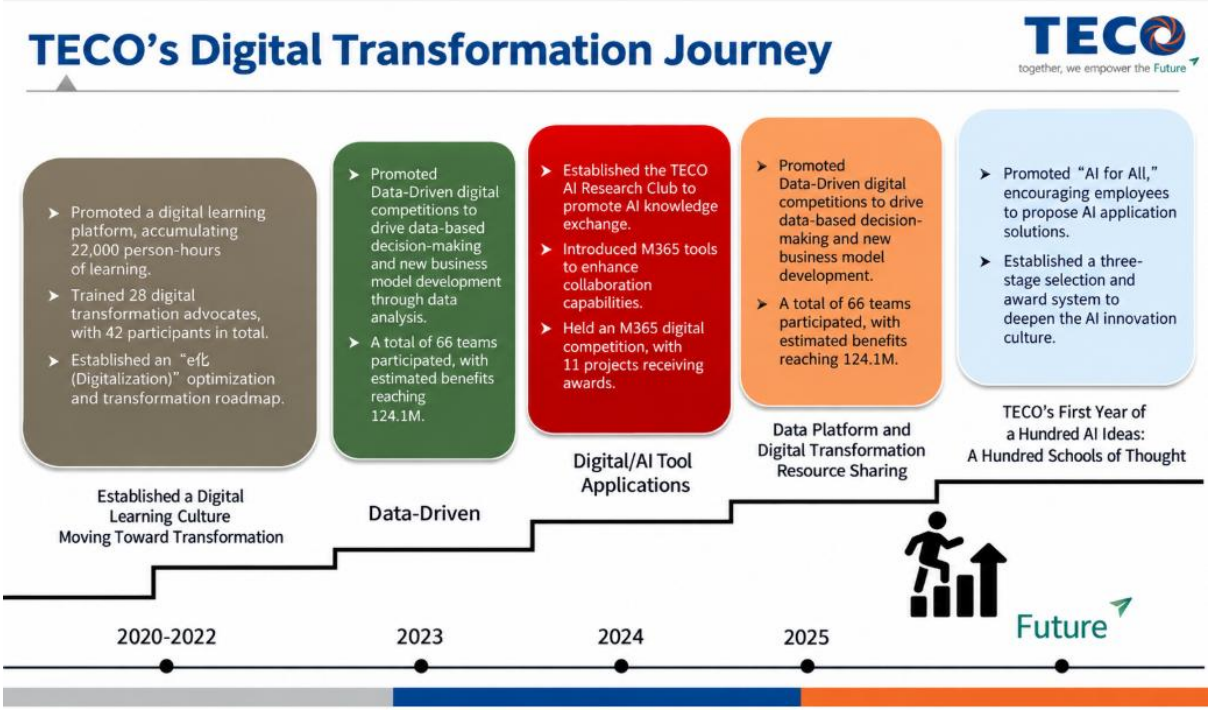
  All currently implemented Copilot Chat AI applications require users to log in to corporate accounts through MFA authentication, with data access managed in accordance with the existing authorization framework. When AI platforms are introduced in the future, suppliers will also be required to possess account and data

access permission management capabilities, and their information security and data protection capabilities will be included in supplier assessment criteria.
In addition, the Company continues to strengthen the information security protection capabilities of AI systems and reduce potential information security risks arising from AI applications through anomaly monitoring, issue reporting, and risk management mechanisms.

- AI Risk Management and Human Oversight
  TECO places importance on potential bias and risks arising from AI systems and monitors the reasonableness and applicability of AI system outputs through regular reviews, continuous monitoring, and anomaly reporting mechanisms to reduce the risks of misinformation and bias.
  Internal AI project promotion meetings are held monthly to review the implementation of AI platforms and model applications and to track and improve system anomalies, data errors, or usage concerns. Employees may also report relevant issues via email or the Teams platform, with project owners assisting in handling and subsequent corrections.
  In addition, the Company emphasizes that appropriate human oversight and management mechanisms must be retained for AI applications to avoid complete reliance on automated decision-making and maintain the controllability and management accountability of AI applications.
- AI Talent Cultivation and Ethical Awareness
  To enhance employees' AI application capabilities and digital literacy, the Company continues to promote AI education and training and application exchanges, regularly offering courses such as "AI Platform Usage Instruction" and "AI Usage Ethics Briefing" to help employees establish proper concepts regarding AI use, information security awareness, and generative AI application capabilities.
  In addition, the Company promotes exchanges on AI agent applications and development. Through conceptual explanations, POCs (proofs of concept), and practical experience sharing, it assists each department in progressively introducing AI tools into daily workflows to improve the efficiency of document organization, data analysis, meeting minutes preparation, and knowledge management.
- AI Application Benefits and Low-Carbon Operations
  The Company continues to introduce AI tools into daily operational processes to improve operational efficiency and reduce the burden of repetitive manual work. Through AI-assisted process optimization, the Company plans to establish a shared platform that is expected to save approximately 6,860 person-hours annually, serving as an important supporting tool for enhancing operational efficiency and advancing digital transformation.
  In AI infrastructure management, the Company adopts a phased implementation and effectiveness verification mechanism. AI agent development must first establish a POC (proof of concept). Once stable benefits have been confirmed, the relevant units will assist in optimizing workflows and computing resource allocation. At the same time, the Company has also established basic computing service limits and resource management mechanisms to avoid unnecessary waste of computing resources and continuously improve the efficiency of AI resource utilization.
- 
  In addition, the Company monitors the environmental impact of AI technologies, continuously evaluates resource usage during system development and deployment, and reduces resource consumption and environmental burden arising from AI applications through process optimization and resource management measures.
- AI Shared Platform and Centralized Management

To enhance AI application governance and resource management efficiency, TECO Electric & Machinery has designated the "Digital Development Department" to coordinate and centrally manage model configurations, knowledge bases, access permissions, and resource allocation, strengthening the consistency, information security, and management efficiency of AI applications and providing an important foundation for the future expansion of enterprise AI applications and intelligent operations.

Since 2020, TECO Electric & Machinery has systematically promoted digital transformation, continuously empowering every employee's digital capabilities through learning platforms, data-driven approaches, and AI tools.



# 2.3-5 Participation in Industry Associations and Policy Influence

TECO actively participates in the activities of industry associations and non-profit organizations, maintaining close exchanges with the government, industry, and academia. At the same time, it regularly makes policy recommendations to the government in areas such as industrial upgrading, net-zero transformation, fiscal and tax policies, human resources, and the business environment, aiming to assist the government in formulating economic policies and promoting overall economic development.

TECO echoes the United Nations and international 2030/50 carbon reduction and net-zero targets, declaring a "50% emission reduction in ten years" and committing to achieving a 50% operational emission reduction target by 2030 and net-zero emissions by 2050. All of TECO's climate-related advocacy activities are aligned with the Paris Agreement, which aims to limit the global temperature rise to no more than 1.5°C above pre-industrial levels. This commitment applies to all of TECO's subsidiaries and business areas, as well as all operational jurisdictions.

For participation in or withdrawal from industry associations and non-profit organizations and their related activities, the departments or business units in charge must first review whether the organization's founding purpose and activity content align with TECO's position, and relevant departments must jointly evaluate whether to participate. For example, ESG-related advocacy activities must be reviewed and evaluated by the "ESG Office." Participation is subject to approval by the competent authority and supervised by the Board-level "Corporate Governance and Sustainability Committee." The "Board Secretary Office" is responsible for the overall management of the Company's external industry association matters and regularly evaluates and reviews whether the advocacy activities of public affairs or industry associations it participates in are in line with company policies. It reports the implementation of each policy directly to the Chairman to ensure that public policy participation and advocacy activities comply with the Paris Agreement. This includes net-zero carbon reduction pathways and promotion efforts. Through participation in public policy and climate-related organizations and consultations, the Company expresses its concerns and recommendations regarding net-zero emissions, energy conservation, carbon reduction, and sustainable development. It also complies with the Company's relevant ethical management policies to help achieve the Paris Agreement's goal of limiting the global average temperature rise to within 1.5°C of pre-industrial levels. If any inconsistency with the Company's policy position is found, the organization will be required to make improvements. If it fails to rectify its position within a certain period, the Company will withdraw from the group or activity, terminate its membership, withdraw financial support, and publicly issue a statement disclosing relevant information.

According to Article 11 of the "Ethical Corporate Management Best Practice Principles" of the Company (ban on provision of illegal political donations): When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its staffers shall comply with the Political Donations Act, and shall not make such donations in exchange for commercial gains or business advantages.

In 2025, TECO's total amount of support for industry associations and non-profit organizations (tax-exempt groups) was NT$6,033,131. The main expenses were membership fees and sponsorships for activities. No monetary donations were made to political or lobbying organizations.

| Items | 2025 |
|---|---|
| Lobbying representatives, interest representatives, or other similar representatives | 0 |
| Local, regional or national political campaigns / organizations / candidates | 0 |
| Trade associations or tax-exempt groups | 6,033,131 |
| Others, such as: spending related to ballot measures or referendums | 0 |
| Total contributions and other spending | 6,033,131 |
| Coverage | 99.43% |

In 2025, TECO participated in the following major industry associations:

| Issues of Concern | Name of Public Association | Role of participation |
|---|---|---|
| **Industrial transformation and upgrading development** | Epoch Foundation (Epoch), Taiwan Electrical and Electronic Manufacturers' Association (TEEMA), Chung-Hwa Railway Industry Development Association (CRIDA), Taiwan Excellent Brand Association (TEBA), Taiwan Electric Power Association (TEPA), Taiwan Refrigeration & Air-Conditioning Engineering Association (TRAEA) | Director |
| | Chinese National Association of Industry and Commerce | Honorary chairperson, Executive Supervisor |
| | Taiwan Association of Machinery Industry (TAMI) | Regional member representative |
| | Taiwan Power Electronics Association (TaiPEA), Taiwan Automation Intelligence and Robotics Association (TAIROA), Institute for Biotechnology and Medicine Industry (IBMI) | Member |
| **Sustainable development** | Taiwan Institute for Sustainable Energy (TAISE) | Director (TCCS) |
| | Business Council for Sustainable Development of Taiwan (BCSD-Taiwan), Taiwan Smart City Association (TCSA) | Member |
| **Renewable/clean energy** | Taiwan Wind Industry Association (TWIA) | Executive Director |
| | Association of Atmosphere Protection in Taiwan (AAPT), Taiwan Smart Grid Industry Association (TSGIA), Taiwan EV & Green Energy Association (TEGA) | Director |
| | Photovoltaic Generation System Association, R.O.C. (PVGSA), Taiwan Photovoltaic Industry Association (TPVIA) | Member |
| **Cross-border economic and trade exchange** | Taiwan-Turkey Business Association (TTBA), Taiwan India Business Association (TIBA), Chinese East Asia Economic Association (EAEA) | Honorary chairperson |
| | Chinese International Economic Cooperation Association (CIECA), Cross Strait CEO Summit | Director |
| **Local enterprise/cultural exchange** | Wuxi Xinwu District Association of Taiwan Compatriot Investment Enterprises, Nanchang Association of Taiwan Investment Enterprises, The Allied Association For Science Park industries | Member |

TECO's Top Three Supported Organizations and Public Issues in 2025:

| Name of Public Association | The Company's Role | Support Amount |
|---|---|---|
| Chinese National Association of Industry and Commerce | As a leading electromechanical enterprise in Taiwan, TECO Electric & Machinery has long been involved in the operations of the Chinese National Association of Industry and Commerce (CNAIC), actively serving as a vital bridge between industry and government. Theodore Huang, Chairman of the TECO Group, serves as the Association's Honorary Chairman; Chairman Li Mingxian serves as the Association's Standing Supervisor. | NT$ 1,020,000 |

| | | |
|---|---|---|
| | In alignment with the Association's four core pillars—"optimizing the investment and business environment, deepening global economic and trade cooperation, strengthening industrial and commercial innovation, and charting a sustainable and mutually beneficial future"—TECO leverages its practical experience in smart manufacturing, energy management, electrification, and net-zero transition to provide industry insights and assist the government in refining industrial policies and improving the investment environment. At the same time, through participation in international industrial and commercial exchange and economic and trade cooperation platforms, TECO helps promote the integration of Taiwan's industries with the global market and enhances their global competitiveness. In terms of sustainable development, TECO continues to deepen its ESG governance, energy conservation, carbon reduction, and green innovation efforts, playing a leading role in the industry. Together with the Association, it promotes industrial upgrading, net-zero transition, and shared social prosperity, contributing to the sustainable development of Taiwan's economy. | |
| Epoch Foundation | TECO is one of the founding members of Epoch Foundation and has long supported the Foundation through financial assistance and professional personnel contributions to promote industry-academia collaboration, support startups, and cultivate talent in digital transformation and energy transition needed by society in the future.<br><br>In 2025, TECO sponsored and participated in hundreds of events organized by the Epoch Foundation to promote industry-academia collaboration, startup incubation, and talent development. Key initiatives included: the MIT Industry-Academia Collaboration Program (covering topics such as AI technology and applications, digital twins, semiconductors, geopolitics, manufacturing and supply chain management, and employee well-being); Garage + International Startup Incubation Program: Epoch School Talent Program. Together, these initiatives promote industry-academia collaboration, support deep-tech startups, cultivate talent for society's future, enhance future competitiveness, and further elevate Taiwan's overall industrial standards and international outlook. | NT$ 400,000 |
| Taiwan Electrical and Electronic Manufacturers' Association (TEEMA) | As a major domestic electromechanical manufacturer, TECO participates in the Taiwan Electrical and Electronic Manufacturers' Association. Through industry exchange and collaboration platforms, the company drives the upgrading and smart transformation of the electrical machinery industry, fosters technological innovation, and promotes the development of high-efficiency equipment, electrification | NT$ 384,000 |

| | | |
|---|---|---|
| | applications, and low-carbon products. By engaging in discussions on industry standards, regulations, policies, and net-zero transition issues, TECO helps the industry align with international trends and collectively enhances its sustainable competitiveness. | |

# Realize a Shared Vision



# Realize a Shared Vision




**"Realize a Shared Vision" is the second ESG pillar derived from TECO's B2B2Sbelief. It refers to TECO's customers, consumers, and suppliers jointly creating a sustainable value chain through proactive communication and collaboration to achieve mutual benefit.**

| | |
|---|---|
| **Material topics** | 1. Occupational Safety Maintenance<br>2. Climate Action and Net-Zero Emissions<br>3. Product/Service Innovation and R&D |
| **2025 Performance Description** | 1. Occupational safety maintenance: 2,582 participants in occupational safety training, totaling 8,763 hours<br>2. Climate action and net-zero emissions: Completed GHG inventory covering 100% of the consolidated financial statements boundary<br>3. R&D Innovation in Products/Services: A total of 7 products received awards at the 34th Taiwan Excellence Awards |

# 3.1 Partner with customers and suppliers to expand the value chain's sustainability Synergy

## 3.1-1 Customer Satisfaction

TECO has three major business groups: Green Mechatronic Solution, HVAC Technologies, and Power & Energy. To improve sales and delivery efficiency and enhance service quality, online services have also been promoted to facilitate customers in placing orders and tracking the status of after-sales services. In 2025, TECO's online customers accounted for 8.31% of all customers, while revenue from online services accounted for 7.59% of total revenue.

TECO's customer satisfaction rate is calculated based on the statistics and targets set by each business group, weighted according to its proportion of total revenue. The Green Mechatronic Solution business group sends out customer satisfaction surveys twice a year to global clients, collecting feedback to identify key improvement areas. The HVAC Technologies business primarily gathers customer opinions through telephone interviews. TECO primarily uses regional subsidiaries as its sales channels. The 2025 customer satisfaction scores for each business group are as follows. The overall consolidated survey response rate was 89.24%, and the satisfaction rate was 78.01%, with both figures increasing compared with the previous year.

| Customer satisfaction | 2022 | 2023 | 2024 | 2025 | Goal |
|---|---|---|---|---|---|
| Satisfaction for the Green Mechatronic Solution Business Group | 84.90% | 65.30% | 74.50% | 71.00% | 90.00% |
| Questionnaire coverage | 88.30% | 83.30% | 100.00% | 100.00% | - |
| Satisfaction for the HVAC Technologies Business Group | 86.30% | 86.80% | 86.08% | 86.17% | 85.00% |
| Questionnaire coverage | 64.50% | 62.00% | 51.40% | 62.50% | - |
| Satisfaction for the Power & Energy Business Group | 87.00% | 87.70% | 82.50% | 92.00% | 88.50% |
| Questionnaire coverage | 96.00% | 98.00% | 92.00% | 99.00% | - |

TECO places great importance on customer experience and service quality, and continues to monitor customer satisfaction through dedicated survey mechanisms. In 2025, the HVAC Technologies and Power & Energy Business Groups among the three major business groups both achieved their established satisfaction targets, and customer satisfaction improved significantly compared with the previous year. Overall, there was a trend of gradual optimization and improvement.

To continuously and effectively enhance customer satisfaction, each of TECO's business groups provides comprehensive customer service channels to collect customer feedback and incorporates such feedback as a reference for future product and service development. In addition, comprehensive, transparent, and independent

complaint handling procedures have been established, as described below:

| Services to Enhance Satisfaction | | Channels and Processes Provided by Each Business Group |
|---|---|---|
| Channels that Customers Can Use to Request Support and Give Feedback | Online Form Submission or Direct Email Contact | • TECO Home Appliances Official Website (Feedback and Communication) https://www.tecohome.com.tw/tw/Contact<br>• The Green Mechatronic Solution Business Group provides contact information online, including email addresses and telephone extensions.<br>• The Power &Energy (PE) Business Group provides online consultation services on its official website. Administrators can simultaneously receive inquiry emails through Outlook and review and manage relevant messages in the backend system of the PE official website. |
| | Dedicated Phone line | • TECO Home Appliances Official Website, Service Information, 24-Hour Repair Hotline https://www.tecohome.com.tw/tw/Contact<br>• Service hours are Monday through Saturday.<br>• Dedicated customer service representatives are available from 08:00 to 19:00<br>• Automated telephone voice service from 19:01 to 7:59 (including Sundays)<br>• The Green Mechatronic Solution Business Group provides contact information online, including email addresses and telephone extensions. |
| | In Person | • For home appliances requiring repairs, A-OK technical service personnel will visit the customer's residence to provide repair services.<br>• If customers of the Green Mechatronic Solution Business Group have service needs, the business unit may assign personnel to provide face-to-face service. |
| Process for Incorporating Customer Feedback into Product and Service Development | | Green Mechatronic Solution Business Group:<br>● Customer feedback is collected during the annual satisfaction survey, covering brand image, product marketing, sales services, product quality, product delivery, and after-sales services.<br>● At the same time, full communication is maintained with customers during product development to ensure a consistent understanding between both parties.<br>Power &Energy Business Group:<br>● Services are enhanced through customer feedback. For example, wooden crates were originally used for shipment to meet product load-bearing requirements. However, customers raised concerns regarding packaging material recycling. To address this issue, a wooden crate packaging material recycling service was implemented to improve customer satisfaction. |
| Complaint handling and resolution process | Confirm receipt of the complaint with the customer | • After a customer contacts the customer service hotline to report an issue, customer service personnel notify the service station through the system.<br>• Complaints from users of the Green Mechatronic Solution Business Group will be submitted directly to the designated business contact, and will subsequently be handled and resolved by the maintenance unit in accordance with its established response time mechanisms for after-sales and related services. |

| | | |
|---|---|---|
| | | • The business units of the Power & Energy Business Group may submit customer complaints and service requests through the After-Sales Service Management Platform of the Energy Products Business Division. |
| | Transparency on Timelines for Complaint Resolution | • After customer service personnel submit a notification through the system, each service station communicates and coordinates with the customer based on the reported details.<br>• The after-sales and service response time mechanism established by the maintenance unit of the Green Mechatronic Solution Business Group clearly specifies the processing time.<br>• The Quality Assurance Section of the Energy Products Business Division under the Power & Energy Business Group performs relevant operations based on cases submitted by business units and in accordance with the operational processes for service requests, service reports, transfer/return for repair, submission of complaint response forms, and customer complaint case registration. |
| | Independent External Verification of the Complaint Handling Process | • The Green Mechatronic Solution Business Group has currently established the "Market Quality Feedback Handling Procedures" based on IATF 16949.<br>• The Power & Energy Business Group operates in accordance with the requirements of the ISO 9001:2015 Quality Management System. |

The improvement measures implemented by each business group in 2025 to enhance customer satisfaction are as follows:

| Business Group | Business Type | Improvement Measures |
|---|---|---|
| **Satisfaction for the Green Mechatronic Solution Business Group** | Sales and Services | ● Continue to improve the efficiency of the quotation system, enhance operating efficiency across plants/departments, shorten the time required to provide quotations to affiliates, and improve overall sales service quality and customer trust.<br>● Strictly control the processing sequence of each inquiry, prioritize urgent orders, and indirectly enhance the reputation of after-sales services.<br>● Through systematic training and management, enhance employees' professional skills and response flexibility, ensure stable delivery schedules, and implement high-efficiency operations. |
| | After-sales service | ● Improve the response speed of customer service, establish efficient communication channels, and ensure that customer requests are properly handled.<br>● Establish an after-sales service response time mechanism, including linking return-to-factory repair cases to the SVC system, to improve the efficiency of repair and maintenance services.<br>● Through regular technical follow-up visits and the replacement of in-house processing equipment, proactively understand customer needs and provide quotation benchmarks for |

| | | | |
|---|---|---|---|
| | | | service fees to strengthen brand loyalty and shorten return-to-factory repair time. |
| **Satisfaction for the HVAC Technologies Business Group** | | Sales and Services | ● Engineers conduct precise diagnostics before on-site repairs to improve the first-time fix rate.<br>● Service station warehouses stock seasonal materials in advance to reduce customer waiting time. |
| | | After-sales service | ● Introduce basic refrigerant charging for air conditioner repairs to restore cooling functionality first and reduce customer complaints.<br>● Engineers conduct precise diagnostics and prepare all necessary parts before on-site repairs to reduce customer waiting time for repairs. |
| **Satisfaction for the Power & Energy Business Group** | Product Department | Sales and Services | To address the risks posed by extended delivery times for certain items to customers' project schedules and willingness to engage in future cooperation, improvement measures have been implemented, including strengthening capacity planning, increasing inventory availability, and simultaneously optimizing supply chain coordination mechanisms to shorten delivery times and ensure supply stability. |
| | Engineering Department | Effectiveness of Human Resources Improvements | To address the staffing shortage issue raised in previous feedback, multiple workforce optimization measures have been completed this year, including:<br>● Optimize the remuneration structure to enhance talent attraction.<br>● Expand employee training and digital tool capability development programs, significantly enhancing the professionalism and quality control of both new and existing employees. |
| | | Comprehensive Upgrade of Project Schedule Control | To improve the schedule achievement rate, training was strengthened and the following measures were implemented this year:<br>● Use schedule control tools (such as P6) for real-time tracking and early warning.<br>● Regularly review schedule deviations and promptly adjust resource allocation to ensure projects are completed on schedule and to the required quality. |
| | | Continued Strengthening of Worker Safety Management | In line with the Company's occupational safety policy, the following measures continued to be promoted this year:<br>● Strengthen hazard identification in work areas and increase the frequency of on-site audits.<br>● Enhance safety awareness training and safe work SOP training for all construction site personnel. |

In the future, TECO will continue to improve service processes and product experiences based on customer feedback and set more challenging and measurable satisfaction improvement targets to fulfill the customer-centric TECO values.



# 3.1-2 Supply Chain Management

TECO's supply chain is primarily distributed across Taiwan and China. Its products and services encompass TECO-branded electromechanical and home appliance products and electromechanical engineering. The upstream electromechanical supply chain consists of bulk raw material suppliers, while the downstream supply chain consists of directly served major customers and a global distribution network. The upstream home appliance supply chain consists of raw material or component suppliers, while the downstream supply chain consists of Taiwan's distribution network, mass retail stores, and e-commerce platforms. The upstream engineering services supply chain consists of construction contractors. To effectively manage this complex supply chain, TECO has established a supplier management policy to implement sustainable supply chain management.

## Supplier Code of Conduct

To ensure that suppliers fully implement the concept of corporate sustainable management, TECO not only requires them to provide competitive quality, delivery, and technical capabilities through assessment mechanisms, but also actively introduces multiple sustainable management measures to deepen supply chain management:

- Formulation of dedicated ESG terms for suppliers.
- Establishment of supplier ESG evaluation forms for systematic assessments.
- Promotion of localized procurement strategies to reduce carbon footprints and boost local economic development.
- Requirement for suppliers to sign relevant declarations and commitment documents, including: “Prohibited/Restricted Substances Guarantee”, “Declaration of Metal Conflict-Free”, “Supplier Code of Conduct”, and “Human Rights and Environmental Sustainability Commitment Letter”, etc.

  These management requirements are clearly included at the stage of contract signing or renewal with suppliers to ensure continued compliance throughout the cooperation process.

  In addition, TECO regularly reviews suppliers’ performance in economic, social, and environmental aspects to ensure alignment with the Company’s sustainable policies, thereby reducing potential sustainability risks and conflicts and achieving responsible and resilient supply chain management.

## Supplier Management and Audit System

TECO screens suppliers based on four major aspects: environmental, social, corporate governance, and operational performance (as shown in the table), which are part of the TECO Supplier Assessment Form. All suppliers are required to be evaluated and guided according to these items to confirm the status, capability, potential, and operational performance of their management systems to meet required standards. The Company's Quality Assurance Team of the Operations & Management Center oversees and plans the requirement for each business group to establish "Contractor Evaluation Implementation Procedures" to serve as the risk and assessment operation for selecting suppliers. Based on the risk principles of national regulations, industry, and product-related standards (as shown in the table), suppliers with negative ESG impact are identified. Among them, the first six items are classified as the Company's ESG risks, and the seventh item pertains to business-related risks. If any of the first six items are found to not meet the Company's standards, the supplier is considered to have negative ESG risk. This ensures that suppliers fulfill their social responsibilities and provide a healthy and safe workplace. The procurement department supervises the implementation of the supplier ESG program, while the ESG Office assists in providing relevant information, consultation, and external resources. Major decisions are submitted to the management level or functional committees for approval and execution.

**RISK IDENTIFICATION PRINCIPLES FOR KEY SUPPLIERS**

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



## Supplier Evaluation Implementation Procedure

| | |
|---|---|
| **Pre-Transaction Evaluation** | To ensure compliance with TECO's quality, environmental, and ESG requirements, suppliers must undergo pre-transaction evaluation to verify whether they have obtained international certifications such as ISO 9001, IATF 16949, ISO 14001, ISO 45001, etc., and meet the relevant risk principles. To ensure that suppliers fully understand ESG trends, energy-saving and carbon reduction methods, and international certifications during the evaluation process, ESG-related training seminars (online or in-person) are planned to assist suppliers in obtaining relevant certifications or developing related capabilities. |
| **At Contract Signing** | Suppliers are required to sign the "Supplier Code of Conduct," including the "Human Rights and Environmental Sustainability Commitment." If any part of the commitment is violated during the transaction period, TECO may terminate the contract to ensure that suppliers fulfill social responsibilities during their operations or production processes. |
| **On-Site Evaluation** | For new suppliers and all existing suppliers, TECO conducts evaluations according to the "Contractor Evaluation Implementation Procedure." Evaluation teams formed by personnel from R&D, quality control, production technology, procurement, environmental safety, and auditing departments within the business units conduct on-site evaluations using TECO's official contractor scoring scale, covering six aspects: quality control capability, R&D capability, business management and service systems, production technology, and ESG. |

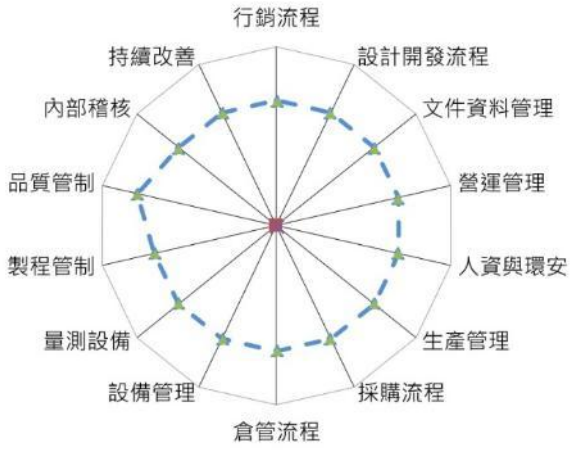
| | |
|---|---|
| **Regular Assessment** | Based on ISO 9001, IATF 16949, and external audit standards, the Company has established a systematic supplier management mechanism, adopts the principle of conducting regular evaluations and audits of all suppliers every three years, and has developed a standardized "Supplier Self-Assessment Form" as the basis for preliminary reviews. The evaluation covers fundamental aspects such as quality, delivery, service, and price, and incorporates sustainability issues such as environmental protection, social responsibility, and corporate governance (ESG) to comprehensively assess supplier performance.<br>To strengthen the sustainable supply chain, the Company prioritizes cooperation with suppliers that demonstrate strong ESG performance and comply with the Company's requirements as long-term strategic partners. During the evaluation process, if a supplier fails to meet the key items or minimum scoring criteria established by the Company, a formal "Nonconformities and Corrective Action Requirements" notice will be issued. The supplier must submit a specific corrective action report based on its actual operating conditions within 30 days after receiving the deficiency report.<br>For key items such as environmental management and labor conditions, the Company will provide practical improvement recommendations to assist suppliers in enhancing their sustainability management capabilities. The effectiveness of corrective actions will be reviewed and followed up by the Company's "Supplier Evaluation Team" and incorporated into the results of the next evaluation. If a supplier fails to make effective improvements, the Company may terminate the business relationship as appropriate to ensure that overall supply chain operational risks remain controllable and align with the Company's sustainable development goals. |



## Scoring Criteria for Supplier Evaluation Scale

TECO conducts audits of suppliers every three years, carrying out a two-stage evaluation for all suppliers. In the first stage, suppliers are required to complete a self-assessment form to determine whether they already have ESG systems or ISO certifications in place. Suppliers are also screened based on whether they belong to the manufacturing or trading industry. The second stage of evaluation is carried out after the identification of high-risk suppliers in the first stage. In the second stage, evaluations are conducted using "TECO's Official Contractor Scoring Scale" (with ESG items accounting for 29.3%).

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




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

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

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

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

## Supplier Management in 2025

TECO's material suppliers comprise suppliers under centralized procurement of bulk materials (including sole-source materials) and suppliers trading with each plant whose cumulative transaction amounts rank within the top 50% for the year. In 2025, ESG risk desk assessments were conducted for all unique significant suppliers to review their actual or potential negative impacts based on various indicators. Based on the assessment results, suppliers are classified as low risk, moderate risk, or high risk. Suppliers identified as moderate risk or high risk are classified as suppliers with actual or potential negative risks. The Company engages with these suppliers and requires them to take improvement actions. In 2025, no suppliers had transactions terminated due to negative impacts identified through ESG assessments and unsuccessful engagement. The assessment and identification results are shown in the table below.

| Supplier Assessment and Development | Number of suppliers |
|---|---|
| Total number of unique suppliers | 461 |
| Number of unique significant suppliers | 32 |
| Number of unique significant suppliers receiving supported with development measures | 7 |
| Number of unique significant suppliers assessed through desk assessments or on-site assessments | 32 |
| Number of unique significant suppliers identified through assessment as having substantial actual or potential negative impacts | 14 |
| Number of unique significant suppliers with substantial actual or potential negative impacts with agreed corrective action/improvement plan | 2 |
| Number of unique significant suppliers with substantial actual/potential negative impacts that were terminated | 0 |

Note: Suppliers with procurement amounts of less than 0.1% of the annual procurement amount are excluded from the calculation.

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. Two in-depth energy conservation and carbon management training sessions totaling 12 hours were held, with carbon inventory guidance completed for 9 companies and carbon inventory verification guidance completed for 1 company. Through in-depth one-on-one guidance, including the identification and definition of emission sources, plant inspections, explanations of activity data collection, on-site surveys, and the installation of meters to measure energy-consuming equipment at the plant, the inventory results were used to identify key targets for subsequent emissions reduction improvements.

TECO irregularly provides suppliers with reference materials through physical seminars to help them fully understand ESG trends during implementation, enhance their ability to identify risks, and improve methods for energy conservation and carbon reduction. The Company also shares the latest international trends, energy product

developments from benchmark ESG companies, energy-saving and emission-reduction methods, and management systems.



## Hazardous Substances Policy and Materials Management

With respect to the environmental hazardous substances restriction and prohibition commitments in the Sustainability Management Commitment Letter, TECO has not only implemented the selection of raw materials free of conflict minerals during the design phase and committed that all motor and home appliance products and their raw materials will comply 100% with international regulations and TECO Group's Regulations on the Prohibition/Restriction of the Use of Environmental Hazardous Substances in 2025, but also established a hazardous substance management mechanism, explicitly requiring compliance from internal employees, suppliers, contractors, and other stakeholders. Should scientific developments result in new emerging hazardous substances being regulated or restricted, TECO will gradually replace or eliminate raw materials containing such substances depending on product characteristics.

| | |
|---|---|
| **International Regulatory Trends** | To accommodate the diversified development of TECO's electromechanical products, the Company continuously monitors various regulations related to hazardous substances. For example, the European Union's "Restriction of Hazardous Substances in Electrical and Electronic Equipment Directive" (RoHS) and "Registration, Evaluation, Authorization and Restriction of Chemicals" (REACH) regulations must be anticipated in advance, and incorporated into management measures and implementation at least one year before the regulations take effect. |

| | |
|---|---|
| **TECO Hazardous Substances Management Mechanism** | All major manufacturing and operational sites comply with the Group's Regulations on the Prohibition/Restriction of the Use of Environmental Hazardous Substances, ensuring that TECO's hazardous substance management specifications are consistently enforced across the Group, subsidiaries, and affiliates. The scope covers raw materials, components, processed products, and production consumables, all of which must be implemented in accordance with the regulations. Currently, TECO adheres to the REACH-regulated list of prohibited/restricted hazardous substances and manages substances relevant to the Company's operations. Materials are categorized into non-ferrous metals, ferrous metals, plastic packaging, paper packaging, wooden packaging, foam packaging, and process chemicals. |
| **Implementation and Execution** | When there are significant changes in external regulations or TECO policies, the Group's Regulations on the Prohibition/Restriction of the Use of Environmental Hazardous Substances will be revised and reissued following cross-departmental discussions, typically once per year. Each site establishes its own control procedures under the management regulations, which include processes such as inspection reports and guarantee letters. In 2025, there were no instances of hazardous substance usage in operations or products. |
| **Hazardous Substances Disclosure** | TECO Electric & Machinery follows the limits specified in the REACH Regulation as the risk assessment criteria for the impacts of its products on human health and the environment. A systematic risk assessment process has been established for regulated substances or substances of concern that may be present in products. First, hazard identification is conducted through a review of regulatory lists and material information to identify hazardous substances that may be present in products; second, hazard characterization is performed based on the regulatory classification, hazardous properties, and usage characteristics of the substances to assess their potential impacts on human health and the environment; furthermore, exposure assessments are conducted by considering product uses, usage scenarios, and lifecycle stages to analyze the likelihood of exposure to the relevant substances under actual conditions of use; finally, the hazard and exposure results are integrated for risk characterization to determine the risk level and serve as the basis for subsequent management, control, or improvement measures, while ensuring that TECO products meet the hazardous substance content standards prescribed by regulations. |

## Conflict-Free Metal Commitment

TECO has formulated a "Declaration of Metal Conflict-Free " to ensure the proper handling of conflict mineral issues. Suppliers are required to conduct detailed surveys of supply chains to ensure that metals such as Gold (Au), Tantalum (Ta), Tungsten (W), Cobalt (Co), and Tin (Sn) are not acquired from non-governmental military groups, illegal organizations, the Democratic Republic of the Congo and mining areas in other conflict zones or through smuggling. By effectively identifying and tracing the source of materials, TECO is able to prevent the use of conflict minerals in production. Metals exported by the following nations do not meet conflict-free norms as determined by the UN Security Council: DRC, Rwanda, Uganda, Burundi, and Tanzania.

100% procurement of conflict-free metals

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



# 3.1-3 Sustainable Materials Management




Globally, TECO's raw material procurement primarily consists of steel, iron, copper, aluminum, and small amounts of plastic. Regional analysis shows that the main origins are China, Taiwan, Vietnam, and Europe.
Taiwan has foundries capable of melting scrap generated during the production process using electric furnaces to remake motor housings. In 2025, the raw material recycling rate reached approximately 65.2%.

| TECO's Sustainable Raw Materials Programs | 2025 Management Actions |
|---|---|
| Assessments to prioritize raw materials | TECO is committed to promoting multiple sustainable materials management initiatives. Motors are TECO's main product, with over 90% of material composition being metal. Based on product carbon footprint analysis, metals and plastics are the primary sources of environmental impact and are therefore designated as priority management materials. |
| Traceability of raw materials to their origin | TECO tracks and traces all procured materials. In 2024, a preliminary biodiversity impact analysis was conducted on major steel suppliers from China. At the same time, supplier audits continue to be conducted to further reduce potential environmental and social risks arising from raw material suppliers. |
| Reducing negative environmental and social impacts from raw material production | • During the raw material production phase, TECO commits to procuring 100% conflict-free metals to mitigate negative environmental and social impacts.<br>• In supplier selection, the implementation of greenhouse gas reduction measures and human rights protection is considered. A series of risk assessment mechanisms is also in place.<br>• In terms of supplier management, signing the Supplier Code of Conduct is a prerequisite for becoming an official supplier. Regular environmental and social risk assessments are conducted, with two primary ESG goals established: "Labor and Human Rights" and "Environmental Protection." |
| Target setting for proportion of recycled raw materials | Waste resources are utilized. In 2025, 2,494.92 metric tons of residual materials were recycled for reuse in motor housings by melting silicon steel scraps, with a recycling rate of 65.2%. The casting output was 3,635.75 metric tons, and 68.62% of the cast iron housings contained recycled material. |
| Providing internal stakeholders with training on sustainable raw materials | Internally, TECO also provides employees in the procurement department with sustainability education and training to receive ESG-related supply chain management training. The Company also provides a diverse ESG online learning platform through the TECO e-Academy, enabling all employees to participate in ESG courses to enhance their awareness of sustainable development and sustainable supply chains. In 2025, sustainability-related education and training covered a total of 12 courses, including "Sustainability Trends and TECO ESG Practices" and "Guidelines for Sales Employees in Responding to Customer ESG Requirements," totaling 49 hours, comprehensively deepening |

| | |
|---|---|
| | employees' understanding of sustainability issues and their practical capabilities. |

## 2025 Raw Materials Annual Procurement Volume

| Raw Material Name | Procurement Location | Usage (ton) | Total consumption (ton) | Recycled Material Ratio | Description |
|---|---|---|---|---|---|
| Aluminum | China | 600 | 911 | 1.80% | Aluminum raw materials (aluminum products, aluminum ingots) are the main materials, and the total global procurement volume in 2025 is considered as the usage volume. |
| | Taiwan | 311 | | | |
| Copper | China | 4200 | 5698.79 | 0.60% | Copper raw materials (enameled wire, copper bars, copper tubes for air conditioning) are the main materials, and the total global procurement volume in 2025 is considered as the usage volume. |
| | Taiwan | 1498.79 | | | |
| Iron / Steel | China | 56000 | 67398 | 1.98% | Steel raw materials (silicon steel coils, steel plates, steel bars), with the total global procurement volume in 2025 considered as the usage volume.<br>Taiwan has foundries capable of melting scrap materials to remanufacture motor housings. |
| | Taiwan | 11398 | | | |
| Plastics (thermoplastic) | Taiwan | 76.62 | 76.62 | 0.00% | Mainly used in household appliance products. |

Note: In addition to the above raw material procurement control, during the Company's mergers and acquisitions and joint venture procedures, to ensure that business partners meet quality, environmental protection, and occupational safety and health requirements, and that their products comply with green management and control standards, TECO also simultaneously verifies whether they have obtained international certifications such as ISO 9001 and IATF 16949, and strengthens the introduction of ISO 14001, ISO 45001, or capabilities in hazardous substance management.

# Drive Low-Carbon Transition



# Drive Low-Carbon Transition




**"Drive Low-Carbon Transition" is the final ESG pillar derived from TECO's B2B2S philosophy. It refers to promoting overall societal low-carbon transformation through the economic growth created by TECO's focus on "electrification, intelligence, and green energy" businesses, as well as social investment and talent development.**

| | |
|---|---|
| **Material topics** | 1. Climate Action and Net-Zero Emissions<br>2. Employee Development and Career Growth<br>3. Product/Service Innovation and R&D |
| **2025 Performance Description** | 1. Climate Action and Net-Zero Emissions: Completed GHG inventory covering 100% of the consolidated financial statements boundary<br>2. Employee Development and Career Growth: Officially launched the "Project Mercury" management associate (MA) program, dedicated to cultivating future key talent with international mobility, professional depth, and cross-disciplinary integration capabilities.<br>3. Energy Management: Total electricity savings reached 638,327 kWh |

# 4.1 Be dedicated to create low-carbon and sustainable growth

## 4.1-1 Product/Service Sustainability Classification

Since 2020, TECO has self-declared TECO GO ECO and has been committed to developing high-efficiency and low-carbon products, ranging from ultra-high-efficiency motors to general-purpose inverters for home appliances, while continuously innovating technologies and products. Since 2022, TECO has reviewed its products with reference to the "EU Taxonomy." To fully respond to international sustainability disclosure trends and enhance the credibility of information on revenue from sustainable products, TECO adjusted its sustainable economic activity classification logic in 2025. It progressed from the previous identification based on the sustainability attributes of products and their contributions to environmental objectives to further distinguishing between economic activities eligible under the EU Taxonomy (eligible activities) and economic activities that, upon review, are aligned with the technical criteria of the taxonomy (aligned activities). The classification results are as follows:

| Classification | Economic Activity Code | Economic Activity | Percentage of operating revenue | Percentage of capital expenditure | Percentage of operating expenditure |
|---|---|---|---|---|---|
| Eligible Economic Activities (Eligible) | CCM 3.6<br>CCA 3.6 | Manufacture of other low carbon technologies | 43.57% | 23.01% | 11.40% |
| | CCM 4.1<br>CCA 4.1 | Electricity generation using solar photovoltaic technology | | | |
| | CCM 4.9<br>CCA 4.9 | Transmission and distribution of electricity | | | |
| | CCM 4.10<br>CCA 4.10 | Storage of electricity | | | |
| | CCM 7.6<br>CCA 7.6 | Installation, maintenance and repair of renewable energy technologies | | | |
| Taxonomy-Aligned Economic Activities (Aligned) | CCM 3.18 | Manufacture of automotive and mobility components | 6.85% | 1.22% | 2.09% |
| | CCM 3.6<br>CCA 3.6 | Manufacture of other low carbon technologies | | | |

Note: The percentages in this table are calculated based on TECO Electric & Machinery on a standalone basis.

To strengthen the identification of TECO's sustainable products and services, TECO refers to the ISO 14024 series of standards and identifies sustainable products and services based on their environmental characteristics. The classifications are as follows:

Unit: NT$

| Sustainable Product/Service Category | 2022 Revenue | 2023 Revenue | 2024 Revenue | 2025 Revenue |
|---|---|---|---|---|
| Type I Ecolabel (ISO 14024) or National Environmental Label | 1,702,191,000 | 1,822,600,000 | 1,773,676,000 | 2,606,878,000 |
| Third-Party Verified Ecolabels with Single or Multiple Attributes | 19,801,998,409 | 15,476,687,315 | 16,643,866,934 | 9,026,356,535 |
| Other Sustainable Products without External Certification | 0 | 0 | 10,332,063,907 | 1,882,785,802 |
| Total Revenue from Sustainable Products/Services | 21,504,189,409 | 17,299,287,315 | 28,749,606,842 | 13,516,020,337 |
| Percentage of Sustainable Revenue in the Consolidated Financial Statements | 36.88% | 29.13% | 52.05% | 22.88% |

Note 1: In July 2025, the Ministry of Economic Affairs officially launched the IE4 Promotion Program, under which the efficiency of motors rated 75kW (100hp) and above will be officially upgraded to IE4. As an industry leader in motors, TECO has excluded IE3 motors from the product category with ecology-related labels since 2025.

Note 2: In 2025, a more prudent standard was adopted for the recognition scope of "Other Sustainable Products without External Certification." Only products and services that can be clearly linked to sustainable economic activities, make substantive environmental contributions, and have reasonably identifiable revenue boundaries were included, namely Taxonomy-Aligned Economic Activities (Aligned). Certain products with potential applications in energy conservation, carbon reduction, or low-carbon transition were not included in the statistical scope for this year because the alignment assessment against the taxonomy criteria has not yet been completed or the basis for revenue allocation still requires enhancement. The difference from the previous year's data is attributable to the more refined classification methodology. In the future, TECO will continue to improve product revenue tagging, technical criteria assessments, and data collection processes to enhance the completeness and verifiability of sustainable product revenue disclosures.

Note 3: The numerator of the sustainable revenue percentage is the total revenue from sustainable products/services identified in the annual review, while the denominator is the revenue in the consolidated financial statements. In the future, TECO will

continue to expand the coverage rate of subsidiary revenue from sustainable products/services included in the annual review.

# 4.1-2 Business Opportunities Arising from Climate Change

TECO's vision of "Becoming the key driver in realizing global electrification, intelligence, and green energy development" closely aligns with the current global trend of low-carbon transformation. The business opportunities are described as follows:

## Electrification

Continue to deepen the deployment of electrification across diverse vehicles and industrial power applications, capitalize on the global low-carbon transition trend, and progressively establish commercial achievements at scale.

- **Power Transformer Product Solutions: Advancing Global Energy Resilience**

  In response to grid upgrades and the substantial demand for stable power from AI data centers (AIDCs), TECO is actively strengthening its transformer product portfolio. By integrating the resources of Shen Chang Electric, the business has expanded from Taiwan into North America, and a new transformer plant was expanded in Zhongli in 2025 to increase production capacity and support global demand for data center construction and power grid upgrades. In terms of R&D, TECO is committed to developing medium- and high-voltage products ranging from 69kV to 161kV and has officially initiated a project to develop a 2MW-class "Solid-State Transformer (SST)." Targeting the high-efficiency power demands of AIDC, TECO is making every effort to enter the AI data center construction and industrial infrastructure supply chains in North America and Southeast Asia.

- **Vehicle Electrification Solutions: Driving a New Era of Low-Carbon Transportation**

  Launched the "e-Axle Solution" featuring hairpin-winding oil-cooled motors and high-efficiency permanent magnet synchronous motors (PMSMs), successfully entering the European and domestic electric bus supply chains; Taiwan's first zero-carbon future vessel, "Porrima P111," also uses the Company's PMSM, expanding low-carbon marine applications. In addition, TECO launched high-performance drone motors suitable for the 1 to 20 kg class, targeting commercial markets such as agriculture, inspection, and surveying, while continuing to deepen the deployment of electrification across diverse vehicles.

- **Mobile Variable Frequency Control Station: Maximizing Energy Deployment Flexibility**

  The Mobile Electrical Room (VB-Skid) is one of the core solutions in TECO's Electromechanical Systems and Automation product line, providing highly flexible electrification deployment capabilities. In line with its Middle East market expansion strategy, TECO plans to establish a Middle East subsidiary in Dubai in 2026 and form an alliance with Saudi Arabia's Kanoo Energy to jointly sell electrification products

and solutions, formally entering the Middle East oil and natural gas energy sector and developing business opportunities in Middle East data centers and industrial infrastructure.

- **Power Equipment Drive Solutions: Integrating High-Efficiency Hardware and Smart Monitoring**

  Covering a full range of motor design and manufacturing capabilities from 1/4HP to 100,000HP, integrated with medium- and low-voltage variable frequency drives, servo systems, and smart energy management systems (EMS), TECO assists energy-intensive manufacturing industries in improving energy efficiency and advancing corporate net-zero transformation goals.

## Energy-Saving and Decarbonization Intelligence

Promote the upgrading of manufacturing and service models through digital and smart technologies, strengthen operational efficiency, and create data value.

- **Automation Drive Solutions: The Core of Precise and Efficient Industrial Power**
  Continue to deepen smart manufacturing and high-efficiency drive applications, comprehensively promote upgrades to IE4 and above high-efficiency motors, improve the operating efficiency and energy management performance of industrial equipment, and support customers in achieving their net-zero transformation goals.

- **Process Automation System Integration: Cross-Site Smart Manufacturing Collaboration**
  Engage in close collaboration with Hon Hai Technology Group to jointly advance data centers, facility electrical energy conservation, and smart manufacturing, establish a dedicated task force, and develop modular data center solutions and cross-site integration capabilities.

- **Smart Energy-Saving Control Solutions: Data-Driven Energy Conservation Management**
  Develop enterprise-level EMS and smart factory platforms that integrate AI and IoT technologies to provide smart services such as energy optimization, anomaly alerts, and preventive maintenance, assisting enterprises in achieving substantial energy savings and ESG goals.

- **IDC Data Center Turnkey Projects: Supporting Infrastructure for the AI Era**
  Following the acquisition of Malaysia's NCL Energy, TECO secured hyperscale data center electromechanical engineering contracts in Malaysia and Thailand, with cumulative installed capacity exceeding 700MW, and continues to expand its Southeast Asian market.

- **Robot Joint Modules: Establishing the Foundation for the Smart Robotics Industry**
  The bionic robot joint module M1-140 received the 34th Taiwan Excellence Gold Award, establishing a key foundation for entering the smart robotics industry. The

new-generation servo products integrate EtherCAT communication and are being promoted for new robotic arm applications.

- **Drone Power Systems: Expanding the Scope of Low-Carbon Smart Applications**
  Leverage high-performance power systems to enter smart application fields such as agricultural spraying, inspection, and surveying, actively develop non-China supply chains, and expand the market presence of low-carbon smart applications.

## Green Energy

With energy transition and substantial energy conservation as the core development directions, actively expand low-carbon business opportunities through high-efficiency equipment, system integration, and engineering services.

**Offshore Wind Power Substations: Leading Taiwan's Energy Transition**
Undertook the 500MW onshore substation project for the Fengmiao Offshore Wind Farm, with the cumulative contracted capacity of offshore wind power onshore projects exceeding 2.5GW, placing TECO at the forefront of the industry.

**Photovoltaic and Energy Storage Systems: Strengthening Green Energy Application Capabilities**
Actively invest in smart grid and energy storage projects, advance the preliminary design and R&D of a 1.5MW PCS and mass production deployment, and independently construct Taiwan's largest energy storage site, the Longtan Energy Storage System, with an installed capacity of 60MW and total energy storage capacity of 80MWh. With a system execution rate exceeding 99%, TECO continues to strengthen its energy storage power equipment and system integration capabilities.

**Power Generation, Energy Storage, Power Trading, Smart Energy Management, and Operations: Delivering Proven Industrial Energy-Saving Results**

Upgrade ESCO services into a "One-Stop Smart Green Factory Solution," integrating energy management systems (EMS) and green electricity trading services to assist customers in improving energy efficiency and continuously enhancing their low-carbon operational capabilities. Assist the PCB industry, healthcare systems (an MOU with Tzu Chi), and state-owned enterprises (Taiwan Water Corporation) in implementing energy-saving improvements, with annual electricity savings expected to reach 3.87 million kWh, and received recognition through the "Outstanding ESCO Management Award" from the Energy Administration, Ministry of Economic Affairs.

1. **A total of 7 TECO Electric & Machinery products received awards at the 34th Taiwan Excellence Awards.**Robot Joint Motor Module (M1-140)/Gold Award (Highest Honor)
2. Direct-Drive Traction Motor for Medium-Sized Electric Buses
3. High-Performance General-Purpose AC Servo Drive System with Communication Capabilities
4. North American Super Premium Efficiency Motor
5. New-Generation IE5 Slim Permanent Magnet Axial Flux Motor
6. Sealless Axial Magnetic-Drive Centrifugal Pump
7. AI Smart Energy-Saving Magnetic Levitation Chiller

**Deep Energy-Saving Integrated Services - Low-Carbon Transformation of Healthcare Systems**

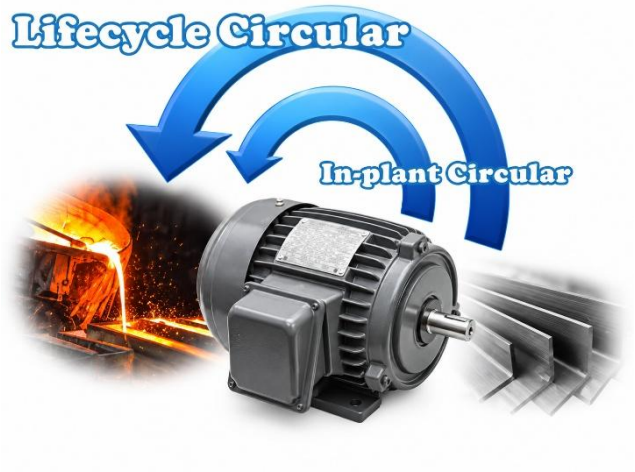
TECO Electric & Machinery collaborated with the Buddhist Tzu Chi Medical Foundation to promote a deep energy-saving project for the healthcare system, introducing integrated energy management and equipment optimization solutions. The project covers eight major hospital campuses and is estimated to save approximately 12,240 MWh of electricity annually and reduce approximately 5,803 metric tons of $CO_2e$ emissions, substantially improving energy efficiency and carbon reduction benefits.

This service integrates air-conditioning, lighting, and power systems and introduces an energy management platform (EMS) to establish a trackable energy-saving performance mechanism, demonstrating TECO's capability to transform from an equipment supplier into an integrated energy service provider. At the same time, it also aligns with the energy efficiency and service-based business model categories under climate transition opportunities, and helps establish a long-term and stable source of energy service revenue, with potential for replication and expansion across different sites.

## Transforming into a circular economy




### Transition to a Circular Economy




How are motor materials recycled? TECO has two cycles: the "small in-plant cycle" and the "large lifecycle cycle".

### Internal Small Cycle

TECO has its own foundry in Taiwan and is capable of melting scrap generated during the production process in an electric furnace and remanufacturing it into motor frames, brackets, and housings. By leveraging industry-leading silicon steel scrap melting technology, TECO reuses waste resources to replace the use of pig iron in casting, with recycled materials accounting for 68.62%.

## Lifecycle Large Cycle

The general design life of industrial motors is 10–15 years, while specially designed ones can last over 30 years. At the end of a motor's lifecycle, it is collected and dismantled by scrap metal vendors. Over 90% of the materials—steel, iron, copper, and aluminum—are separated and returned to the raw material stage for remelting and remanufacturing. In 2025, E&E Recycling, a joint venture between TECO and home appliance companies, recovered valuable materials worth NT$912.76 million from discarded items. However, high-efficiency motors require high-grade silicon steel sheets, which are rarely made from recycled scrap steel. Most of the scrap steel is used in the production of building materials, such as angle irons and rebar, which continue to exist in our daily lives

**Pilot Circularity Calculation**

In 2025, TECO introduced ISO 59020 "Circular Economy - Measuring and Assessing Circularity Performance" for the first time, using the IE4 high-efficiency motor as a representative product to conduct a trial calculation of its circularity. Its material recycling rate reached 97.04%, mainly because its structure consists primarily of metals such as cast iron and silicon steel; reusable packaging materials such as steel butterfly cages and three-ply plywood were also introduced into logistics operations in Taiwan for circular use.

In the future, we will continue to assess the feasibility of introducing recycled materials, optimize product disassemblability and durability, advance toward the goals of waste reduction and resource circularity, and promote the reuse of product components and the labeling and classification of materials to improve recycling efficiency.

# 4.1-3 Product Lifecycle Management

TECO introduces DfE (Design for Environment) at the raw material and component selection stage, incorporating low-carbon, circularity, and safety considerations throughout the entire product lifecycle.

| | |
|---|---|
| Design Stage | • Motor Lightweighting: In 2025, TECO developed the T-HiPro+ series motors. Taking the 11,000kW model as an example, the optimized lightweight motor is approximately 28.6% lighter than the original product, with each motor reducing weight by 11,591 kg and carbon emissions by 27,532 kg.<br>• At the same time, TECO developed a third-generation hairpin-winding oil-cooled motor featuring both high efficiency and lightweight design, with a maximum efficiency of 97.5%, power output of 250kW, and torque of 580Nm. The total unit weight is less than 62 kg, with a power density of 4.1 kW/kg, 3 to 4 times that of conventional motors, demonstrating the advantages of compact size and high energy efficiency.<br>• Use of recycled materials in motors: Motor housings are cast using silicon steel scrap as well as manganese iron, clay, and scrap steel plates, with recycled materials accounting for 68.62% of the cast iron housing.<br>• Water-based paint introduction plan for motors: By the end of 2025, the proportion of water-based paint usage reached 83.1% of total production, reducing VOC (volatile organic compounds) emissions by 9.84 metric tons compared to 2024, representing a 9.7% reduction.<br>• Eco-friendly refrigerant replacement: In residential air conditioners, TECO promoted the adoption of R32 eco-friendly refrigerant and refrigerant recovery in the production process. In 2025, 100% of produced units adopted this. |
| Production Stage | • Through process and equipment optimization as part of energy-saving and carbon-reduction programs, the total electricity savings in 2025 amounted to 638,327 kWh. These efforts included promoting smart automated production and energy-saving equipment solutions.<br>• TECO continues to promote waste resource recovery by recycling and remelting silicon steel scrap generated during the motor manufacturing process and remanufacturing it into cast iron motor housings. In 2025, a total of 2,494.92 metric tons of recycled scrap was used, with recycled raw materials accounting for 65.2% of total raw materials. The total annual casting output was 3,635.75 metric tons, with recycled materials accounting for 68.62% of the cast iron housings, effectively reducing the use of virgin metals and resource waste.<br>• Control of SF6 fugitive emissions: For overhead line switch products (POLE SW), measurement and filling equipment were improved to reduce leakage. |
| Quality management | • Quality Management System<br>Based on ISO 9001 and in compliance with industry-specific standards (such as IATF 16949 for the automotive industry), a comprehensive quality management system has been established, covering product design, development, procurement, production, inspection, and after-sales service. Most production sites have obtained ISO 9001 certification, and each business group sets measurable quantitative quality objectives aligned with corporate strategies and systematically enhances quality management effectiveness by applying the PDCA cycle and risk-based thinking.<br><br>• Product Quality Control<br>Risk analysis and preventive thinking have been fully incorporated into the product realization process. Through mechanisms such as quality control manuals, process monitoring, product inspections, and Measurement System Analysis (MSA), process and quality anomaly risks are strictly identified and reduced. Nonconforming product control procedures are implemented before delivery to customers to prevent nonconforming products from being released. |

| | |
|---|---|
| | Before external verification, all products undergo rigorous internal audits and obtain independent external certifications such as ISO 9001, ensuring compliance with safety and performance standards and customer requirements. No product recall incidents have occurred in the past four years; the Company will promptly disclose relevant explanations and corrective measures and continue to optimize its quality management mechanisms.<br><br>• Emerging Technology Applications<br>Actively integrate emerging technologies such as AI and digital manufacturing, introducing smart quality inspection and data analysis to improve product quality and process precision.<br><br>• Monitoring and Continuous Improvement<br>The effective operation of the management system is monitored through customer satisfaction surveys, internal audits, data analysis, and continuous improvement mechanisms. Regular role-specific training on the quality management system is provided to internal stakeholders to continuously enhance personnel's quality awareness and execution capabilities. Customer service and repair hotlines have been established for external stakeholders to file complaints regarding nonconforming products, and customer feedback is collected as a basis for quality improvement.<br><br>• Supply Chain Quality Management<br>Suppliers are required to comply with the Company's quality standards for products and services and conform to international regulations such as RoHS and REACH to maintain supply chain quality and process consistency. |
| Usage and Maintenance Stage | • According to the IEC efficiency class classification, IE4 and IE5 are ultra-high-efficiency (Super / Ultra Premium Efficiency) motors.<br>• In 2025, TECO Electric & Machinery redefined high-efficiency motors as IE4/IE5 motors, with revenue from high-efficiency motor products accounting for 8.1%.<br><br>• Committed to the R&D of energy-saving and water-saving home appliances, green home appliances accounted for 64.9% of revenue in 2025, reducing emissions by 2,882 metric tons.<br>• TECO's T-Power+ Electric Vehicle Powertrain System for buses was among the first powertrain systems in Taiwan to be recognized under the DMIT (Design and Manufacture in Taiwan) Industrial Innovation Program. In 2025, it achieved an 80% market share in Taiwan, effectively accelerating the decarbonization and transformation of public transportation.<br><br>• The majority of motor product components are made of recyclable metal materials. For example, the AEHF series motors contain up to 97% recyclable materials upon disposal. |
| Recycling Stage | • Home appliance products participate in the Taiwan Ministry of Environment's “4 Main Appliances” recycling policy (TVs, washing machines, refrigerators, air conditioners/heaters, and electric fans), offering consumers free transport of discarded items to qualified processors. In 2025, products complying with the “5 Main Appliances” recycling policy accounted for 51.9% of annual sales value.<br><br>• TECO co-founded the E&E Recycling company in Taiwan with other home appliance manufacturers and appointed board members to provide recycling services for discarded electronic and electrical products. In 2025, TECO recovered valuable materials totaling NT$77.78 million from discarded items. |

## Product End-of-Life Responsibility

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

| | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| Product Recyclability Ratio | 79.62% | 74.04% | 74.24% | 78.81% |
| Actual Recycling Ratio | 73.71% | 63.95% | 62.85% | 81.91% |
| Recycling Revenue (NTD thousands) | 117,670 | 121,648 | 111,342 | 108,532 |

1. Calculation of recyclable ratios for sold products:

- The recyclable proportion of products is estimated based on the sales mix of motors and home appliance products, combined with the characteristics of recyclable materials in each product category.
- Considering TECO's numerous product models and the differences in material composition, dimensions, and application scenarios among products, product sales value is currently used as the basis for estimating the product mix to reflect the market sales percentage and contribution of recyclable materials for each product category.

2. Calculation of actual recyclable ratios:

- The actual recycling proportion is estimated based on the product sales mix and end-of-life recycling scenarios.
- As motor products are primarily composed of metal materials, have a product lifecycle of approximately 10 to 15 years, and are generally reused through existing metal recycling systems after replacement, the recycling proportion of motor products is assumed to be 100%.
- For home appliance products, estimates are based on Taiwan's recycling system for the four types of waste home appliances (televisions, washing machines, refrigerators, and air conditioners) and market recycling models, with the recycling proportion of home appliance products assumed to be 50%.

3. Motor products are primarily composed of metal materials. Taking the AEHF Series as an example, the proportion of recyclable metal materials can reach up to 97%.
4. Taiwan's Ministry of Environment has established a recycling mechanism for the four types of waste home appliances, under which distribution channels assist in transporting waste products to qualified recycling and treatment institutions. Therefore, product manufacturers have relatively limited ability to directly track the final recycling destinations and actual recycling volumes.
5. TECO will continue to improve its product material and circularity data management mechanisms and progressively enhance the completeness and accuracy of disclosures related to product lifecycle and circular economy indicators.
6. Taiwan's Ministry of Environment has issued the “4 Main Appliances” recycling policy (refrigerator, air conditioner, washing machine, TV, electric fan), under which the retail unit from which the consumer purchases the product provides transportation services to qualified processors for treatment. As a result, manufacturers are less likely

to obtain actual recycling volume data.

7. In the past four years, there have been no product recalls due to abnormalities, and the number of product recall incidents has remained at 0. If customers or external stakeholders have product quality concerns, they may contact sales representatives or the product customer service department. Upon receiving a customer complaint申, the company dispatches personnel immediately to verify the product issue.

# 4.2 Undertake forward-looking social investment and talent cultivation

TECO Electric & Machinery is committed to forward-looking social investment and talent development, focusing on cultivating technology talent and industry-academia collaboration, promoting social progress through concrete actions, and realizing its long-term vision of shared prosperity between the Company and society.

## 4.2-1 Industry-Academia-Research Collaboration

TECO has integrated the strength of the R&D units that the Company established domestically and overseas and our market experiences in recent years. We have also enhanced our core business and invested in green industries proactively through industry-university-institute collaboration. In response to the need for mid- and long-term R&D of new technologies and new products, as well as short-term operational needs to improve product cost-performance, TECO's R&D team actively seeks external resources through technical consulting, collaboration, and technology introduction to strengthen technological content. In the past, TECO has established industry-academia collaborations with the Industrial Technology Research Institute, National Taiwan University, National Cheng Kung University, and multiple universities in the areas of data service management, high-efficiency motors, and motor control. In terms of electromechanical engineering and factory-side design needs, ongoing discussions are held with National Taiwan University of Science and Technology and National Taipei University of Technology.

TECO's Office of the Chief Technology Officer focuses on technology strategies and connects R&D capabilities across Nangang, Taiwan, Austin, the United States, and Hangzhou, China. Based on the distinct professional strengths of each location, it implements industry-academia collaboration talent development programs, including assessing the R&D talent needs of business groups, selecting suitable universities and departments, confirming collaboration details (scholarships, internship mechanisms, etc.), launching recruitment and selection, and facilitating the transition to employment, with the aim of establishing long-term industry-academia collaboration mechanisms and strengthening TECO's R&D capabilities.

## 4.2-2 TECO's Social Investment

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

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|  | "TECO Award"<br>The "TECO Award" aims to recognize individuals who have made outstanding contributions to the development of technology and the humanities in Taiwan and to promote technological innovation, talent development, and industry-academia collaboration. The recipients in the science and technology category of the 32nd TECO Award in 2025 cumulatively facilitated 379 industry-academia collaboration projects and 211 technology transfers, with the combined value of collaborations and transfers exceeding NT$1.8 billion, demonstrating the benefits of commercializing scientific research outcomes. The TECO Award has long aligned with SDG 4 "Quality Education" and SDG 9 "Industry, Innovation and Infrastructure," continuously advancing knowledge creation and sustainable development of industry. |
|  | "Net Zero Tech International Contest"<br>The TECO Technology Foundation shoulders the social responsibility and mission of the times to cultivate technology talent and calls on all sectors in Taiwan and abroad to pay attention and take action toward the vision of "Net Zero by 2050." Since 2023, it has co-organized the "Net Zero Tech International Contest" with National Taiwan University. Over the past three years, a total of 2,195 university faculty members and students have participated, submitting 374 net zero technology projects, with participants from more than 16 countries.<br>The 2025 contest attracted faculty members and students from 16 countries, including the United States, India, Indonesia, Russia, Germany, and Japan, who formed teams and registered, with 92 teams in the international competition and 138 teams in the Taiwan competition, totaling 1,150 participating faculty members and students from around the world. In the end, teams from National Central University and National Taiwan University of Science and Technology won the international competition and Taiwan competition championships, respectively, highlighting the contemporary significance of international cooperation and exchange. |

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|  | "Project Exclamation Mark"<br>TECO Electric & Machinery continues to promote the preservation of Indigenous cultures and educational transmission. In 2025, it implemented 39 cultural transmission and education programs for 10 ethnic groups, delivering a cumulative 9,092 hours of courses and cultivating 1,222 students, with tribal elders and cultural instructors jointly participating to deepen the transmission of Indigenous languages, music and dance, and traditional cultures. The annual "Amazing Music and Dance" performance brought together 379 participants from six major ethnic groups and has attracted more than 31,000 attendances cumulatively, demonstrating the achievements of cultural transmission and social inclusion. This program aligns with SDG 4 "Quality Education" and SDG 11 "Sustainable Cities and Communities," continuously promoting the sustainable development of multiculturalism. |
|  | "Rural Science Innovation Teaching Program"<br>Taiwan's most experienced and professional science teacher, Tian Yuan, continuously provides science courses to rural schools in 53 townships across 11 remote counties and cities throughout Taiwan through a "hands-on experience" model. In 2025, the program was implemented at 229 schools, benefiting 10,683 students. Since 2009, this program has continuously provided science courses to more than 140,000 students over 17 years. By the time each child graduates from elementary school, they will have acquired complete knowledge of at least 6 core scientific principles and concepts for their creative application. The program actively promotes creativity education in Taiwan through science courses and enrich science and education resources in rural areas. |

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|  | "Green Brain Innovation Competition" TECO Electric & Machinery continues to advance sustainability education. In 2025, it held the fourth "Green Brain Innovation Competition," attracting 33 elementary and junior high school teams from across Taiwan. Focusing on energy innovation and energy-saving design, the competition cultivated the new generation's awareness of sustainability issues and hands-on capabilities. The entries covered areas such as energy conversion and energy conservation in daily life. Through guidance from professional judges, students were assisted in transforming their creativity into concrete and feasible solutions, deepening their understanding of net zero transition and energy applications. This activity aligns with SDG 4 "Quality Education" and encourages teachers and students to actively participate in sustainability actions through scholarships and resource investment, continuously laying the foundation for the Company's long-term environmental and social value. |
|  | TECO Electric & Machinery has sponsored and supported the "Formula Student Taiwan" competition for four consecutive years, continuously deepening industry-academia collaboration. The activity aligns with SDG 4 "Quality Education," providing students across Taiwan with a practical learning platform and encouraging the development of innovative thinking and teamwork skills. At the same time, TECO showcased its 130kW two-in-one electric vehicle powertrain system, which has been applied in the modified muscle car market in the United States, directly supporting SDG 7 "Affordable and Clean Energy" and demonstrating the Company's technology deployment and product capabilities in the electric vehicle sector. In addition, the Human Resources and EV Powertrain Business teams delivered professional presentations and actively interacted with students to expand talent development channels. In the future, TECO will continue to invest in innovative R&D, strengthen its connections with academia, and jointly advance transportation electrification and the achievement of global sustainable development goals. |

# 2025 Employee Participation and Social Impact Outcomes

| Sustainability Aspect | Activity Name | Activity Results |
|---|---|---|
| Social Inclusion | My Rice Field Charity Rice Subscription | The "My Rice Field" Charity Subscription Program was promoted, with a cumulative 2,500 bags of rice subscribed and donated to the Reindeer Children's Home in Taoyuan, supporting disadvantaged groups and local charitable initiatives through concrete actions and deepening the impact of the Company's social participation. |
| Marine Environmental Protection | Beach Cleanups | In 2025, 2 beach cleanups were held, bringing together employees from TECO Group and its affiliates. More than 90 participations were recorded in coastal environmental maintenance, demonstrating the Company's commitment to marine waste management and environmental sustainability. |
| Climate Action | Earth Hour Initiative | In response to the global Earth Hour initiative to turn off lights for one hour, the Group's plants and office locations jointly participated in energy conservation and carbon reduction actions, enhancing employees' awareness of and participation in climate change and low-carbon lifestyles. |
| Biodiversity | Tefuye Historic Trail Ecological Restoration | A three-day, two-night Tefuye Historic Trail restoration activity was organized, integrating Tsou culture, ecological education, and salamander habitat conservation. Through hands-on participation, employees deepened their awareness of natural ecology and biodiversity issues. The activity received enthusiastic registration and quickly reached full capacity. |
| Sustainable Agriculture and Food and Farming Education | My Rice Field Rice Planting and Harvesting Experience | Agricultural participation activities were promoted, with more than 120 participations in rice planting and harvesting experiences. Through hands-on participation in the farming process, employees' recognition of sustainable agriculture, food issues, and land-friendly principles was enhanced. |

# Appendix



## 5.1 GRI Content Index

| | |
|---|---|
| **Statement of Use** | **TECO Electric & Machinery Co., Ltd. has reported the information for the period January 1 to December 31, 2025 in accordance with the GRI Standards.** |
| **GRI 1 Used** | GRI 1: Foundation 2021 |
| **Applicable GRI Sector Standards** | No applicable sector standards. |

| **GRI 2: GENERAL DISCLOSURES** | | **CHAPTER** | **PAGE NUMBER** |
|---|---|---|---|
| **2-1** | Organizational details | 1.2 Annual Performance Highlights | 9 |
| **2-2** | Entities Included in the Organization's Sustainability Reporting | About this Report | 3 |
| **2-3** | Reporting Period, Frequency, and Contact Point | About this Report | 3 |
| **2-4** | Restatements of information | No restatements of information | - |
| **2-5** | External assurance | About this Report | 3 |
| **2-6** | Activities, value chain, and other business relationships | 1.2 Annual Performance Highlights, 2.3-5 Participation in Industry Associations and Policy Influence | 9, 134 |
| **2-7** | Employees | 2.2-2 Equal Treatment and Opportunity | 73 |
| **2-8** | Workers who are not employees | 2.2-2 Equal Treatment and Opportunity | 73 |
| **2-9** | Governance Structure and Composition | Please refer to "1. Information on Directors and Management /1.1 Directors" in TECO Electric & Machinery's annual report. | - |
| **2-10** | Nomination and selection of the highest governance body | 2.3-1 Sustainable Governance, TECO Website: About TECO / Corporate Governance / Status of Corporate Governance | 116 |
| **2-11** | Chair of the highest governance body | The chairperson of the Board of Directors does not concurrently serve as President. | - |
| **2-12** | Role of the highest governance body in overseeing the management of impacts | 1.4 Stakeholder Identification and Communication | 16 |
| **2-13** | Delegation of responsibility for managing impacts | 2.3-3 Internal Control and Risk Management | 123 |
| **2-14** | Role of the highest governance body in sustainability reporting | About this Report, 2.3-1 Sustainable Governance | 3, 116 |
| **2-15** | Conflict of interest | ● For information on the Company's directors serving on the boards of other companies, please refer to "1. Information on Directors and Management /1.1 Directors " in the annual report. | - |

| | | | |
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| | | ● There are no spousal or second-degree kinship relationships among the directors. For proposals listed on the board agenda, any director or the legal entity they represent who has a conflict of interest shall explain the material content of the conflict at the relevant board meeting. If the conflict is likely to be detrimental to the interests of the Company, the director shall refrain from participating in the discussion and voting, and shall not act as a proxy for another director in voting. Please refer to the annual report section titled "Implementation of Recusal by Directors in Case of Conflict of Interest."<br>● For information on cross-shareholdings with suppliers or other stakeholders and the existence of controlling shareholders, please refer to the annual report section titled "The number of shares held by the company, its directors, managers, and subsidiaries directly or indirectly controlled by the company in the same investee company, and the consolidated shareholding percentage."<br>● For information regarding concurrent positions held by directors, please refer to the annual report section "5. Information on Whether the Chairman, President or Other Managers Have Worked for CPA Firms or Related Entities in the Past Year." | |
| **2-16** | Communication of critical concerns | 2.3-1 Sustainable Governance, TECO Website: About TECO / Corporate Governance / Status of Corporate Governance | 116 |
| **2-17** | Collective knowledge of the highest governance body | Please refer to "2. The status of directors' continuing education " in the annual report. Sustainability-related continuing education courses include AI governance, fair customer treatment and the rights of persons with disabilities, legal matters related to corporate governance, sustainability trends and opportunities, net zero emissions, and climate change. | - |
| **2-18** | Evaluation of the performance of the highest governance body | An annual "Board Performance Evaluation" is conducted. In 2025, the self-evaluation result was rated "Excellent." The evaluation covered five key aspects: participation in Company operations, enhancement of Board decision-making quality, Board composition and structure, Board member selection and continuing education, and internal controls, comprising a total of 45 evaluation indicators. In addition, every three years, an evaluation is carried out by an external professional independent organization. The most recent external evaluation was in 2023 and was conducted by the Taiwan Institute of Ethical Business. The evaluation aspects included: Board professional competencies, Board composition and member selection, decision-making effectiveness, Board attention to and oversight of internal controls, and the Board's attitude toward sustainable operations. Please refer to the annual report section "Implementation of Board Performance Evaluation." | - |
| **2-19** | Remuneration policies | 2.3-1 Sustainable Governance, Annual Report "Analysis of the Ratio of Total Remuneration Paid to the Company' s Directors, President, and Vice Presidents by the Company and All Consolidated Entities in the Past Two Years to the Company' s Net Income After Tax, and Description of the Remuneration Policy, Standards, Composition, Determination Procedures, and Its Relevance to Business Performance." | 116 |
| **2-20** | Process to determine remuneration | 2.3-1 Sustainable Governance, the remuneration package for appointed managers is reviewed by the Remuneration Committee and submitted to the Board of Directors for resolution. During the review process, both internal equity and external market salary data are considered to ensure the overall compensation system is fair and market-competitive. External compensation data primarily references market salary surveys provided by Willis Towers Watson (WTW). To further strengthen the appropriateness and attractiveness of the salary structure, the remuneration system is periodically reviewed and optimized in cooperation with external professional organizations such as WTW and PwC Taiwan, to continuously enhance talent attraction and retention. | 116 |
| **2-21** | Annual Total compensation Ratio | The ratio of the annual total remuneration of the highest-paid individual in the organization to the median of the annual total remuneration of all other employees (excluding the highest-paid individual) is 17.72.<br>The ratio of the percentage increase in the highest-paid individual's annual total remuneration (-20.05%) to the median percentage increase in annual total | - |

| | | | |
|---|---|---|---|
| | | remuneration for all other employees (excluding the highest-paid individual) (1.19%) is -16.85%.<br>Remuneration is calculated in accordance with national accounting standards.<br>Due to changes in the organization's senior management personnel, the remuneration difference was negative. | |
| **2-22** | Statement of Sustainable Development Strategy | Message from the Chairman | 6 |
| **2-23** | Policy commitments | TECO Website / Sustainability/ CSR / TECO Human Rights Policy https://www.teco.com.tw/Upload/att/2026-06/20260623102200027154492 2.pdf | - |
| **2-24** | Embedding policy commitments | TECO Website / Sustainability/ ESG / TECO Sustainability Commitments https://www.teco.com.tw/Upload/att/2026-01/20260108192656284979777 3.pdf | - |
| **2-25** | Processes to remediate negative impacts | 1.4 Stakeholder Identification and Communication | 16 |
| **2-26** | Mechanisms for Seeking Advice and Raising Concerns | 1.4 Stakeholder Identification and Communication | 16 |
| **2-27** | Compliance with laws and regulations | 5.4 Legal Compliance Violations | 178 |
| **2-28** | Membership associations | 2.3-5 Participation in Industry Associations and Policy Influence | 134 |
| **2-29** | Approach to stakeholder engagement | 1.4 Stakeholder Identification and Communication | 16 |
| **2-30** | Collective bargaining agreements | 2.2-3 Talent Career Development | 81 |

| **GRI 3: MATERIAL TOPICS** | | **CHAPTER** | **PAGE NUMBER** |
|---|---|---|---|
| **3-1** | Process for determining material topics | 1.4 Stakeholder Identification and Communication | 16 |
| **3-2** | List of material topics | 1.4 Stakeholder Identification and Communication | 16 |
| **3-3** | Material topic management | 1.4 Stakeholder Identification and Communication | 16 |

| **GRI TOPIC STANDARDS**<br>**Items marked with ★ in the table are material topics; unmarked items are other voluntarily disclosed issues; items marked with ◎ have obtained type 2 moderate assurance under aa1000as v3.** | | **CHAPTER** | **PAGE NUMBER** |
|---|---|---|---|
| **GRI 201: ECONOMIC PERFORMANCE 2016** | | | |
| **201-1** | Direct economic value generated and distributed | 1.2 Annual Performance Highlights | 9 |
| **GRI 205 ANTI-CORRUPTION 2016** | | | |
| **205-2** | Communication and training about anti-corruption policies and procedures | 2.3-2 Business Ethics | 121 |
| **GRI 301 MATERIALS 2016** | | | |
| **301-2** | Recycled input materials used | 3.1-3 Sustainable Materials Management | 153 |
| **GRI 302★ ENERGY 2016** | | | |
| **302-1** | Energy consumption within the organization | 2.1-1 Climate Action | 30 |
| **302-3** | Energy intensity | 2.1-1 Climate Action | 30 |
| **302-4** | Reduction of energy consumption | 2.1-1 Climate Action | 30 |
| **GRI 303★ WATER AND EFFLUENTS 2018** | | | |
| **303-3** | Water withdrawal ◎ | 2.1–2 Water Resource Management | 49 |
| **303-4** | Water discharge ◎ | 2.1–2 Water Resource Management | 49 |
| **303-5** | Water consumption ◎ | 2.1–2 Water Resource Management | 49 |
| **GRI 305★ EMISSIONS 2016** | | | |
| **305-1** | Direct (Scope 1) GHG emissions | 2.1-1 Climate Action | 30 |
| **305-2** | Energy indirect (Scope 2) GHG emissions | 2.1-1 Climate Action | 30 |
| **305-3** | Other indirect (Scope 3) GHG emissions | 2.1-1 Climate Action | 30 |
| **305-4** | GHG emissions intensity | 2.1-1 Climate Action | 30 |

| | | | |
|---|---|---|---|
| **305-5** | Reduction of GHG emissions | 2.1-1 Climate Action | 30 |
| **305-7** | Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | 2.1-1 Climate Action | 30 |
| **GRI 306★: WASTE 2020** | | | |
| **306-1** | Waste generation and significant waste-related impacts | 2.1-3 Waste Management | 56 |
| **306-2** | Management of significant waste-related impacts | 2.1-3 Waste Management | 56 |
| **306-3** | Waste generated ◎ | 2.1-3 Waste Management | 56 |
| **306-5** | Waste directed to disposal ◎ | 2.1-3 Waste Management | 56 |
| **GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016** | | | |
| **308-2** | Negative environmental impacts in the supply chain and actions taken ◎ | 3.1-2 Supply Chain Management | 145 |
| **GRI 401★ EMPLOYMENT 2016** | | | |
| **401-1** | New employee hires and employee turnover | 2.2-3 Talent Career Development | 81 |
| **401-2** | Benefits provided to full-time employees that are not provided to temporary or part-time employees | 2.2-3 Talent Career Development | 81 |
| **401-3** | Parental leave | 2.2-3 Talent Career Development | 81 |
| **GRI 402★ LABOR/MANAGEMENT RELATIONS 2016** | | | |
| **402-1** | Minimum notice periods regarding operational changes | Compliance with local regulations<br>Note: In accordance with relevant regulations, when large-scale workforce adjustments meet the applicable criteria, affected employees and the relevant regulatory authorities must be notified at least 60 days in advance, and necessary transition support must be provided. | - |
| **GRI 403★ OCCUPATIONAL HEALTH AND SAFETY 2018** | | | |
| **403-1** | Occupational health and safety management system | 2.2-5 Occupational Safety and Health Commitment | 109 |
| **403-2** | Hazard identification, risk assessment, and incident investigation (Exercise of the right to withdraw is protected by law and shall not be subject to additional disciplinary action.) | 2.2-5 Occupational Safety and Health Commitment | 109 |
| **403-3** | Occupational health services | 2.2-5 Occupational Safety and Health Commitment | 109 |
| **403-4** | Worker participation, consultation, and communication on occupational health and safety | 2.2-5 Occupational Safety and Health Commitment | 109 |
| **403-5** | Worker training on occupational health and safety | 2.2-5 Occupational Safety and Health Commitment | 109 |
| **403-6** | Promotion of worker health | 2.2-5 Occupational Safety and Health Commitment | 109 |
| **403-7** | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 2.2-5 Occupational Safety and Health Commitment | 109 |
| **403-8** | Workers covered by an occupational health and safety management system | 2.2-5 Occupational Safety and Health Commitment | 109 |
| **403-9** | Work-related injuries | 2.2-5 Occupational Safety and Health Commitment | 109 |
| **403-10** | Work-related ill health | 2.2-5 Occupational Safety and Health Commitment | 109 |
| **GRI 404★ TRAINING AND EDUCATION 2016** | | | |
| **404-1** | Average hours of training per year per employee | 2.2-3 Talent Career Development | 81 |
| **404-2** | Programs for upgrading employee skills and transition assistance programs | 2.2-3 Talent Career Development | 81 |
| **404-3** | Percentage of employees receiving regular performance and career development reviews | 2.2-3 Talent Career Development | 81 |
| **GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016** | | | |
| **405-1** | Diversity of governance bodies and employees | 2.2-2 Equal Treatment and Opportunity | 73 |
| **405-2** | Ratio of basic salary and remuneration of women to men ◎ | 2.2-2 Equal Treatment and Opportunity | 73 |
| **GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016** | | | |
| **414-2** | Negative social impacts in the supply chain and actions taken | 2.2-4 Employee Engagement | 100 |

# 5.2 TCFD Index

| TCFD ITEM | CONTENTS AND PAGE NUMBER | |
|---|---|---|
| GOVERNANCE | Describe the board's oversight of climate-related risks and opportunities | 2.3-1 Sustainable Governance P.116 |
| | Describe management's role in assessing climate-related risks and opportunities | 2.1-1 Climate Action P.30 |
| STRATEGY | Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. | 2.1-1 Climate Action P.30 |
| | Describe the impact of climaterelated risks and opportunities on the organization's businesses, strategy, and financial planning | 2.1-1 Climate Action P.30 |
| | Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. | 2.1-1 Climate Action P.30 |
| RISK MANAGEMENT | Describe the organization's processes for identifying and assessing climate-related risks | 2.1-1 Climate Action P.30 |
| | Describe the organization's processes for managing climate-related risks | 2.1-1 Climate Action P.30 |
| | Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management | 2.1-1 Climate Action P.30 |
| METRICS AND TARGETS | Disclose the metrics used by the organization to assess climaterelated risks and opportunities in line with its strategy and risk management process | 2.1-1 Climate Action P.30 |
| | Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. | 2.1-1 Climate Action P.30 |
| | Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets | 2.1-1 Climate Action P.30 |

# 5.3 SASB Index

| TOPIC | CODE | METRIC | CATEGORY (UNIT) | PAGE |
|---|---|---|---|---|
| Energy Management | RT-IG-130a.1 | (1) Total energy consumed, (2) percentage grid electricity, and (3) percentage renewable | Quantitative (GJ, %) | 2.1-1 Climate Action P.30 |
| Workforce Health & Safety | RT-IG-320a.1 | (1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees | Quantitative (Rate) | (1) TRIR: Direct employees were 49.75%; contract employees were 0.87%.<br>(2) Fatality rate: Direct employees were 0%; contract employees were 0.87%.<br>(3) NMFR: Direct employees were 13.72%; contract employees were 0.00%. |
| Fuel Economy & Emissions in Use-phase | RT-IG-410a.1 | Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles | Quantitative<br>Liters per 100 ton-kilometers | The Company does not have such products and therefore this is not applicable. |
| | RT-IG-410a.2 | Sales-weighted fuel efficiency for nonroad Equipment | Quantitative<br>Liters per hour | The Company does not have such products and therefore this is not applicable. |
| | RT-IG-410a.3 | Sales-weighted fuel efficiency for stationary generators | Quantitative<br>Kilojoules per litre | The Company's generator revenue accounts for approximately 1% of consolidated revenue and is not material; therefore, this indicator is not applicable. |
| | RT-IG-410a.4 | Sales-weighted emissions of (1) nitrogenoxides (NOx) and (2) particulate matter (PM) for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines and (d) other non-road diesel engines | Quantitative<br>Grammes per kilojoule | The Company does not have such products and therefore this is not applicable. |
| Materials Sourcing | RT-IG-440a.1 | Description of the management of risks associated with the use of critical materials | Discussion and Analysis | 3.1-3 Sustainable Materials Management P.153 |
| Remanufacturing Design & Services | RT-IG-440b.1 | Revenue from remanufactured products and remanufacturing service | Quantitative<br>Presentation Currency | 4.1-2 Business Opportunities Arising from Climate Change P.159 |
| Activity Metric | RT-IG-000.A | Number of units produced by product category | Quantitative Number | 1.2 Annual Performance Highlights P.9 |
| | RT-IG-000.B | Number of employees | Quantitative Number | 1.2 Annual Performance Highlights P.9 |

Based on SICS Industry: Industrial Machinery & Goods

# 5.4 Legal Compliance Violations

1. Description of violations of occupational safety and health regulations: January 5, 2025, Taiwan

Violation of laws and regulations: "Article 27 of the Labor Inspection Act and Article 36, Paragraph 1 of the Occupational Safety and Health Act" Taiwan Taoyuan International Airport Terminal 3 Area Public Facilities (I) New Construction Project
A worker stepped through a wooden board and fell while performing rebar assembly work at the Energy Center, resulting in a fatal major occupational accident.
Penalty: Partial suspension of construction.

Improvement strategies:

- Install safety nets beneath openings in work platforms and add backing plates at wooden board joints to strengthen overall structural safety and reduce fall risks.
- Strengthen access control and personnel entry and exit management, and implement site entry reviews and hazard notification mechanisms by the responsible engineers in each area.
- Continue to optimize work platform safety design and management measures, and strengthen education and training on occupational accident reporting and emergency response procedures.

2. Description of violations of occupational safety and health regulations: January 21, 2025, Taiwan

Violation of laws and regulations: "Article 6, Paragraph 1 and Article 43, Paragraph 2 of the Occupational Safety and Health Act" Terminal 3 Area Main Terminal Building Mechanical and Electrical Engineering Project
When working on scaffolding platforms and other locations at a height of 2 meters or more, workers may be exposed to fall hazards.
Penalty Amount: NT$100,000.

Improvement strategies:

1. Remove the temporary work platform planks.
2. Conduct self-inspections and take photographs before and after the work.

3. Description of violations of occupational safety and health regulations: January 21, 2025, Taiwan

Violation of laws and regulations: "Article 6, Paragraph 1 and Article 43, Paragraph 2 of the Occupational Safety and Health Act" Taiwan Taoyuan International Airport Terminal 3 Area Public Facilities (I) New Construction Project
When working jointly with the contractor, the Company failed to conduct inspections as required and did not take active coordination and communication measures to require the contractor to install protective equipment such as guardrails or safety nets on scaffold work platforms on the exterior walls of rooftop structures at a height of 2 meters or more, and to securely connect the scaffolding to the structure at appropriate locations, thereby creating a risk of occupational accidents.
Penalty Amount: NT$150,000.

Improvement strategies:

As corrective measures, additional diagonal braces were installed on the scaffolding, and the cross braces and long fall prevention nets were restored.

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

Violation of laws and regulations: "Article 27, Paragraph 1 and Article 45, Subparagraph 2 of the Occupational Safety and Health Act" Hai Long Offshore Wind Farm Onshore Step-down Substation New Construction Project
When jointly working with workers separately employed by the contractor, although a coordination organization was established and coordination organization meetings were held regularly, no person in charge of the workplace was designated to perform command, supervision, and coordination duties. Furthermore, for workplaces where workers engaged in the installation of carbon dioxide fire extinguishing systems were exposed to serious hazards and the risk of occupational accidents, inspections were not properly conducted as required, nor were the safety protection equipment or measures necessary for the work at such workplaces coordinated and adjusted.
Penalty Amount: NT$100,000.

Improvement strategies:

(1). Update the construction plan, Inspection and Test Plan (ITP), and Job Hazard Analysis (JHA) to strengthen overall risk identification and operational control.

(2). For work involving carbon dioxide fire extinguishing equipment, implement hazard identification, hazard notification, and joint operation management mechanisms.
(3). Establish and implement a lockout/tagout (LOTO) system and valve position and blind flange inspection procedures to ensure safe equipment isolation.
(4). Optimize equipment installation, operation, and maintenance procedures, and adjust the activation method for carbon dioxide cylinders to reduce risks.
(5). Strengthen education and training, update the emergency response plan, and conduct regular drills to enhance accident response capabilities.

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

Violation of laws and regulations: "Article 26, Paragraph 1 and Article 45, Subparagraph 2 of the Occupational Safety and Health Act" Hai Long Offshore Wind Farm Onshore Step-down Substation New Construction Project
When assigning the work to a contractor, the contractor was not specifically informed in writing in advance of hazards in the work environment, such as the risk of asphyxiation caused by carbon dioxide leakage during carbon dioxide fire extinguishing system installation work.
Penalty Amount: NT$100,000.

Improvement strategies:

Same as above

6. Description of violations of occupational safety and health regulations: February 19, 2025, Taiwan

Violation of laws and regulations: "Article 27, Paragraph 1 and Article 45, Subparagraph 2 of the Occupational Safety and Health Act" Hai Long Offshore Wind Farm Onshore Step-down Substation New Construction Project
When jointly working with workers separately employed by the contractor, the Company failed to conduct inspections as required at workplaces posing serious hazards to workers and risks of occupational accidents, such as temporary electrical equipment connection circuits without earth leakage circuit breakers, and also failed to coordinate and adjust the safety protection equipment or measures necessary for work where workers were exposed to electric shock hazards.
Penalty Amount: NT$150,000.

Improvement strategies:

Inspect all temporary distribution panels within the work area to confirm that earth leakage circuit breakers, insulation, and other measures are installed.

7. Description of violations of occupational safety and health regulations: March 4, 2025, Taiwan

Violation of laws and regulations: "Article 6, Paragraph 1, Subparagraph 1 of the Occupational Safety and Health Act; Article 6, Paragraph 1, Subparagraph 5 of the Occupational Safety and Health Act; Article 63, Subparagraph 6 of the Safety Rules for Cranes and Elevators" TECO Electric & Machinery Zhongli Plant
When workers in the die-casting operation area within the plant operated a stationary crane for lifting operations, the Company failed to ensure that workers did not touch the load by hand after it was lifted off the ground.
The stationary crane did not display a nameplate indicating the manufacturer's name and date of manufacture in a location readily visible to the operator and lifting personnel.
Penalty Amount: NT$100,000.

Improvement strategies:

(1). Improve lifting operations by adding dedicated lifting devices to prevent the fixture (dummy shaft) from slipping off.
(2). Revise (add to) the securing method by adding a fixture to secure the bottom mold and prevent unintended movement.
(3). Revise the work instructions and inspect fixture deformation and the inspection checklist.

8. Description of violations of occupational safety and health regulations: January 6, 2025, Taiwan

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| Violation of laws and regulations: "Article 26, Paragraph 1 and Article 45, Subparagraph 2 of the Occupational Safety and Health Act" Terminal 3 Area Public Facilities New Construction Project<br>When assigning the work to a contractor, although the contractor was informed in writing in advance of the hazards of "falling and rolling down," the contractor was not informed of the measures required under the Occupational Safety and Health Act and relevant safety and health regulations.<br>Penalty Amount: NT$100,000.<br>Improvement strategies:<br>(1). Strengthen access control and personnel entry and exit management, and implement hazard notification.<br>(2). Optimize work platform safety management<br>(3). Strengthen education and training on occupational accident reporting and emergency response. |
| 9. Description of violations of occupational safety and health regulations: January 6, 2025, Taiwan |
| Violation of laws and regulations: "Article 27, Paragraph 1 and Article 45, Subparagraph 2 of the Occupational Safety and Health Act" Terminal 3 Area Public Facilities New Construction Project<br>During joint operations, although a coordination organization had been established and meetings had been convened, regular coordination on personnel entry control was not conducted, and subcontractors were not included in the operation of the coordination organization.<br>Although a person in charge of the workplace was designated to perform command, supervision, and coordination duties, the command, supervision, and coordination of rebar tying work at the Energy Center were not properly implemented, the necessary coordination, adjustment, and inspections of safety protection equipment or measures at the workplace were not properly conducted, and subcontractors were not provided with guidance and assistance in safety and health education and training.<br>Penalty Amount: NT$150,000.<br>Improvement strategies:<br>(1). Strengthen access control and personnel entry and exit management, and implement hazard notification after site entry.<br>(2). Enhance work platform safety management<br>(3). Strengthen education and training on occupational accident reporting and handling procedures. |
| 10. Description of violations of occupational safety and health regulations: March 17, 2025, Taiwan |
| Violation of laws and regulations: "Article 6, Paragraph 1 of the Occupational Safety and Health Act; Article 63, Subparagraph 2 of the Safety Rules for Cranes and Elevators; Article 43, Subparagraph 2 of the Occupational Safety and Health Act" TECO Electric & Machinery Zhongli Plant<br>When workers operated a stationary crane for lifting operations, they were not instructed to inspect the shape, size, material, and other characteristics of the load, and the correct lifting method was not adopted. As a result, a fan cover workpiece fell during the operation and struck a worker's left foot, causing injury.<br>Penalty Amount: NT$100,000.<br>Improvement strategies:<br>(1). Establish stacking standards, use rubber molds for securing and wooden boards for separation, widen pallets, and reduce contact between workpieces.<br>(2). Conduct inspections before lifting to ensure that workpieces are not connected or jammed.<br>(3). Revise the work instructions. |
| 11. Description of violations of occupational safety and health regulations: July 4, 2025, Taiwan |
| Violation of laws and regulations: "Article 36, Paragraph 1 of the Occupational Safety and Health Act" TECO Electric & Machinery Guanyin Plant<br>Scope of Work Suspension: Operational testing of the air conditioner outdoor unit (Model: MA36IH-GA5) by the In-house Repair Section.<br>Penalty: Partial suspension of operations.<br>Improvement strategies:<br>(1). Provide inspection criteria as the basis for Party B to establish relevant maintenance and testing standards.<br>(2). Establish standard safety operating procedures for outdoor unit maintenance and testing.<br>(3). Provide education and training on fixture operation for testing personnel of contractors and retain records for reference. |
| 12. Description of violations of occupational safety and health regulations: July 14, 2025, Taiwan |

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|---|
| Violation of laws and regulations: "Article 26, Paragraph 1 of the Occupational Safety and Health Act" In-house Repair Section, Service Department, TECO Electric & Machinery Guanyin Plant<br>When assigning the work to a contractor, the contractor was not informed in writing in advance of the work environment, hazard factors, and occupational safety and health requirements for accident prevention.<br>Penalty Amount: NT$100,000.<br>Improvement strategies:<br>Convene a coordination organization meeting with contractors and provide notification of hazard factors. |
| 13. Description of violations of occupational safety and health regulations: July 14, 2025, Taiwan |
| Violation of laws and regulations: "Article 27, Paragraph 1 and Article 45, Subparagraph 2 of the Occupational Safety and Health Act" In-house Repair Section, Service Department, TECO Electric & Machinery Guanyin Plant<br>When assigning the work to a contractor and separately employing workers to work jointly, the Company failed to establish a coordination organization to convene coordination meetings, failed to coordinate and adjust the work, failed to conduct workplace inspections, and failed to guide or assist the contractor in providing the necessary safety and health education and training to its employees.<br>Penalty Amount: NT$100,000.<br>Improvement strategies:<br>Convene a coordination organization meeting with contractors and provide notification of hazard factors. |
| 14. Description of violations of occupational safety and health regulations: July 30, 2025, Taiwan |
| Violation of laws and regulations: "Article 27, Paragraph 1 and Article 45, Subparagraph 2 of the Occupational Safety and Health Act" Terminal 3 Area Public Facilities New Construction Project.<br>When jointly working with workers separately employed by the subcontractor, Jia Can Enterprise Co., Ltd. (scaffolding work), the Company failed to conduct inspections as required at the workplace where workers engaged in hazardous scaffolding dismantling work and did not take active coordination and communication measures to require the contractor, when dismantling the scaffolding on the west exterior wall of the Energy Center at a height of 2 meters or more, to install protective equipment such as guardrails, covers, or safety nets and take fall prevention measures such as requiring workers to use safety harnesses.<br>Penalty Amount: NT$150,000.<br>Improvement strategies:<br>(1). Before the contractor conducts subsequent scaffolding work, reiterate construction safety requirements and work procedures.<br>(2). Site engineers (daily) and safety and health personnel (occasionally) conduct inspections to confirm operational safety.<br>(3). Implement enhanced penalties for contractor violations. |
| 15. Description of violations of occupational safety and health regulations: October 16, 2025, Italy |
| Violation of laws and regulations: "Health and Safety at Work" MTV Italy<br>The meeting with union representatives was not documented to update the risk assessment document, which was required for the introduction of mandatory safety glasses.<br>Penalty Amount: EUR 1,438.04 (NT$53,000, calculated at an exchange rate of 37)<br>Improvement strategies:<br>Update the risk assessment document. |
| 16. Description of violations of occupational safety and health regulations: October 16, 2025, Italy |
| Violation of laws and regulations: "Health and Safety at Work" MTV Italy<br>Signs requiring the wearing of safety glasses were not posted.<br>Penalty Amount: EUR 2,278.15 (NT$84,000, calculated at an exchange rate of 37)<br>Improvement strategies:<br>Post signs. |
| 17. Description of violations of occupational safety and health regulations: November 26, 2025, Italy |
| Violation of laws and regulations: "Health and Safety at Work" MTV Italy |

| |
|---|
| Safety glasses were not worn.<br>Penalty Amount: EUR 2,135.77 (NT$79,000, calculated at an exchange rate of 37)<br>Improvement strategies:<br>Distribute safety glasses. |
| 18. Description of violations of environmental protection laws: July 23, 2025, Taiwan |
| Violation of laws and regulations: "Article 24, Paragraph 2 of the Air Pollution Control Act" TECO Electric & Machinery Zhongli Plant<br>While the pollution sources (aluminum melting furnaces) (E061), die-casting equipment (E062), pollution sources (aluminum melting furnaces) (E067), and die-casting equipment (E068) were in operation, inspection of the downstream control equipment, dry filters (A048, A049), found that none were operating at the time of inspection. In addition, the exhaust gas pipeline from the pollution source, die-casting equipment (E068), was connected to the dry filter (A048), which was inconsistent with the approved stationary pollution source permit.<br>Penalty Amount: NT$100,000.<br>Improvement strategies:<br>(1). Process an amendment to the operating permit.<br>(2). Add abnormal condition alerts (warning lights and buzzers).<br>(3). Strengthen the evaluation and confirmation mechanism prior to equipment changes. |

# 5.5 Climate-Related Information of TWSE/TPEx Listed Company

| No. | Item | Chapter | Page Number |
|---|---|---|---|
| 1 | Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities. | 2.3-1 Sustainable Governance | 116 |
| 2 | Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term). | 2.1-1 Climate Action | 30 |
| 3 | Describe the financial impact of extreme weather events and transformative actions. | 2.1-1 Climate Action | 30 |
| 4 | Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system. | 2.1-1 Climate Action | 30 |
| 5 | If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described. | 2.1-1 Climate Action | 30 |
| 6 | If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks. | 2.1-1 Climate Action | 30 |
| 7 | If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated. | 2.1-1 Climate Action | 30 |
| 8 | If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified. | 2.1-1 Climate Action | 30 |
| 9-1-1 | Greenhouse gas inventory and status. | 2.1-1 Climate Action | 30 |
| 9-1-2 | Greenhouse gas assurance status. | 2.1-1 Climate Action | 30 |
| 9-2 | Greenhouse gas reduction targets, strategies, and specific action plans. | 2.1-1 Climate Action | 30 |

# 5.6 Third-Party Assurance Statements and Reports



bsi.

By Royal Charter

**INDEPENDENT ASSURANCE OPINION STATEMENT**

TECO Electric & Machinery Co., Ltd. 2025 Sustainability Report.

The British Standards Institution is independent to TECO Electric & Machinery Co., Ltd. (hereafter referred to as TECO in this statement) and has no financial interest in the operation of TECO other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of TECO only for the purpose of assuring its statements relating to its sustainability report, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by TECO. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to TECO only.

**Scope**

The scope of engagement agreed upon with TECO includes the followings:

1. The assurance scope is consistent with the description of TECO Electric & Machinery Co., Ltd. 2025 Sustainability Report.
2. The evaluation of the nature and extent of the TECO's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.
3. The reliability of TECO's Water withdrawal, Water discharge, Water consumption, Waste generated, Waste directed to disposal, Negative environmental impacts in the supply chain and actions taken, Ratio of basic salary and remuneration of women to men for 2025 in this report as conducted in accordance with type 2 of AA1000 AS v3 sustainability assurance engagement.

This statement was prepared in English and translated into Chinese for reference only.

**Opinion Statement**

We conclude that the TECO Electric & Machinery Co., Ltd. 2025 Sustainability Report provides a fair view of the TECO sustainability programmes and performances during 2025. The sustainability report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the TECO and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are fairly represented. The sustainability performance information disclosed in the report demonstrate TECO's efforts recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurors in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that TECO's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards were fairly stated.

**Methodology**

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a top level review of issues raised by external parties that could be relevant to TECO's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 11 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- the verification of TECO's Water withdrawal, Water discharge, Water consumption, Waste generated, Waste directed to disposal, Negative environmental impacts in the supply chain and actions taken, Ratio of basic salary and remuneration of women to men for 2025 performance data and claims made in the report through meeting with managers responsible for gathering data.
- review of the processes for gathering and ensuring the accuracy of TECO's Water withdrawal, Water discharge, Water consumption, Waste generated, Waste directed to disposal, Negative environmental impacts in the supply chain and actions taken, Ratio of basic salary and remuneration of women to men, for 2025, followed data trails to initial aggregated source and checked sample data to greater depth during site visits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness, and Impact as described in the AA1000AP (2018).

**Conclusions**

A detailed review against the Inclusivity, Materiality, Responsiveness, and Impact of AA1000AP (2018) and GRI Standards is set out below:

**Inclusivity**

This report has reflected a fact that TECO has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for the information of Environment, Social and Governance (ESG) in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the TECO's inclusivity issues.

**Materiality**

TECO publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of TECO and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the TECO's management and performance. In our professional opinion the report covers the TECO's material issues.

**Responsiveness**

TECO has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for TECO is developed and continually provides the opportunity to further enhance TECO's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the TECO's responsiveness issues.

**Impact**

TECO has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. TECO has established processes to monitor, measure, evaluate, and manage impacts that lead to more effective decision-making and results-based management within the organization. In our professional opinion the report covers the TECO's impact issues.

**GRI Sustainability Reporting Standards (GRI Standards)**

TECO provided us with their self-declaration of in accordance with GRI Standards 2021 (For each material topic covered in the applicable GRI Sector Standard and relevant GRI Topic Standard, comply with all reporting requirements for disclosures). Based on our review, we confirm that sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported, or omitted. In our professional opinion the self-declaration covers the TECO's sustainability topics.

**Assurance level**

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

**Responsibility**

The sustainability report is the responsibility of the TECO's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

**Competency and Independence**

The assurance team was composed of auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064, and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice

For and on behalf of BSI:

Joe Hsieh, Managing Director Northeast Asia, APAC Assurance

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