



2023 | TATUNG SUSTAINABILITY REPORT

Enabler of Digital & Energy Transformation





About This Report



“2023 Tatung Sustainability Report” has been prepared according to AA1000 AS v3. and with reference to the GRI Standards. We have also adopted SASB Standard to disclose the specific industrial indicators. We expect this report is able to present a more focused content to the needs of the stakeholders, as well as sharing the sustainable achievements done by Tatung in a systematical manner.

Scope

The scope of this report covers Tatung’s operations within the Headquarter, Tayuan Plant, Taoyuan Wires and Cables Plant, Meter Factory, Taoyuan 1st Plant, and San-Hsia Factory. Due to Tatung Consumer Products Co, Ltd (also known as TCPC or Tatung 3C) is mainly in charge of the sales of Tatung’s household appliances and consumer products, part of TCPC’s information (sales, services, and consumer data management) is also disclosed in this report. The disclosure boundary of some material topics may include some of the subsidiaries and will be specifically described in its DMA.

Reporting cycle and reporting period

Tatung Sustainability Report is published by the end of June annually. Unless otherwise stated, the data and activities in this report are gathered from 2022.1.1~2022.12.31.

Restatements of information

Tatung completed the GHG inventory for whole company in 2022 (the emission in 2021). The energy usages and GHG emissions for year 2021 have been restated (page 112 and 113) in this report.

Sustainability Report preparation procedures

- 1 Gather sustainable topics, reporting standards, verification standards, etc.
- 2 Identify stakeholders and material topics of the year, and submit to “Sustainable Development Committee” for approval.
- 3 Prepare the report in accordance to reporting standards.
- 4 Submit the drafted report to “Sustainable Development Committee” for approval.
- 5 Conduct third party verification.
- 6 Submit the report to Chairman for issuance.

Data measurement techniques

Financial data in this report is cited from the Annual Report and presented in New Taiwan Dollars. Social, quality and environmental performance figures are presented in metric units, and the data reported to the authorities is preferentially used. The rest of data is gathered from internal statistics of the relevant divisions of the company.

External assurance

This report has been verified by TUV NORD Taiwan Co., Ltd. Based on AA1000AS v3 (Type 2, High level assurance). The assurance statement is enclosed in Annex 6.

Previous reports

This report is our 22th non-financial report since 2002. The previous report was published in June, 2022.

Contact point for questions regarding to the report

This report is prepared by Health & Safety Division and the contact information is shown below:

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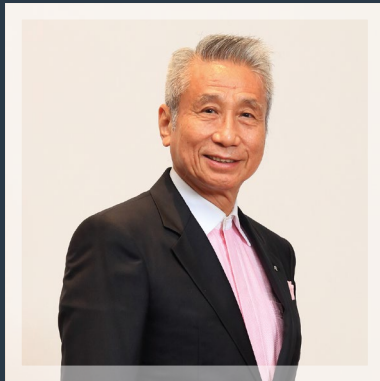
Sustainability Report downloading webpage:

<https://www.tatung.com/en/info/csr-report>

Tatung has done the best to ensure the accuracy of this report. If there is any discrepancy, the latest information from the relevant departments of the company shall prevail.



“ Message from the Chairman ”



Chairman | Wkang-Hsiang Wang

Dear Friends,

Since its foundation from 104 years ago, the Tatung Company, a pioneer in Taiwan's power system and consumer business, has been working alongside the government and its initiatives towards economic development. In recent years, we have dedicated ourselves to the transformation of energy creation, energy storage and energy saving. Impacted by the global pandemic, the Russia-Ukraine war and port congestion, our operations were severely challenged. However, we have continued to achieve profitability in 2022 through cost optimization, expense control, and recognition of gains from de-recognition of Chunghwa Picture Tubes Ltd. We will remain focused on our core business and expand into the energy sector. With our strong research and development capabilities and manufacturing capacity, we aim to become a significant driving force for achieving net-zero carbon emissions for both the nation and businesses.

In terms of driving ESG initiatives, our management team embraces sustainable environmental development, social prosperity, and effective corporate governance as core values. We have formulated a sustainable development vision that integrates our core business, focusing on “Operational Innovation, Sustainable Development, and Global Harmony.” Furthermore, to address the challenges and opportunities brought by climate change, we have set a net-zero carbon emissions target for the company and established a roadmap to achieve it by 2050. Within this framework, each department is actively promoting ESG-related operations and business practices.

2022 was a fruitful year for Tatung in terms of ESG achievements. Through comprehensive ESG initiatives and continuous improvement, our corporate governance performance reached the top 6% to 20% range in the 9th Corporate Governance Evaluation, showing significant progress compared to the previous year's range of 36% to 50%. Additionally, in May of this year, Tatung was selected as a constituent of the Taiwan Stock Exchange's Taiwan Green Energy and Electric Vehicle Index. Tatung was ranked the first place in the electrical machinery category of the Top 100 Carbon Competitiveness Survey by Business Weekly. In terms of sales and services, Tatung's 3C was awarded the Trusted Brand Gold Award in home appliances customer service category by Reader's Digest. Furthermore, in ESG information disclosure and communication, our sustainability report once again received the “TCSA Taiwan Corporate Sustainability Award - Gold Award (Sustainability Reporting) in the Traditional Manufacturing Category.”

Looking towards the future, Tatung recognizes the risks posed by climate change and the rapid changes in the industry. Tatung will devote to its management policy focusing on three main aspects: expansion of our core business, strengthening of upgrades and transformation, and reinforcement of our investment business. We will continue to focus on energy creation, energy storage, and energy saving as our long-term development directions. Through environmental sustainability, social responsibility, and corporate governance, we aim to achieve even greater accomplishments and to create maximum benefits for society and all stakeholders.



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2022 ESG Highlight

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HONORS

★ ★ ★
Tatung 3C

Trusted Brand Gold Award in home appliances customer service category by Reader's Digest

★ ★ ★
Tatung Company

– Carbon Reduction Competitiveness –
Top 100 Companies, ranked 1st in electrical and mechanics category by Business Weekly

★ ★ ★
Multi-Functional Cooker (TAC-11R-M)

The 31st Taiwan Excellence Award

★ ★ ★
Danshui Light Rail Machine Factory

– 2022 Top Solar System Award –
Excellent Rooftop System Selection

★ ★ ★
Tatung 3C Kaohsiung Yang Min Store

Excellent Green Store Award by EPB,
Kaohsiung City Government

★ ★ ★
The Anti-Terrorism Training Center

– 2022 Top Solar System Award –
Excellent One-site Multi-purpose System Selection

★ ★ ★
Tayuan Plant, Taoyuan Wires and Cables Plant

Received "Encouragement Certificate" from the Taoyuan City government by participating in the "Taoyuan City Low-Carbon Technology Industry Subsidy and Incentive Program"

★ ★ ★
2022 Tatung Sustainability Report

– 2022 TCSA Taiwan Sustainability Award –
Corporate Sustainability Report Gold Award in category 1, traditional manufacturing group

Economic-Governance Aspect

Item	Performances
Economic performance	<ul style="list-style-type: none"> Revenue: Individual revenue was NT\$ 16.792 billion, and consolidated revenue was NT\$ 34.538 billion. EPS: NT\$ 4.02
Sustainable management	Set up Corporate Governance Officer and Chief Information Security Officer.
Corporate governance	<ol style="list-style-type: none"> The performances of the company's board of directors and functional committees were both "GOOD". Performed the 2022 annual external performance evaluation of the Board of Directors.
Ratio between staff's basic salary and legal salary	1.21~1.59:1
Percentage of high level managers from local	100%
Disclosure on non-financial information	Published CSR Report for 21 consecutive years.

Social Aspect

Item	Performances
Percentage of local employees	93.92%
Average salary ratio between female and male employees	0.86~0.95:1
Percentage of employees who are labor union members	77.12%
Total education/training hours	21,758 hours
Education/training satisfaction	93.68%
Correction percentage of "Occupational Accident Prevention Pays" Program	100%
Supplier commitment letter	New introduced suppliers 100% signed it back.
Consumer satisfaction	Maintenance service: 94.8% Shipping service: 98.3%
No. of complaints about information leaking received from the consumers	0
Participation in social welfare	<ol style="list-style-type: none"> Tatung Co. raised a total of NT\$475,000 in scholarships to "Student Assistance Project" charity fundraising activity of Taipei Orphan Welfare Foundation, which aims to help disadvantaged and bereaved children to receive education, regain self-confidence, and embrace their dreams. The Tatung Boy children's play, Rescuing Power Kingdom, incorporated with concepts of energy conservation and environmental protection, made its tour to 7 elementary schools with audience of over 4,500 students watching in person to learn the importance of protecting the earth.

Environmental Aspect

Item	Performances
Electricity reduced	1,536,823 kw-hr
GHG emissions reduced	760.73 tons CO ₂ e
Waste recycling percentage	76.01%
Certified green products	<ul style="list-style-type: none"> Green Mark: 2 models Energy Label: 35 models Water Label: 4 models
Promotion on green consumption	<ul style="list-style-type: none"> 136 Tatung 3C Stores are registered as Green Store by EPA.
Supporting green procurement	<ul style="list-style-type: none"> Received certificate of appreciation for promoting green procurement from EPB, Taipei City Government (procurement amount above 5 million dollars). Green procurement amount: NT\$ 50,027,438.
Solar power systems capacity on grid	268MWp accumulated, approximately 151,557 tons CO ₂ e reduction per year.



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Chapter 1 Sustainable Management

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1.1 Sustainable management framework



Top: Governance

- Strengthening corporate governance
- Enhancing sustainable development



Mid: Management

- Organizational realignment
- Industrial upgrading and transformation

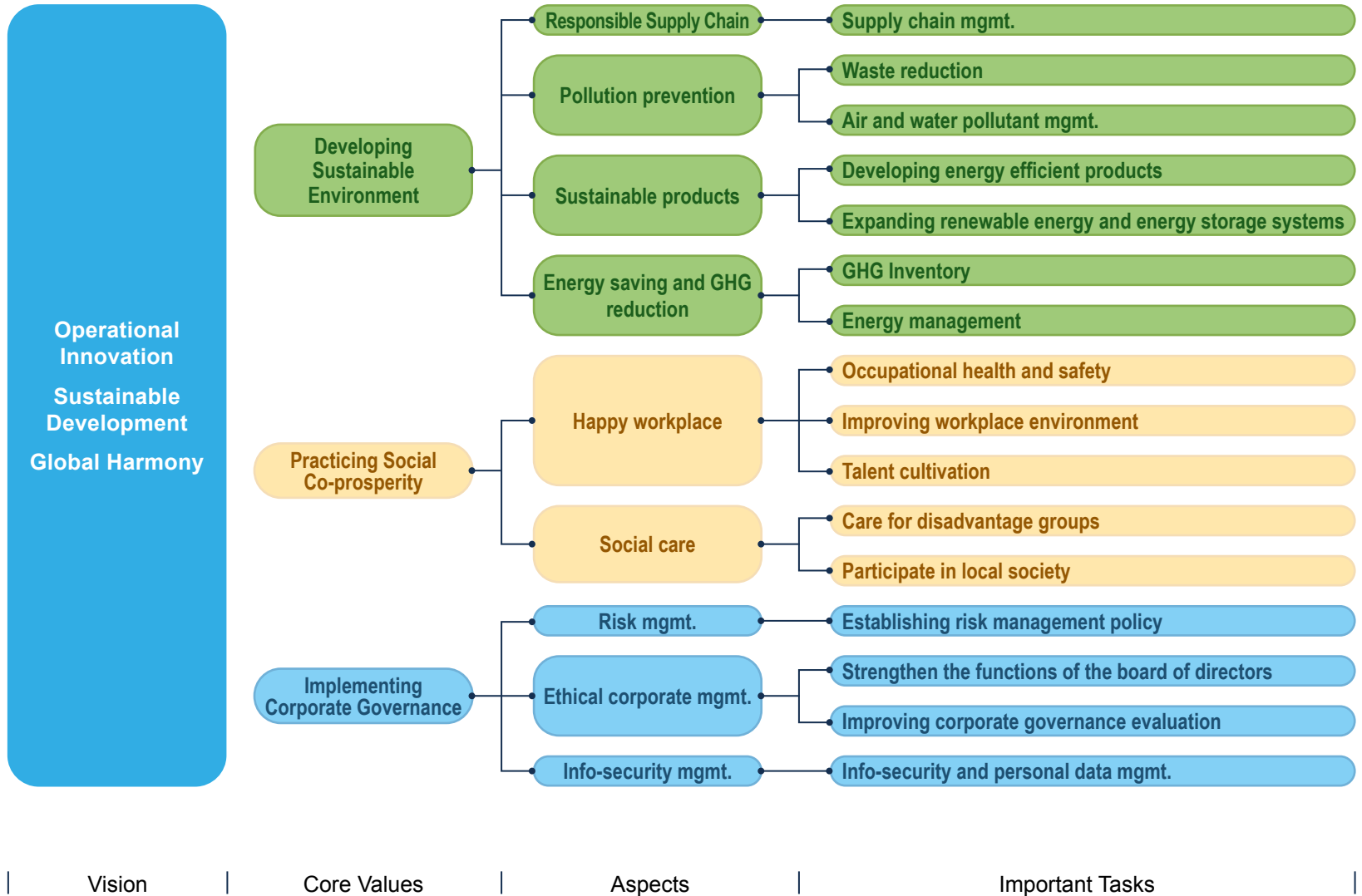


Bottom: Supervision

- Enhancing supervision and management of subsidiaries
- Boosting the operational performance of the fleet



Tatung embraces sustainable environmental development, social prosperity, and effective corporate governance as core values. In 2022, we have formulated a sustainable development vision that integrates our core business, focusing on “Operational Innovation, Sustainable Development, and Global Harmony.”



Tatung ESG Vision and Important tasks

Sustainable Development Committee

Established in 1918, Tatung, formerly known as Xie Chih Business Enterprise, has evolved and grown over the decades into one of Taiwan’s leading conglomerates. The foundation of Tatung is built on four core values— Integrity, Honesty, Industry, and Frugality. Mr. T. S. Lin, Chairman Emeritus of Tatung, further extended the precepts behind these core values to serve as the guidelines for the Company’s continued success and prosperity. These are: Industry-education cooperation, Shareholder responsibility, Employee harmony, and Customer satisfaction.

In order to implement the company’s sustainable development, improve the corporate governance system, strengthen the board of directors’ supervision function on environmental protection, social responsibility and corporate governance, and establish a good functional committee governance system, Tatung has established “Sustainable Development Committee” and formulated the organization regulations of Sustainable Development Committee. The board of directors elected the following to be members of the Company’s sustainable development committee: Sheng-Tsheng Lee (Independent director with expertise in law, risk control and corporate governance), Chung-Zung Kung (Independent director with expertise in finance, risk control and corporate governance), Chi-Husan Liu (Independent director with expertise in law, risk control and corporate governance), Wkang-Hsiang Wang (Chairman with expertise in architectural engineering and operational management), and Chun-Lung Wu (Vice chairman with expertise in operational management). Sheng-Tsheng Lee was elected as the Convener.

The missions are list on Table 1.1-1. The Sustainable Development Committee shall meet at least once a

quarter, and may hold other meetings as necessary. The management of the company should proactively provide the following complete and sufficient information to the Sustainable Development Committee to facilitate the promotion and review of related work:

- 1.Information related to the responsibilities of the Sustainable Development Committee;
- 2.The information provided to the Sustainable Development Committee has been updated afterwards;
- 3.Information provided by the management as decided by the committee or requested by each member of the committee respectively.

To be able to fulfill corporate sustainable development and contribute to the progress of economy, environment and the community, Tatung formulated “Tatung Company Sustainability Development Best Practice Principles” to manage the economy, environment and social risks and impacts. The principles act as guidance for implementing sustainable environmental practices, promoting social welfare, enforcing corporate governance and strengthening ESG disclosure. The results and performances will be reported to Board of Directors every year (Table 1.1-2).

Table 1.1-1 The main tasks and duties of the Sustainable Development Committee

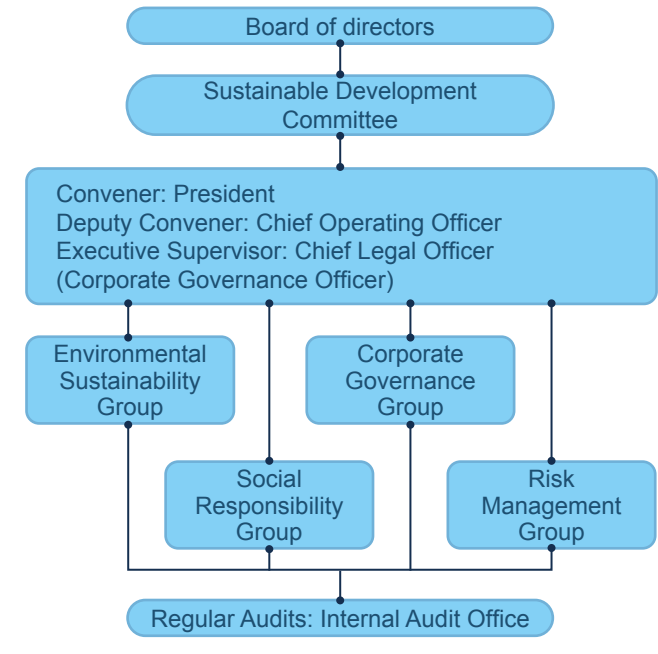
Item	Descriptions
1	To consider experience, expertise, and independence to formulate selection criteria for members of Sustainable Development Committee and submit to the board of directors for resolution.
2	Responsible for the research and analysis, implementation, planning proposals and regulations of the Sustainable Development system, regulations, and procedures for Sustainable Development, and submit to the resolution of the board of directors.
3	Tracking and suggestions the implementation situation of the relevant information disclosure.
4	Review the governance relationship between the Company and its subsidiaries and other related companies; put forward suggestions for improvement and report to the board of directors.
5	Review the effectiveness of the implementation of the Sustainable Development system.
6	Other duties in accordance with the board resolutions.

Table 1.1-2 Tatung sustainable development responsible units

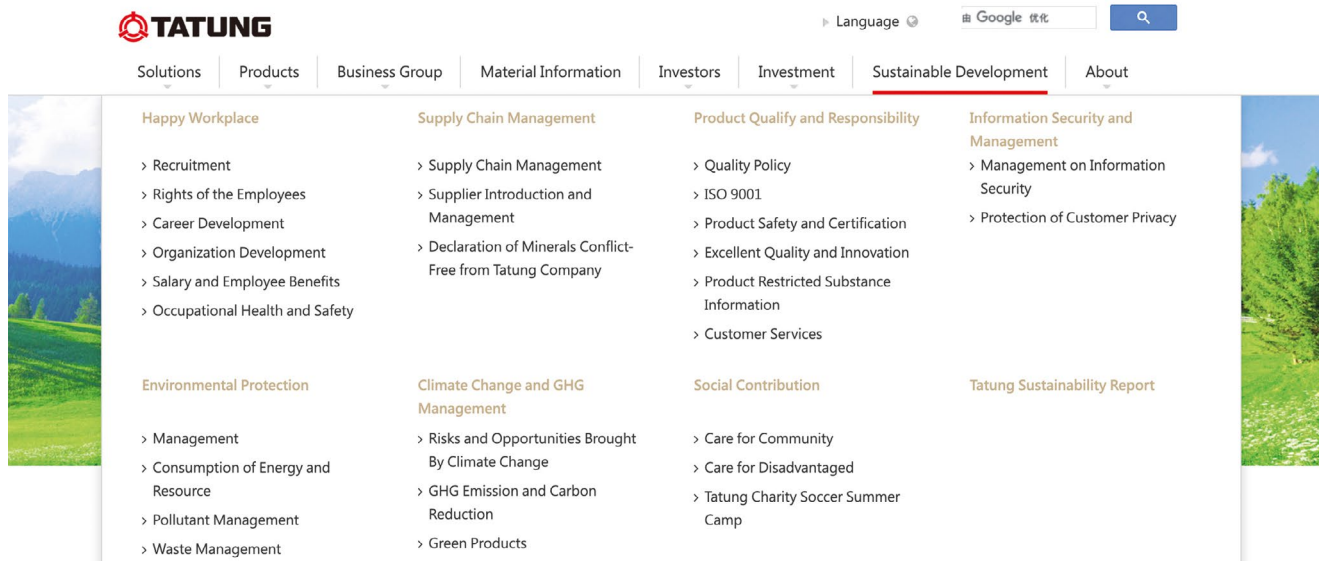
Topic	Responsible unit	Duty	Report to the Board of Directors
Sustainable development	Legal Division	In charge of bringing forward and carrying out the policies, systems, management, and implementation programs for sustainable development.	The implementation of sustainability development and environmental management results in year 2022 were reported to the Board of Directors on 2023.03.09.
Environmental management	Health & Safety Division	In charge of environmental management including drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and held environment education courses for their managerial officers and other employees on a periodic basis.	
Ethical corporate management	Human Resources Division	In charge of the ethical management policy, the “Ethical Corporate Management Best Practice Principles,” as well as the prevention programs against unethical conduct, the “Regulations for Handling Whistleblowing Illegal Cases, and Unethical or Dishonest Conduct Cases.”	The implementation of ethical corporate management results in year 2022 were reported to the Board of Directors on 2022.12.22.
	Legal Division	In charge of the revision, implementation, interpretation, consulting service, and notification of the contents of the “Procedures for Ethical Management and Guidelines for Conduct.”	
Greenhouse gas emission	Health & Safety Division	Greenhouse gas inventory promotion and management, and organize relevant education and training courses.	Starting from the second quarter of 2022, a quarterly report on greenhouse gas inventory will be presented to the Board of Directors.

ESG Implementation Committee

To promote the implementation of sustainable/ESG-related initiatives, Tatung has established the ESG Implementation Committee. The President serves as the convener, with the Chief Legal Officer as the executive supervisor. Under the committee, there are subgroups dedicated to environmental sustainability, social responsibility, corporate governance, and risk management. These subgroups are responsible for planning and driving initiatives related to their respective areas, while the Internal Audit Office conducts regular audits to ensure the implementation of relevant tasks. This ensures the company’s sustainable development strategies, goals, and progress are on track.



ESG Implementation Committee



The Sustainable Development section on Tatung's official website

Disclosure on ESG information

In order to proactively and effectively disclose ESG information and showcase Tatung's achievements in sustainable development as a communication tool with stakeholders, we have established an "Investor"¹ and "Sustainability Development"² section on our official website in both Chinese and English. These sections provide disclosure of Tatung's management measures and performance in the areas of environment, society, and governance. We also have prepared an annual publication named the "Tatung Sustainability Report" following the guidelines of GRI Standards and have engaged external verification agencies to verify the format and content to enhance the credibility of the report. We are committed to continuing the disclosure of Tatung's ESG information on our official website and issuing the Sustainability Report annually in June to facilitate effective communication with stakeholders.

1. https://www.tatung.com/en/info/director_committee

2. <https://www.tatung.com/en/info/csr-climate>

1.2 Identification and Response to Stakeholders and Material Topics

Listening and responding to the topics which are concerned by the stakeholders is a key element for a company to achieve sustainable development and carry out corporate social responsibility. Tatung not only actively discloses information about environmental protection, social participation, and corporate governance in Annual Report, Sustainability Report, and the company's official website, but also finds out the blind spots and gains valuable opinions by communicating with the stakeholders via variety of channels.

Identification on the stakeholders and engagement channels

Based on AA1000 standard and GRI Standards, Tatung identifies the stakeholders by past operation experiences and based on the principle that any organizations or persons affected by the operation of the company or any organization or persons having impacts to the company. Seven stakeholder groups such as shareholders, customers, employees, local communities and parties, authorities, suppliers and consumers have been identified. Tatung takes great concern on stakeholders' opinions. We have direct engagement channels for all stakeholders to collect their concerned topics in order to continue improving our sustainable development performances.

Table 1.2-1 List of stakeholders and engagement channels








Stakeholder groups	 Shareholders	 Customers	 Employees	 Local communities and parties	 Authorities	 Suppliers	 Consumers
Meaning to Tatung	The investors who support Tatung.	The companies having business with Tatung.	The most valuable assets. With their innovated ideas and experiences, Tatung is capable to counter any challenges.	Tatung's good neighborhood. By communicating with them, Tatung is able to find out what more we can do to carry out corporate social responsibility.	Instructors of Tatung. Following the government policies and complying with regulations is the basic principle of Tatung.	Suppliers are the partners that Tatung has grown up with. With their high quality materials, products, and services, Tatung successfully expanded the business year by year.	Supporters of Tatung products. For the past 60 years, Tatung has accompanied countless households in their family time.
Engagement channels and frequencies	<ul style="list-style-type: none"> ● Shareholders' meeting / Once per year ● Irregular shareholders' meetings / Irregular ● Agency department of Taishin International Bank Co., Ltd.: 02-2504-8125 / Irregular ● Disclosure of financial information on official website and MOPS (market observation post system) / Every month 	<ul style="list-style-type: none"> ● Customer service, PM / Irregular 	<ul style="list-style-type: none"> ● Chairman's mailbox, HR mail box, complaint mechanism, scheduled education and training, notice board / Irregular ● Biweekly HR newspaper / Once per 2 weeks ● Health and Safety Committee in the headquarter and factories / Quarterly ● Labor-management meeting / Quarterly 	<ul style="list-style-type: none"> ● Direct phone lines / Irregular ● Social charity/ donation activities / Irregular 	<ul style="list-style-type: none"> ● Onsite audits / Irregular ● Hearings, seminars / Irregular 	<ul style="list-style-type: none"> ● Supplier complaint mailbox: supplier@tatung.com / Irregular ● Supplier evaluation, annually re-evaluation / Once per year ● Supplier assessment / Once per month 	<ul style="list-style-type: none"> ● TCPC phone lines (+886-800052666), Tatung 3C Stores, official websites, etungo online shopping website / Irregular ● Satisfactory survey / Upon shopping or repair service

Table 1.2-1 List of stakeholders and engagement channels (cont.)















Stakeholder groups	 Shareholders	 Customers	 Employees	 Local communities and parties	 Authorities	 Suppliers	 Consumers
Concerned topics	Economic performance and governance	Product quality and customer information management	Labor rights, occupational health and safety, welfares	Pollutant emissions, interaction with local communities	Compliance	The quality of parts and products, the requirements regarding to hazardous substances	Product safety and labeling, personal information management
Tatung's responses	1. Expanding core businesses, strengthening upgrade transformation, and promoting lean investments are the three main pillars of our business. 2. Energy generation, energy storage, and energy saving are our long-term development direction.	1. Establishing ISO 9001, enhancing supplier quality management, products that pass related verifications. 2. Establishing ISO 27001 to enhance information management.	1. Complying with occupational health and safety regulations 2. Conducting education and training programs 3. Providing reasonable salaries and benefits	1. Installing air pollutant and wastewater treatment facilities. 2. Participating in community development and charities events through commercial activities, non-cash property endowments, volunteer service and other free professional services.	Conducting internal control systems and internal audit mechanisms within various management systems to ensure that the company's operations complied with regulations	Establishing ISO 9001, enhances supplier quality management, products that pass related verifications. In addition, we also request our suppliers to fulfill corporate social responsibility together by: <ol style="list-style-type: none"> 1. Adding anti-corruption and human rights (human rights, freedom of association, child labor, and forced labor) clauses in the contracts. 2. Signing the "Supplier Commitment Letter", which includes health and safety, environmental protection, human rights topics. 3. Issuing "Declaration of Minerals Conflict-Free from Tatung Company" and requesting the suppliers to follow. 	<ol style="list-style-type: none"> 1. Complying with product safety and labeling regulations, and establishing feedback and anti-recurrence mechanisms. 2. Establishing ISO 27001 to enhance information management.

Table 1.2-1 List of stakeholders and engagement channels (cont.)

Stakeholder groups	 Shareholders	 Customers	 Employees	 Local communities and parties	 Authorities	 Suppliers	 Consumers
Summaries of performance in 2022	1. EPS 4.02 dollars. 2. Held shareholders' meeting on 2022.06.14 3. Held domestic investor conference on 2022.08.29 and 2022.12.28 4. Published the 169 significant news in both Chinese and English	1. No. of products violated product inspection and labeling regulations: 0 2. No. of incident that violated information security related regulations: 0	1. No. of complaints from the employees: 0. 2. Published 24 bi-weekly newspaper. 3. Organized education and trainings with 21,758 hours, 7,321 persons in total, and the after training satisfactory: 93.61%. 4. Held labor-management meetings, labor-retirement reserve supervision meetings, employee welfare meetings and occupational health and safety committees on a quarterly basis. 5. Handled employee performance review and assessed more than 4,798 persons. 6. Maintain the effectiveness of ISO 45001	1. No incident that polluting the surrounding environment. 2. Organized blood donation activities and donated 644 bags of blood.	No significant violations against product, environment and labor related regulations.	100% of new suppliers have signed back the Supplier Commitment Letter.	1. No. of products violated product inspection and labeling regulations: 0. 2. No. of incident that violated information security related regulations: 0
Chapters	2.2, 2.3, 3.2	4.2, 4.3	5.1, 5.2, 5.3	5.4, 6.1	3.2, 4.2, 5.1, 5.3, 6.1	4.1, 4.2	4.2, 4.3

Identification on the material topics

To ensure the contents of this report comprehensively cover the three dimensions of environment, society, and corporate governance, Tatung has Sustainability Report Reporting Committee with the president as the leader, and the members are from administrative divisions and BUs. Tatung follows material topics identification procedure (Table 1.2-2), which integrates past operational experience and future competitive strategies. In addition, Tatung refers to GRI Standards, SDGs, SASB, and industry practices and concluded 25 possible sustainable topics that may have impacts to the stakeholders and to the company. The topics are listed on Table 1.2-3.

Table 1.2-2 Material topics identification procedure



Table 1.2-3 Tatung's sustainable topics



Economic and governance dimension

- Economic performance
- Market presence
- Corporate governance and ethical practice
- Disclosure on non-financial information
- Anti-competitive behavior
- Tax
- Compliance



Social dimension

- Supplier management
- Employment
- Training and education
- Labor/management relations
- Occupational health and safety
- Human rights, equality, and non-discriminations
- Child, forced or compulsory labor
- Social participation
- Product quality and safety
- Marketing and labeling
- Customer privacy management
- Freedom of association and collective bargaining



Environmental dimension

- Management on the environment
- Management on water and resources
- Management on energy and GHG emissions
- Management on wastes
- Management on water and air pollutants
- Promotion and management on environmental friendly products



Tatung used surveys to collect the degree of interest from the stakeholders on various sustainable topics (presented by Grade 1 to Grade 5, Grade 5 is the most concerned, Grade 1 is the least concerned). The target groups of the stakeholders are from those were contacted by the members of Sustainability Report Reporting Committee and those who took online survey on the Sustainability Report section of the company's official website during 2022.12.22~2023.2.01. Totally 280 surveys were received and the most concerned topics were ranked. Please see Figure 1.2-1 and Figure 1.2-2 for more details.

In addition, the Sustainability Report Reporting Committee analyzed the possibility, severity and level of impact to the company's economic, environment and social dimensions for the above 25 sustainable topics and gave different ratings from Grade 1 to 5 (Grade 5 is highest, Grade 1 is lowest). Then, the committee members comprehensively evaluated and discussed the degree of concerns from the stakeholders. The topics with multiplied score 12 points or more have been considered as material topic candidates. In order to fully responding the concerns from the stakeholders, the top 3 concerned topics gathered from the stakeholders will also be placed on the material topic candidate list. The candidate list was submitted to Sustainable Development Committee for confirmation. The confirmed material topics are located in the dark blue area on Figure 1.2-3 and No. 11 has also been identified as one of the material topics (due to its the 2nd most concerned topic by the stakeholders).

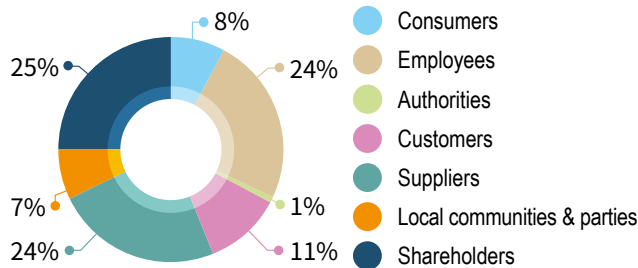


Table 1.2-1 The percentages of each stakeholder group from the survey

Figure 1.2-2 Degree of concerns on the sustainable topics by Tatung's stakeholders

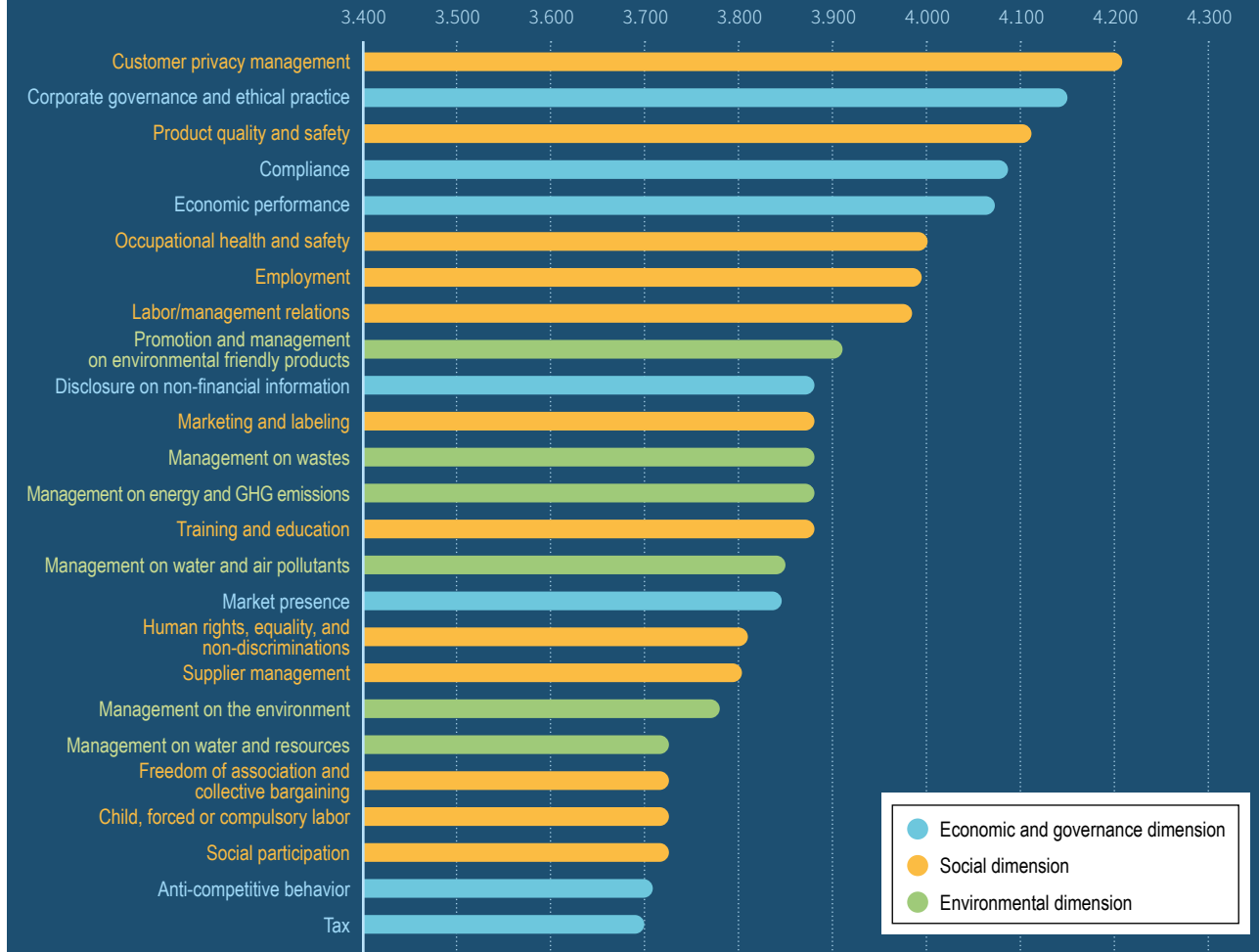
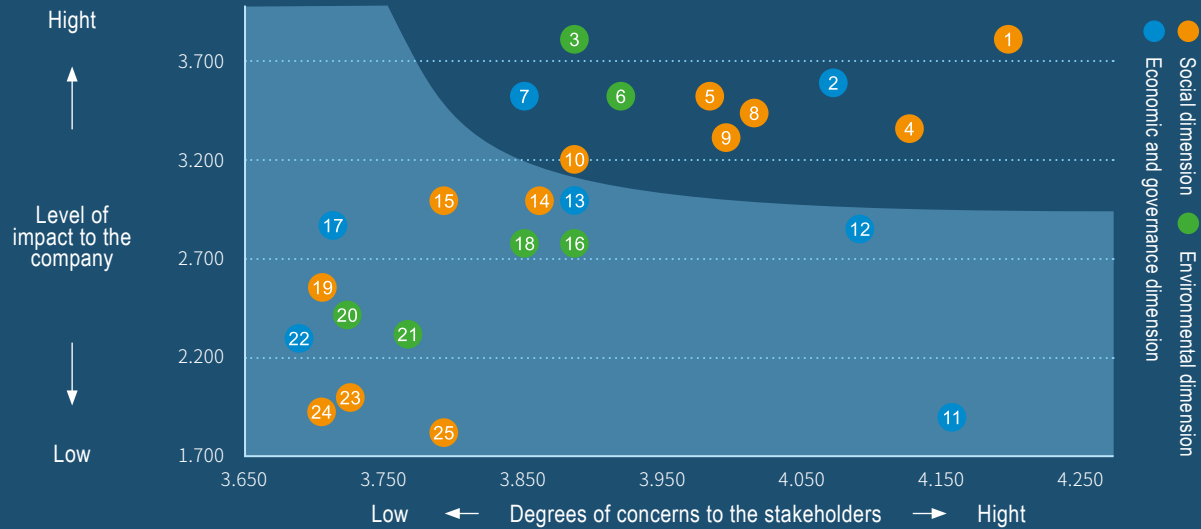


Figure 1.2-3 Distribution of the material topics



Material Topics

- 1 Customer privacy management
- 2 Economic performance
- 3 Management on energy and GHG emissions
- 4 Product quality and safety
- 5 Labor/management relations
- 6 Promotion and management on environmental friendly products
- 7 Market presence
- 8 Occupational health and safety
- 9 Employment
- 10 Marketing and labeling
- 11 Corporate governance and ethical practice

Other Sustainable Topics

- 12 Compliance
- 13 Disclosure on non-financial information
- 14 Training and education
- 15 Supplier management
- 16 Management on wastes
- 17 Anti-competitive behavior
- 18 Management on water and air pollutants
- 19 Social participation
- 20 Management on water and resources
- 21 Management on the environment
- 22 Tax
- 23 Freedom of association and collective bargaining
- 24 Child, forced or compulsory labor
- 25 Human rights, equality, and non-discriminations














In this report, we have identified 11 material topics. In terms of economic and governance dimension, the topics are Economic Performance, Market Presence, and Corporate Governance and Ethical Practice. In terms of social dimension, the topics are Customer Privacy Management, Product Quality and Safety, Labor/Management Relations, Occupational Health and Safety, Employment, and Marketing and Labeling (new identified this year). In terms of environmental dimension, the topics are Management on Energy and GHG Emissions, and Promotion and Management on Environmental Friendly Products. The detailed responding to these 11 material topics are disclosed in the following chapters. The correlation of each material topic in the value chain is shown in Table 1.2-5.

Table 1.2-4 Material topics in recent 3 years

Material topics in 2021	Material topics in 2022	Material topics in 2023 and their meanings to Tatung	
Corporate governance and ethical practice	Economic performance	Economic performance	Tatung will devote to its management policy focusing on three main aspects: expansion of our core business, strengthening of upgrades and transformation, and reinforcement of our investment business. Under the positioning of industrial holdings, we will be fully committed to the development of its power, new energy, consumer electronics, and real estate businesses. We will continue to focus on energy creation, energy storage, and energy saving as our long-term development directions to create maximum benefits for society and all stakeholders.
Disclosure on non-financial information	Disclosure on non-financial information	Market presence	Tatung takes great concern on the recruitment and promotion of talents. We uphold the principle of meritocracy, selects talents according to the suitable positions, and guarantee the salaries and benefits of employees.
Market presence	Market presence	Corporate governance and ethical practice	Good corporate governance and ethical practice helps the company to achieve sustainable development and demonstrate its social value.
Customer privacy management	Corporate governance and ethical practice	Customer privacy management	“Uninterrupted service, no loss of information, personal information not leaked, and enterprise sustainable operation” is our policy.
Product quality and safety	Employment	Product quality and safety	Products with good quality and safety in use are the foundation of the company.
Occupational health and safety	Customer privacy management	Labor/management relations	Tatung integrates labor management levels, working together for coexistence and common prosperity, so that employees can feel at ease and satisfied with each job.
Comply with social and economic regulations	Product quality and safety	Occupational health and safety	It is our responsibility to provide a safe working environment for employees.
Employment	Occupational health and safety	Employment	Employees are an important asset for the company’s sustainable development, so Tatung actively cares about the lives and working conditions of employees, ensuring that employees work in a safe, satisfactory and healthy working environment.
Training and education	Labor/management relations	Marketing and labeling	This is our corporate social responsibility to ensure that “the marketing and labeling of products and services should follow the relevant laws and international standards, and should not damage the rights and interests of consumers.”
Marketing and labeling	Management on energy and GHG emissions	Management on energy and GHG emissions	This topic echoes the principles of Tatung’s sustainable environmental development principal: “the economic development should not create pollution to the environment but try to forge a marriage between corporative development and environmental protection,” It is also one of the core values of Tatung’s sustainable development policy.
Performance review and career development	Promotion & management on environmental friendly products	Promotion & management on environmental friendly products	This topic echoes Tatung’s product design concepts: “Environmental friendly, energy saving and water saving.” as well as Tatung’s sustainable vision “Operational Innovation, Sustainable Development, and Global Harmony.”
Human rights, equality, and non-discriminations			
Management on energy and GHG emissions			
Comply with environmental regulations			
Promotion & management on environmental friendly products			

Table 1.2-5 Boundaries of material topics

Dimensions	Material topics	Tatung Co.	Subsidiaries ¹	Suppliers	Page No. of DMA	GRI indicators	UN SDGs
Economic and governance	Economic performances	■	△	—	27	GRI 201-1,201-2,201-3	
	Market presence	■	△	▲	75	GRI 202-1,202-2	
	Corporate governance and ethical practice	■	△	▲	38, 39	Not applicable	Not applicable
Social	Customer privacy management	■	△	▲	56, 57	GRI 418-1	Not applicable
	Product quality and safety	■	△	▲	48, 49	GRI 416-1,416-2	
	Labor/management relations	■	△	▲	75, 76	GRI 402-1	
	Occupational health and safety	■	△	▲	80	GRI 403-8, 403-9, 403-10	
	Employment	■	△	—	68	GRI 401-1, 402-2, 403-3	
	Marketing and labeling	■	△	—	50, 58	GRI 417-1, 417-2, 417-3	
Environment	Management on energy and GHG emissions	■	△	—	106	GRI 302-1, 302-3, 302-4, 305-1, 305-2, 305-4, 305-5	 
	Promotion and management on environmental friendly products	■	■	—	119	GRI 302-5	 

Note: ■ represents that the information is disclosed in this report; □ represents that the relevant management measures are applied to the subsidiaries but the related information is unable to retrieve and not disclosed in this report; ▲ represents that the relevant management measures are applied to the suppliers, the detailed information is disclosed in Chapter 4.1.
 Note 1: Part of subsidiaries with larger scale such as ELITEGROUP Computer Systems, Tatung System Technologies Inc. and Forward Electronics, their sustainable development information is disclosed in their sustainability reports and/or on their official websites.

1.3 Tatung and Sustainable Development Goals

UN announced Sustainable Development Goals (SDGs) in 2015 to be a roadmap to sustainable development for the next 15 years. Corporates play important roles to the success of SDGs. As a local company who has been deeply plowed for a century, Tatung supports SDGs and integrates the goals of “Clean water and sanitation”, “Affordable and clean energy”, “Decent work and economic growth”, “Reduced inequalities”, “Responsible consumption and production”, and “Climate action” into our sustainable strategies. Among the material topics identified this year, most of these are also correspond to SDGs’ goal 7, 8, 12, and 13. The measures taken for SDGs are listed on Table 1.3-1.

Ensure access to water and sanitation for all.



Description

- By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.

Measures

- Maintain well function of the waste water treatment facilities in the factories to ensure the quality of the effluents are complied with the standards.

Ensure access to affordable, reliable, sustainable and modern energy for all.



Description

- By 2030, increase substantially the share of renewable energy in the global energy mix.
- By 2030, double the global rate of improvement in energy efficiency.

Measures

- Expanding solar power systems and having installed 268MWp capacity accumulatively at the end of 2022.
- Establishing energy storage systems to stabilize the national power grid, achieving a cumulative capacity of 11MW by then end of 2022.
- Enhancing product energy efficiency by actively developing hydroelectric generators, EV power systems, IE5 motors, etc. and continually applying for Energy Label, Green Mark, and Water Label.

Promote inclusive and sustainable economic growth, employment and decent work for all.



Description

- By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
- Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

Measures

- Ensuring the salary paid to the employees is complied with the regulations or better.
- Conducting “Working condition monitoring”.
- Establishing ISO 45001 Health and Safety Management System in the factories.

Reduce inequality within and among countries.



Description

- By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.
- Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.

Measures

- Complying with human rights regulations, supporting gender equality, and banning discrimination of any form are set in the clauses of "Tatung Corporate Sustainable Development Best-Practice Principles".
- Recruiting only on capability. The starting salary ratio for male and female employees is 1:1.

Ensure sustainable consumption and production patterns.



Description

- By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.
- By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.
- Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

Measures

- Complying with RoHS and REACH regulations to ensure a green supply chain.
- Implementing waste recycling in the factories.
- Paying "Recycling and Cleaning Fee" to the government agency (Recycling Fund Management Board) to carry out countrywide waste recycling affairs.
- Recycling wasted large home appliances, batteries, and CDs in Tatung 3C Stores.
- Publishing Tatung Sustainability Report in June every year to disclose company's sustainable information.

Take urgent action to combat climate change and its impacts.



Description

- Integrate climate change measures into national policies, strategies and planning.
- Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

Measures

- Formulating Tatung net-zero emissions roadmap, with 2021 as the baseline year, aiming to reduce carbon emissions by 20% by 2030, 50% by 2040, and achieve net-zero emissions by 2050.
- Carrying out green house gases inventory every year based on ISO 14064-1.
- Announcing 2nd stage energy saving target – the products' energy intensity will be 6% lower in 2023 when comparing to 2018.
- Having environmental education courses opened to the employees, and GHG management course to the specialties.



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Chapter 2 Profile of Tatung Company Enabler of Digital & Energy Transformation

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2.1 Company profile

Established in 1918 and headquartered in Taipei, Tatung has evolved into a conglomerate from its substantial heritage. From its inception, Tatung has abided by its founding values of “Integrity, Honesty, Industry, and Frugality”. Tatung is listed on the Taiwan Stock Exchange (TSE) under the trading code of 2371.

Tatung has solid R&D, design and manufacturing capabilities and the business covers power sector, new energy sector, consumer electronics sector, and real estate sector. The business is comprised with Heavy Electrical Equipment BU, Cable BU, Motor BU, Smart Meters BU, Appliance Brand BU, Appliance Manufacture BU, Advanced Electronics BU, System Integration BU, Solar Energy BU, and Smart Energy BU.

Tatung is equipped with core technologies to manufacture important products in the system integration solutions while working with strategic business partners to target the world market. For more information about us, please visit “TATUNG Official Channel”¹ and clip of “Enabler of Digital and Energy Transformation”².

As a conglomerate, Tatung’s investees involve in some major industries such as optoelectronics, energy, system integration, industrial system, branding retail channel, and asset development. Those that are public listed on the Taiwan Stock Exchange include ECS EliteGroup (2331), Tatung System Technologies (8099), Forward Electronics (8085), and Tatung Fine Chemicals (4738: Emerging stock market). The domestic investments are list on Table 2.1-2 and please refer to Tatung Company 2022 Annual Report p. 142~152 for the list of consolidated entities.

Tatung received many awards and certifications on operations and products in 2022 (Please refer to 2022 ESG Highlight). Tatung also endorses initiatives in regarding care disadvantaged groups and employee’s health (Table 2.1-3). All these acknowledgements from all sides are certainly the drive behind the growth of Tatung.

1. <https://www.youtube.com/user/TATUNGTW/featured>

2. https://www.youtube.com/watch?v=JX30QB_ITPc

Figure 2.1-2 Tatung Company global network

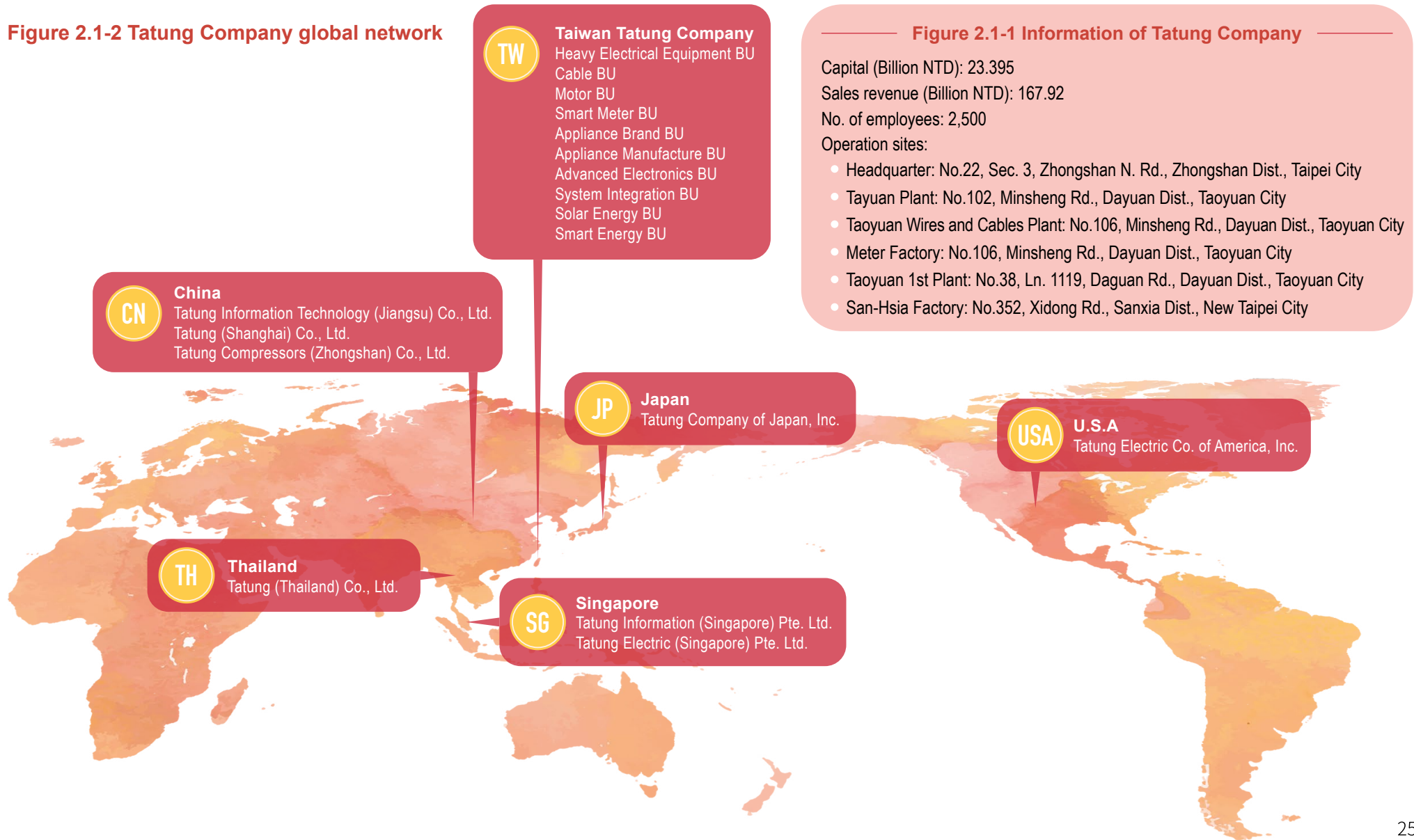


Figure 2.1-1 Information of Tatung Company

- Capital (Billion NTD): 23.395
 Sales revenue (Billion NTD): 167.92
 No. of employees: 2,500
 Operation sites:
- Headquarter: No.22, Sec. 3, Zhongshan N. Rd., Zhongshan Dist., Taipei City
 - Tayuan Plant: No.102, Minsheng Rd., Dayuan Dist., Taoyuan City
 - Taoyuan Wires and Cables Plant: No.106, Minsheng Rd., Dayuan Dist., Taoyuan City
 - Meter Factory: No.106, Minsheng Rd., Dayuan Dist., Taoyuan City
 - Taoyuan 1st Plant: No.38, Ln. 1119, Daguan Rd., Dayuan Dist., Taoyuan City
 - San-Hsia Factory: No.352, Xidong Rd., Sanxia Dist., New Taipei City

Table 2.1-1 Membership status in the associations or organizations

Association/organization	Member	Managing role
Chinese International Economic Cooperation Association	●	
CNS Certification Mark Association, R.O.C.	●	●
Information Service Industry Association of R.O.C.	●	
Industrial Association of Taipei City	●	●
Taipei Electrical Commercial Association	●	
Taiwan Telematics Industry Association	●	
Taiwan Wind Energy Association	●	
Taiwan Electrical and Electronic Manufacturers' Association	●	●
Taiwan Refrigeration and Air-Conditioning Engineering Association R.O.C.	●	
Taiwan Motor Industry Association	●	
Taiwan Environmental Engineering Association	●	
Industrial Safety and Health Association of the R.O.C.	●	
Taiwan Digital Television Committee	●	
Electric-Electronic & Environmental Technology Development Association of R.O.C.	●	●
Importers and Exporters Association of Taipei	●	
Taiwan Electrical Contractors Association	●	
Taiwan Electric Wire & Cable Industries Association	●	●
Taiwan Association of Machinery Industry	●	
Taiwan Water Pipe Engineering Industries Association	●	
Taiwan Metal Industry Association	●	
Taiwan Electric Power Association	●	
Taiwan Association of Energy Service Companies (ESCO)	●	
Taiwan Association of Information and Communication Standards (TAICS)	●	
Taiwan Smart Grid Industry Association (TSGIA)	●	
Taiwan Power and Energy Engineering Association (TPEEA)	●	

Note: Managing role such as director or supervisor. Tatung is also the Chairman of TC3. Device Networking Committee in TAICS.

Table 2.1-2 The main domestic subsidiaries

Optoelectronics	Elitegroup Computer Systems Co., Ltd. Forward Electronics Co., Ltd.*
Energy Solutions Business	
Shan Chih Semiconductor Co., Ltd.	Tatung Forever Energy Co., Ltd.
Tung Yang Energy Co., Ltd.	Shang Shin Energy Co., Ltd.
Yau Yang Energy Co., Ltd.	Ting Shin Energy Co., Ltd.
Zhi Shin Energy Co., Ltd.	Tung Shin Energy Co., Ltd.
Tung Kuang Energy Co., Ltd.	Chuang Shih Neng Co., Ltd.
Retail Channel Business	Tatung Consumer Products (Taiwan) Co., Ltd.
Electronics & Information Business	Tatung System Technologies Inc.* Tatung Medical & Healthcare Technologies Co., Ltd
Industrial Appliance Business & System	Toes Opto-Mechatronics Co. Ltd.
Chemical Engineering Business	Tatung Fine Chemicals Co., Ltd.*
Asset Development Business	Shan Chih Asset Development Co., Ltd.
Others	
Tatung Die Casting Co., Ltd.	Chunghwa Electronics Development Co., Ltd.
Chih Sheng Investment Co., Ltd.	Shan Chih Investment Co., Ltd.

Note: *As of 2022/12/31 Listed/OTC and Emerging companies.

Table 2.1-3 Initiatives endorsed by Tatung

Organization	Item
Chinese Blood Donation Association	Corporate blood donation
Health Promotion Administration	Smoke-free/Healthy work place

2.2 Financial performances

DMA

▶ Economic Performance

The actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights

The climate change caused by global warming poses risks and opportunities for businesses. With the global trend of energy conservation and carbon reduction, Tatung is committed to developing its power, new energy, consumer electronics, and real estate businesses. We also integrate investments to enhance operational efficiency. Our long-term development direction revolves around energy creation, energy storage, and energy saving. Through environmental sustainability, social responsibility, and corporate governance, we strive for outstanding performance and contribute to Taiwan's energy transformation, ultimately achieving Taiwan's 2050 net-zero emissions goal.

Report whether the organization is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships

NIL

Policies or commitments

Expanding core businesses, strengthening upgrade transformation, and promoting lean investments to create the most profits.

Actions taken to manage the topic

Providing comprehensive solutions for energy creation, energy storage, and energy saving to assist Taiwan's energy transformation and achieve Taiwan's 2050 net-zero goal.

Management process and targets

Short-term target:

1. Continuously improving revenue and profitability.
2. Achieve a cumulative installed capacity of 338 MWp for solar power generation and a cumulative of 55 MW for energy storage projects.

Mid-long term target:

- Achieve a cumulative installed capacity of 1 GWp for solar power generation and a cumulative of 300 MW for energy storage projects.

Performance

In 2022:

1. Revenue: Individual revenue of NTD\$ 16.792 billion and consolidated revenue of NTD\$ 34.538 billion. EPS: 4.02 dollars.
2. Cumulative installed capacity of solar power systems: 268 MWp. Cumulative completion of 11 MW of energy storage systems.

Related adjustments to the management approach

NIL



Impacted by the global pandemic, the Russia-Ukraine war and port congestion, our operations were severely challenged in 2022. However, benefits from the expansion of our power and energy businesses coupled with the consolidated statements integrated by Elitegroup Computer Systems Co., Ltd. since October 2022, overall revenue increased by 16.67% from the previous year. The revenue totaled NT\$34.538 billion with a net income after tax NT\$7,299 million. In addition, Tatung's overall profitability improved through cost optimization, expense control and recognition of gains from de-recognition of Chunghwa Picture Tubes Ltd.

For significant investment business, Elitegroup Computer Systems Co., Ltd. broke through its stereotype and continued to create new results. Its management core was strengthened through organizational restructuring, lean production planning, and the introduction of risk control mechanisms. ECS focused on three major directions: stabilizing our core, building trust, and sharing a common vision, and has made great progress in finance, inventory, production and sales management, and corporate governance. Consolidated revenue in 2022 totaled NT\$31.364 billion with earnings per share at NT\$1.57. Tatung System Technologies Inc. has continued to make profits and distribute dividends for consecutive 21 years. In recent years, assisting the government and private companies in digital transformation have been the center of attention for TSTI. TSTI's expertise is increasing operational efficiency and decision analysis by strengthening the deployment of network information security solutions, covering intelligent solutions, consulting services, big data platforms, cloud computing, information and communication system integration, data security, and uninterrupted operation services. The consolidated revenue in 2022 totaled NT\$4.347 billion with earnings per share at NT\$2.02. For Shan-Chih Asset Development., Ltd., the 490 units of Tatung Smart Manor Phase 1 and the 41 units of The Green House (joint construction project) have all been sold out, recognizing a total revenue of NT\$1.23 billion in 2022.

Pre-sales of the 177 units of Tatung Smart Manor Phase 2 were completed in Q3 2020, with a total sales amount of approximately NT\$ 2.5 billion, and delivery is expected to take place in Q3 2023. By making good use of the core competitiveness, Forward Electronics Co., Ltd. has expanded its sales of variable resistors, encoders, non-contact position sensors, and modular products in terms of precision components. As well as this, production equipment was also integrated to expand production scale and optimize manufacturing processes. In 2022, consolidated revenue totaled NT\$890 million with earnings per share at NT\$1.23. On August 29, 2022, the Taiwan Taoyuan District Court declared Chunghwa Picture Tubes Ltd., bankrupt and its registration of bankruptcy was granted by the Department of Commerce, MOEA. After assessment, Tatung lost control over Chunghwa Picture Tubes and its subsidiaries from September 30, 2022, and recognized the relevant gains derecognized.

Tatung operates normally on a daily basis and it has received a government subsidy of NT\$13,295 thousand for a scientific and technological project. For more detailed financial performances, please refer to "Tatung 2022 Annual Report" or visit our official website. Facing rapid changes in the industry, Tatung will devote to its management policy focusing on three main aspects: expansion of our core business, strengthening of upgrades and transformation, and reinforcement of our investment business. Under the positioning of industrial holdings, Tatung will be fully committed to the development of its power, new energy, consumer electronics, and real estate businesses, while integrating investment in a bid to boost operational efficiency. The long-term development direction of Tatung is energy creation, energy storage, and energy saving, and we aim to deliver better results and create maximum benefits for shareholders through environmental sustainability, social responsibility, and corporate governance.

Table 2.2-1 Financial income and expenses of Tatung

Item	2018	2019	2020	2021	2022
Operating revenue	19,138,488	17,825,749	15,863,678	16,176,127	16,792,440
Realized gross profit	2,064,017	1,789,027	1,129,220	2,319,193	2,631,754
Employee benefits*	2,305,903	2,269,620	2,323,250	2,463,007	2,293,479
Income from operations	(391,692)	(863,857)	(1,809,817)	207,552	837,809
Non-operating income and expenses	(10,313,757)	3,466,194	792,008	3,435,899	8,591,576
Income tax benefit	(62,543)	(273,542)	58,528	(28,668)	52,032
Net loss attribute to equity attributable to owners of parents	(10,642,906)	2,875,879	(1,076,337)	3,672,119	9,377,353
Earnings per share (NT\$)	(4.75)	1.24	(0.46)	1.57	4.02
Dividends per share (NT\$)	0	0	0	0	0

Unit: NT\$
Thousand ()
represents
negative values

Note: Employee benefits include salary, labor and health insurance, pension, remuneration of directors and others.

2.3 Services and products

Over the years, Tatung has been actively supporting the economic development of the country and has been a pioneer in Taiwan's power, system, and consumer businesses. In recent years, we have been dedicated to national energy transformation through energy creation, energy storage, and energy saving. Tatung will continue to focus on core businesses while expanding into the energy sector. With strong research and development and manufacturing capabilities, we aim to play a significant role in helping the country and enterprises achieve net-zero carbon emissions. For detailed product information, please refer to the official website. The operational priorities for 2023 are as follows:

Power Business

As the only equipment supplier in Taiwan to have a full range of transformers, reactors, distribution panels, GIS, and cables, we strive for business opportunities in relation to power equipment in line with Taipower's 10-Year Grid Reinforcement Program. Aligning with the government's efforts to promote renewable energy and the 2050 Net zero target, we pursue business opportunities with respect to wind power, solar power, energy storage systems, and booster stations. As for smart meters, we are gradually producing good results in Japan, Thailand, and Malaysia, and are making an effort to expand into the ASEAN market. In terms of motors, with more than 70 years of technology and experience, we continue to provide motor products and services in a variety of fields alongside the development trends in the industry. Our products include ROT motors, high pressure maintenance motors, ultra-high efficiency motors, explosion-proof motors, spindle motors, and EV power systems.

New Energy Business

The scope of new energy business covers solar power, energy storage, green power trading, other renewable energy sources, and net zero solutions. By combining the Tatung's strengths, our team has expertise in green power supply resources and energy management technologies, upstream and downstream vendors are vertically integrated, completing the layout of the energy system value chain. At the end of 2022, we installed more than 268MW of solar panels with a goal of 338MW by the end of 2023, while also proactively pursuing large-scale energy storage system construction projects and energy storage EPC projects.

Consumer Electronics Business

We will focus on inverter energy saving and intelligent commercial/household products to enhance consumers' daily life experiences via the Internet of Things. As electric cookers remain the No.1 product in Taiwan, we will take a proactive approach to expand the complete product seriation of kitchen appliances and develop overseas markets. In addition, we will continue to deepen our professional acoustic field and expand to smart home products. To do this, we will integrate advanced technology and intelligent functions to constantly provide professional design and manufacturing. With our stores winning the 2022 and 2023 Trusted Brands Gold Awards, and in addition to reinforcing brand channels and after-sales services, we will make an effort to strengthen E-commerce platforms, providing consumers with full-time services and better shopping experiences.

Real Estate Business

To create maximum value for company assets, we accelerate asset revitalization through strategic alliance and cooperation, supplemented by multiple resource revitalization approaches, such as urban renewal, the rebuilding of dangerous and old buildings and changing the nature of land use. At the same time, we will try to develop new projects, continuing to expand the business. The Shuanglian Urban Renewal Project is the first case of successful integration of land externally purchased. The construction is set to take place in Q3 2023, with public sales expected in Q1 2024. The construction permit for Zhonghe MRT, a joint development project, is expected to be obtained in Q3 2023 and public pre-sales are scheduled in the same year.



The production quantities and values for the last two years are shown on Table 2.3-1.

Table 2.3-1 Tatung production output and amount

	2021		2022	
	Output (set)	Amount (NT\$ Thousand)	Output (set)	Amount (NT\$ Thousand)
Optoelectronics segment	0	0	0	0
New energy of electric power segment	1,071,076	8,755,453	1,616,084	10,175,984
Consumer electronics segment	3,959,970	4,537,140	3,885,276	8,943,090
Real estate segment	0	0	0	0
Other operating segments	238,313	1,299,290	96,770	1,007,664

The sales values for the past 5 years are shown on Figure 2.3-1.

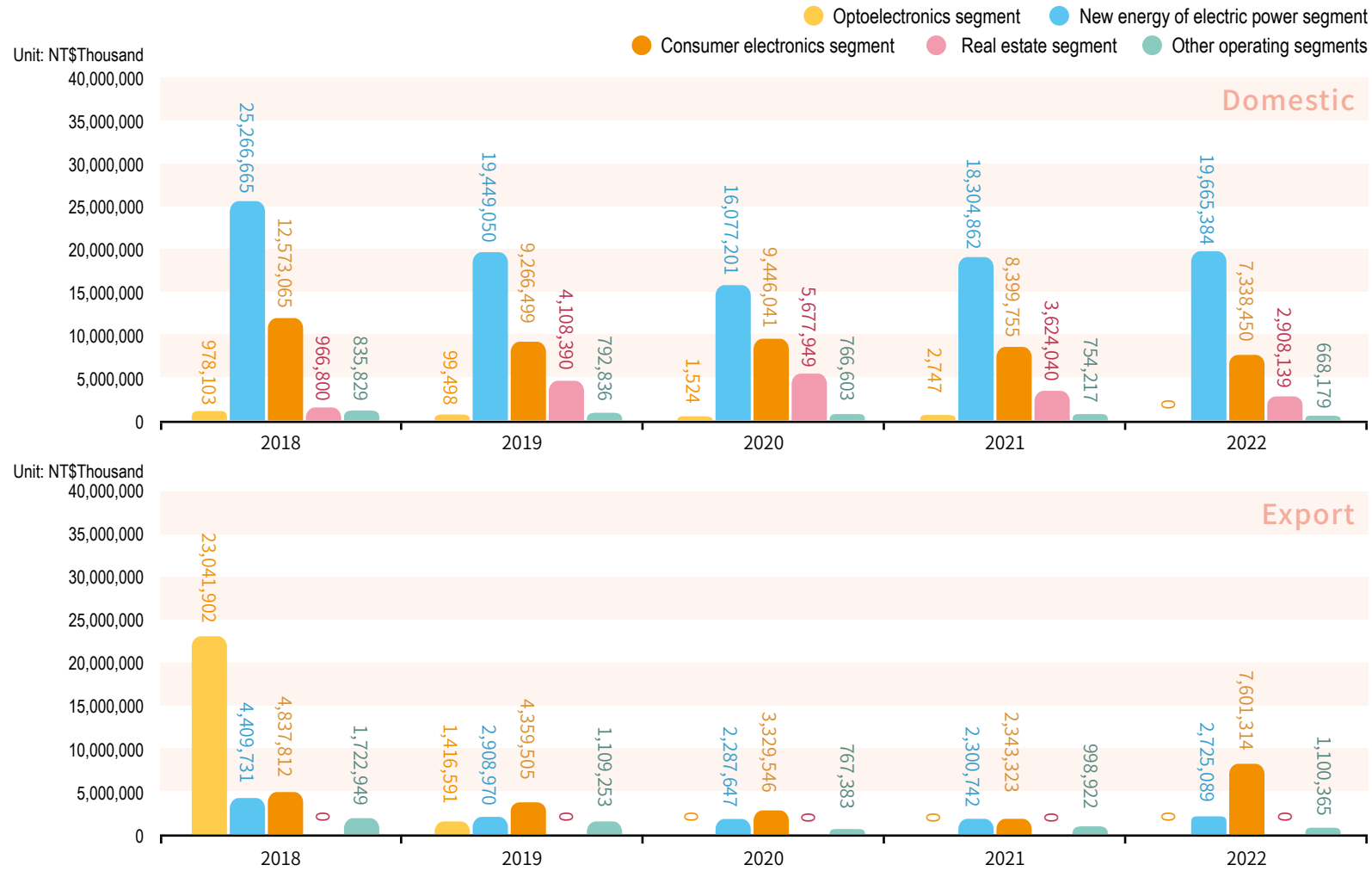


Figure 2.3-1 Tatung's domestic and export sales values (The above data are subject before consolidation)



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Chapter 3 Structure and Governance

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Governance

Short-Term Targets

- Appointing chief corporate governance officer to be responsible for corporate governance related matters, implement corporate governance, and improve the effectiveness of the board of directors.
- Conducting the performance evaluation for the board of directors and the functional committees.
- Revising the relevant principles of corporate governance at any time in accordance with the latest published version from the authority.
- Enhancing corporate information disclosure in English (e.g. English official website).

Performances in 2022

- The board of directors appointed Chief Legal Officer as Chief Corporate Governance Officer.
- Sustainable Development Committee had 4 meetings to discuss corporate governance related issues.
- Completed the performance evaluations for the board of directors and the functional committees. The results were all “Good”. Tatung appointed the Taiwan Corporate Governance Association to perform the 2022 annual external performance evaluation of the Board of Directors.
- The official website is updated in both English and Chinese versions.

Governance

Mid-Term Targets

Each operation follows the corporate governance-related codes formulated by the company, and is in line with the corporate governance evaluation project, with the goal of being in the top 6-20% of the corporate governance evaluation

Long-Term Targets

Continue to strengthen corporate governance and improve information transparency. The company's managers and all employees abide by the ethical corporate management to avoid illegal incidents and ensure the company's sustainable operation and performance, and continue to care for the environment, consider social and culture factors, and strengthen corporate governance to fulfill corporate social responsibility.



3.1 Organization structure

Under the Shareholders' Meeting, the governance structure of Tatung includes Board of Directors, Chairman, Vice Chairman, President, and Chief Operating Officer. There are three functional committees under Board of Directors, such as Audit Committee, Remuneration Committee, and Sustainable Development Committee to enhance the operation of the board. The Chairman is Wkang Hsiang Wang. Apart from the administrative divisions, Tatung is also consisted with Heavy Electrical Equipment BU, Cable BU, Motor BU, Smart Meter BU, Appliance Brand BU, Appliance Manufacture BU, Advanced Electronics BU, System Integration BU, Solar Energy BU, and Smart Energy BU. The governance structure is shown on Figure 3.1-1.

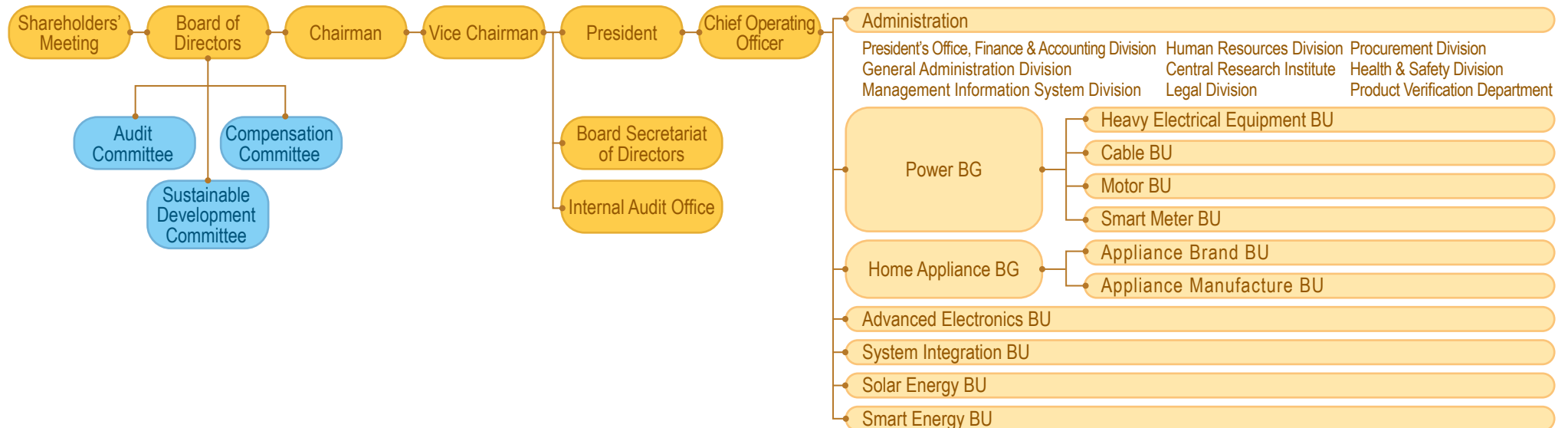
Shareholders' Meeting

The shareholders' meeting is composed of all shareholders. Tatung follows the Company Act, Securities and Exchange Act and other relevant laws to hold a regular shareholders' meeting every year, and accepts the proposals of shareholders holding more than 1% of the total issued shares of Tatung to the shareholders' meeting, and in accordance with the rules of procedure to implement the matters that must be resolved by the shareholders' meeting and fully communicate with shareholders. The director nomination system adopts the candidate nomination system and the term of office is three years. The independence of the candidates for independent directors also complies with the provisions of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", and accepts the list of candidates

proposed by shareholders who hold more than 1% of the total issued shares of Tatung in accordance with the law.

Tatung has appointed the stock agency department of Taishin International Bank to handle the affairs of the shareholders meeting. Tatung also has "Investors" section on the company's official website to disclose financial and corporate governance related information, and also immediately announces the information that need to be disclosed at "Market Observation Post System" for shareholders to acquire information at any time. On the other hand, Tatung maintains a good relationship with investment institutions and has established a system of spokespersons and deputy spokespersons as a window for dialogue and connection between the two parties. In addition, Tatung participates in the domestic legal person briefing every year to provide the latest operation information.

Figure 3.1-1 Tatung operation structure



Note: As of 2023.3.31.

Board of directors

Tatung has 8 directors¹, including 3 independent directors, accounting for 37.5% of the total board members. 0% of the directors concurrently serve as managers of Tatung; in addition, Tatung also emphasizes gender equality in the composition of the board of directors and the percentage of female directors has reached 12.5%. The Board of Directors in Tatung guides the company's strategy, oversees the management team, and is responsible to the company and its shareholders. Directors receive reports from the management team during board meetings and provide guidance and recommendations. They maintain good communication with the management team. The corporate governance system, as well as various arrangements, comply with legal requirements, the company's measures,

and resolutions of the shareholders' meeting to create maximum benefits for the shareholders.

As Tatung's business sectors are diversified, the directors of Tatung shall be selected based on their knowledge and skills as well as their professional backgrounds. Some of the directors of Tatung are the chairman or directors of public companies. All the board members have extensive knowledge and experience, personal perspective and business judgment and are highly valued by Tatung for their leadership and decision-making abilities. In order to balance the operational and developmental needs of the company, Tatung stipulates in its "Corporate Governance Best-Practice Practices" that the composition of the Board of Directors should consider diversity, without restrictions based on gender, age, nationality, or culture. In addition

to possessing the necessary knowledge, skills, and qualities required to perform their duties, the Board of Directors aims to achieve the ideal goal of corporate governance by having a diverse range of professional backgrounds and capabilities (Table 3.1-1).

The board of directors had held 11 meetings in 2022. The attendance rate of directors (including independent directors) is 97.64%. When there is event of conflicts of interest during board of directors' meeting, Tatung follows related regulations to resolve it. There were 6 cases of directors' withdrawing from motion, please refer to p. 30 and p. 31 of 2022 Tatung Annual Report. Regarding the director's participation in other company boards, please refer to p. 18 to 21 of the same annual report for detailed information.

Table 3.1-1 The policy to diversify the membership of the Board

Name/Job Title	Basic requirements and values			Professional Knowledge and Skills								
	Nationality	Gender	Employee status	Professional background	Operational management	International market	Risk management	Accounting & financial analysis	Industrial knowledge	Legal	ESG	Decision making ability
Wkang-Hsiang Wang, Chairman	Republic of China (ROC)	Male	-	Architectural engineering & operational management	◆	◆	◆	◆	◆		◆	◆
Chun-Lung Wu, Vice Chairman	Republic of China (ROC)	Male	-	Operational management	◆	◆	◆	◆	◆		◆	◆
Ruey-Long Chen, Director	Republic of China (ROC)	Male	-	Operational management	◆	◆	◆	◆	◆		◆	◆
Da-Ho Yen, Director	Republic of China (ROC)	Male	-	Legal	◆	◆	◆	◆	◆	◆	◆	◆
Bao-Huei Huang, Director	Republic of China (ROC)	Female	-	Media & operational management	◆	◆	◆	◆	◆		◆	◆
Sheng-Tsheng Lee, Independent Director	Republic of China (ROC)	Male	-	Legal	◆	◆	◆	◆	◆	◆	◆	◆
Chi-Husan Liu, Independent Director	Republic of China (ROC)	Male	-	Legal & finance	◆	◆	◆	◆	◆	◆	◆	◆
Chung-Zung Kung, Independent Director	Republic of China (ROC)	Male	-	Finance & accounting	◆	◆	◆	◆	◆		◆	◆

The directors' term of office is 3 years, and the shareholders' meeting to elect new directors will take place in June 2023.

Internal Audit Office

The Internal Audit Office is under the Board of Directors and assists the board and managers to check and review the lack of internal control systems and to provide timely recommendations for improvements to ensure the continuous and effective implementation of internal control systems. The head of the Internal Audit Office regularly attends board meetings to report on audit matters.

Audit Committee

The Audit Committee of the Board of Directors assists the Board in fulfilling its responsibility and duty for oversight of the Company Act, Securities and Exchange Act, and such other related laws and regulations. The focus of the work of the Audit Committee in 2022 is to review the quarterly report, semi-annual report, annual financial report and loss compensation case; revise the internal control system and related policies and procedures; material asset or derivatives transactions; offering or issuance of any equity- type securities; material lending funds, endorsements or guarantees; hiring or dismissal of an attesting CPA, or the compensation given thereto; significant investment evaluation and management; corporate risk management, etc.

Compensation Committee

In view of the compensation program is as an important aspect of corporate governance and risk management. The Board of Tatung has established the Compensation Committee and approved the Compensation Committee Charter for intensifying corporate governance and consolidating the director and executive compensation programs.

The Board of Directors is authorized to determine the transportation allowance and compensation to directors of Tatung based on their contribution to the company's operation and by taking into consideration the local

Table 3.1-2 Remuneration to directors in 2022

Unit: NTD\$ Thousand

Name/Job Title	Remuneration to directors							
	Remuneration (A)		Retirement pension (B)		Remuneration on allocated from earnings (C)		Business execution expenses (D)	
	The Company	All companies included in Financial statements	The Company	All companies included in Financial statements	The Company	All companies included in Financial statements	The Company	All companies included in Financial statements
Wkang-Hsiang Wang, Chairman	1,421	2,021	0	0	0	0	65	85
Chun-Lung Wu, Vice Chairman	0	240	0	0	0	0	15	15
Da-Ho Yen, Director	0	0	0	0	0	0	55	55
Bao-Huei Huang, Director	0	0	0	0	0	0	40	40
Ruey-Long Chen, Director	0	0	0	0	0	0	55	55
Sheng-Tsheng Lee, Independent Director	1,400	1,400	0	0	0	0	75	75
Chung-Zung Kung, Independent Director	1,400	1,400	0	0	0	0	75	75
Chi-Husan Liu, Independent Director	788	788	0	0	0	0	60	60
Rong-Chuan Chen, Director	0	240	0	0	0	0	15	15
I-Wen Chung, Director	0	0	0	0	0	0	15	25
Chin-Lai Wang, Director	1,017	1,017	0	0	0	0	25	45
Gindon Investment Co	2,000	2,000	0	0	0	0	0	0
Xin Tong Investment Consultancy Co.	1,000	1,000	0	0	0	0	0	0

Note: This Table is cited from 2022 Tatung Annual Report. Please refer to page 28 and page 29 for more information.

Note 1: Director Chun-Lung Wu was newly appointed on 2022.10.24, the board of directors approved him to serve as vice chairman on 2022.10.24; Director Bao-Huei Huang was newly appointed on 2022.06.16; Independent Director Chi-Husan Liu was newly appointed on 2022.06.14; Director of Rong-Chuan Chen was changed on 2022.06.16 (change of representative); Director I-Wen Chung was changed on 2022.06.29 (change of representative); Director Chin-Lai Wang was newly appointed on 2022.06.29, changed on 2022.10.24 (change of representative).

and foreign standards as applied in the same industry. Compensation is based on everyone's respective expertise and competencies, corporate performance, and other special contributions, while considering the operational risks that Tatung may face in the future and in accordance with the professional norm and the relevant management regulations to seek the balance between the sustainable operation and risk control in the company.

Internal evaluation of the performance of the board and functional committees

To implement corporate governance and enhance the functionality of the Board of Directors and functional committees, Tatung conducts annual evaluations of the Board of Directors and functional committees based on the "Guidelines for Performance Evaluation of the Board of Directors and Functional Committees". The evaluation scope includes the overall Board of Directors, individual directors, and the performance evaluation of each functional committee and its individual committee members.

As stipulated in Article 3 of the "Guidelines for Performance Evaluation of the Board of Directors and Functional Committees", Tatung's board performance evaluation shall be conducted by an external independent professional institution, a panel of external experts and scholars, or other appropriate means at least once every three years. The board performance evaluation shall be completed before the end of the following year. In August 2022, Tatung appointed the Taiwan Corporate Governance Association to perform the 2022 annual external performance evaluation of the Board of Directors. Tatung completed self-assessments of Board performance in 2022 and reported the results to the Board of Directors at its first quarter meeting in 2023 for review and improvement. The evaluation results can be found on the company's official website².

2. <https://www.tatung.com/tw/info/comp-grade>

Table 3.1-3 Implementation situation of Board of Directors' and functional committee evaluation in 2022

Evaluation cycle		1.The Company's board of directors shall conduct an internal board performance evaluation every year. 2.The Company's board performance evaluation shall be conducted by an external independent professional institution or a panel of external experts and scholars at least once every three years.
Evaluation period		2022.01.01~2022.12.31
Evaluation scope		The Company's board and functional committees' evaluation scope covers the evaluation of the board as a whole, individual directors, functional committees and individual committees.
Evaluation method		Methods of evaluations include the internal evaluation of the board, self-evaluation by individual board members, internal evaluation of functional committees, self-evaluation by individual committee members and evaluation by appointed external professional institutions, experts, or other appropriate methods.
Evaluation content	The criteria for evaluating the Performance of the board of directors	1. Participation in the operation of the company 2. Improvement of the quality of the board of directors' decision making 3. Composition and structure of the board of directors 4. Election and continuing education of the directors 5. Internal control 6. Participation in sustainable operations (ESG)
	The criteria for evaluating the Performance of the board members (on themselves)	1. Alignment of the goals and missions of the company 2. Awareness of the duties of a director 3. Participation in the operation of the company 4. Management of internal relationship and communication 5. The director's professionalism and continuing education 6. Internal control
	The criteria for evaluating the Performance of functional committees	1. Participation in the operation of the company 2. Improvement of quality of decisions made by the functional committee 3. Composition and structure of functional committees 4. The committee's election and continuing education 5. Internal control



3.2 Corporate Governance

DMA Corporate governance and ethical practice

The actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights

Corporate governance refers to the framework that regulates the relationships among a company, its management, board of directors, shareholders, and other stakeholders such as suppliers, customers, consumers, community residents, and government agencies. Through this mechanism, it establishes corporate operational objectives and ensures the achievement of these objectives and the monitoring of operational performance. It enforces the responsibilities of the operators, safeguards the legitimate rights and interests of shareholders and other stakeholders. Effective corporate governance should enable the board of directors and management to achieve operational goals in the best interests of the company and its shareholders. It assists in managing the operations of the enterprise, provides effective oversight mechanisms, encourages the efficient use of resources, enhances efficiency, improves competitiveness, fulfills corporate social responsibility, and promotes the social welfare of the public.

Report whether the organization is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships

NIL

Policies or commitments

Tatung upholds the core values of integrity, honesty, industry, and frugality in its operations. Integrity and honesty are the fundamental commitments of our company to shareholders, customers, suppliers, and society. Based on the principles of integrity, honesty, industry, and frugality, we have established relevant policies grounded in integrity. These include Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, Regulations for Handling Whistleblowing Illegal Cases and Unethical or Dishonest Conduct Cases, Policy on Insider Trading. Tatung has also implemented management regulations such as employee rewards and penalties and complaint procedures for our employees. Through education and training, we strive to foster consensus and promote our corporate culture of integrity, honesty, industry, and frugality among all employees, aiming for sustainable business growth.

Actions taken to manage the topic

Tatung has established the “Corporate Governance Best Practice Principles” in accordance with the Financial Supervisory Commission’s Corporate Governance 3.0 - Sustainable Development Blueprint. We are gradually promoting and revising our company’s corporate governance policies to strengthen the functions of the board of directors, enhance information transparency, improve stakeholder communication, and proactively implement governance and sustainable development initiatives.

Management process and targets

Short-term targets:

1. Appointing chief corporate governance officer to be responsible for corporate governance related matters, implement corporate governance, and improve the effectiveness of the board of directors.
2. Conducting the performance evaluation for the board of directors and the functional committees.
3. Revising the relevant principles of corporate governance at any time in accordance with the latest published version from the authority.
4. Enhancing corporate information disclosure in English (e.g. English official website).

Mid-term targets:

Each operation follows the corporate governance-related codes formulated by the company, and is in line with the corporate governance evaluation project, with the goal of being in the top 6-20% of the corporate governance evaluation.

Long-term targets:

Continue to strengthen corporate governance and improve information transparency. The company’s managers and all employees abide by the ethical corporate management to avoid illegal incidents and ensure the company’s sustainable operation and performance, and continue to care for the environment, consider social and culture factors, and strengthen corporate governance to fulfill corporate social responsibility.

Management evaluation mechanism

In addition to establishing Guidelines for Performance Evaluation of the Board of Directors and Functional Committees, Tatung conducts annual performance evaluations for the board of directors and each functional committee. Furthermore, an external independent organization conducts a performance evaluation every three years.

Performance

Performances in 2022:

1. The board of directors appointed Chief Legal Officer as Chief Corporate Governance Officer.
2. Sustainable Development Committee had 4 meetings to discuss corporate governance related issues.
3. Completed the performance evaluations for the board of directors and the functional committees. The results were all “Good”. Tatung appointed the Taiwan Corporate Governance Association to perform the 2022 annual external performance evaluation of the Board of Directors.
4. The official website is updated in both English and Chinese versions.

How engagement with stakeholders has informed the actions taken and how it has informed whether the actions have been effective

Tatung has established “Employee Complaint Procedure” and “Regulations for Handling Whistleblowing Illegal Cases and Unethical or Dishonest Conduct Cases. We have also set up a section for stakeholders on our company website. Any related issues or feedback are handled by the responsible departments, following the specified procedures for accepting and investigating complaints.

Related adjustments to the management approach

Tatung follows the check items of “Corporate Governance Evaluation” implemented by TWSE to review and improve the practice of each aspect of the company and fully improve the quality of corporate governance.

Good corporate governance and ethical management are the keystones for a corporate to achieve sustainable development and demonstrates its social value. Since 1918, we have taken “Integrity, Honesty, Industry, Frugality” as our corporate values and stipulated “Corporate Governance Best Practice Principles”, “Ethical Corporate Management Best Practice Principles”, “Procedures for Ethical Management and Guidelines for Conduct”, “Ethical Conduct Principles”, and “Sustainable Development Best Practice Principles”. We keep abreast of global trends and adjust with the times to follow our various businesses. On the other hand, through the implementation of the internal control system, the company’s policies and regulations are ensured. In addition to playing the role of a product and service provider, we also combine environmental sustainability with the management of the company. It is expected to not only achieve sustainable business, but also fulfill our responsibility for environmental sustainability and corporate social responsibility.

Corporate Governance Best Practice Principles

In order to establish sound corporate governance system, Tatung adopted the principles of Taiwan Stock Exchange Corporation (TWSE) and the GreTai Securities Market (GTSM) and published “Corporate Governance Best Practice Principles”. The principles are agreed by board of directors and aiming to achieve the followings:

1. Protect the rights and interests of shareholders.
2. Strengthen the powers of the board of directors.
3. Fulfill the function of supervisors.
4. Respect the rights and interests of stakeholders.
5. Enhance information transparency.

Ethical Corporate Management Best Practice Principles

In order to establish an ethical and sound management of corporate culture development to build up a good business mode of operation, risk control mechanism and sustainable business environment, Tatung published “Ethical Corporate Management Best Practice Principles”. The principles prohibit directors, supervisors, managers, employees, and mandataries or persons having substantial control shall not conduct unethical behavior. Ethical training and education are conducted among the mentioned personnel regularly. Persons and companies who have business with Tatung are invited to attend the education to fully understand the commitment made by Tatung

Ethical Conduct Principles

In order to guide the directors and managers of ethical conduct, for example, prevent conflicts of interest, to avoid the chance of personal interests and fulfill the duty of confidentiality, fair dealing, protection and proper use of company assets, to follow the laws and regulations, to encourage the reporting of any violations of law or ethical behavior and conduct of disciplinary measures, Tatung has formulated “Ethical Conduct Principles” and which has been approved by the Board of Directors.

Employees’ code of ethics

Tatung upholds the principles of “Integrity, Honesty, Industry, Frugality” and prohibits any improper behavior and financial dealings. Each new employee will sign a self-regulation statement when they report to the company. The statement states that employees must not doing fraud or receiving gifts from others in duties, and shall not disclose the company’s technologies and business contents. Relevant control measures have also been established in this regard. For example, the

Company Rules clearly stipulate that it is not allowed to take advantage of the convenience of the position, engage in personal fraud, or accept gifts from others.

For the management of corruption and bribery, in addition to complying with the Securities and Exchange Law, the Company Law and other social and economic laws, Tatung has also formulated the “Ethical Corporate Management Best Practice Principles”, “Procedures for Ethical Management and Guidelines for Conduct”, and “Ethical Conduct Principles”, etc., to regulate all the employees (including management level). When establishing business relationships with others, the company should first evaluate the legality, business integrity policies, and a history of dishonesty of the agents, suppliers, customers or other business partners to ensure that they conduct business in a fair and transparent manner and do not ask, offer or accept bribes. In case of corruption, bribery or other related matters, it can be reported to the responsible unit in accordance with the “Regulations for Handling Whistleblowing Illegal Cases, and Unethical or Dishonest Conduct Cases”. If it is verified, it will be handled in addition to the Company Rules and will be investigated for legal responsibility to prevent corruption or leakage of secrets.

Internal control system

In order to promote the effective operation and ethical management of the company, Tatung established “Internal Control System”. The mission is to:

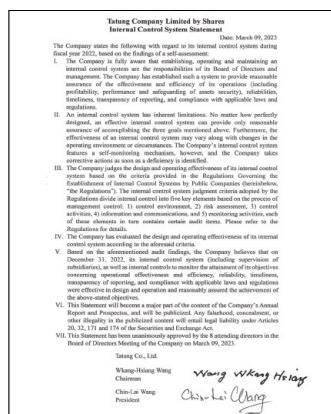
1. Ensure the enforcement of company policies and rules.
2. Avoid the waste, lost and non-efficient use of assets.
3. Ensure the accuracy of accounting and operating information.
4. Evaluate the performances for each division.

Internal control system covers all operations of Tatung, including accounting, finance, planning, organization, control and management, and information about sales, production, purchasing, materials, engineering, personnel and research and development. In addition, internal control should prepare, distribute, report and analyze data to the management level, so that the highest management level can keep track on the execution and control of Tatung’s various work and business.

Internal control system is not only applied in Tatung but also applied to Tatung’s subsidiaries. The subsidiaries are graded into different levels according to their scales. Different levels of subsidiaries have different internal control frequencies to effectively optimize the corporate governance of subsidiaries. Figure 3.2-1 shows Tatung’s internal control system statement.

In addition to internal control system, Tatung has introduced and maintained several of management systems in the factories for specific topics, such as ISO 14001, ISO 45001, ISO 9001, ISO 27001, TTQS and others. The factories follow the procedures of the management systems to review and update the related laws and regulations. At the same time, the factories conduct internal audit and management review to ensure the operations can comply with the laws and regulations. The administrative in headquarter also announce the latest and related regulations to the employees by publishing on the internal website and/or through e-mails. In this way, the employees will gain the knowledge of regulations and avoid breaching them at work.

Figure 3.2-1 The internal control statement of Tatung in 2022



Risk management

To cope with the rapidly changing industry landscape, Tatung has established a risk management organization (Table 3.2-1) dedicated to conducting risk assessment and analysis of significant matters. Measures are formulated to address each identified risk. For detailed information, please refer to pages 109-112 of 2022 Tatung Annual Report. Additionally, for information on climate-related financial risks, opportunities, and response measures, please refer to Chapter 7 of this report.

Table 3.2-1 Structure of risk management

Risk management	Bodies in charge	Responsibilities
Strategy & operation risk	1. Board of Directors 2. High- level management (Chairman, president) 3. Management of each plant and division (General manager, director, and center manager)	Stipulation & implementation of management policies and assessment & analysis of operation performance
Market & Liquidity risk	Sales of each plant and division, Purchasing Division, and Management Information Division	Business & sales promotion, market research evaluation promoting information security management
Financial risk	Finance & Accounting Division	Final accounting of cost, funds allocation and control, and hedging of interest and exchange rates
Image risk	Human Resources & Public Relations Division	Enhancement of Corporate Image and response of crisis management
Legal risk	Legal Division	Domestic and foreign policies and Regulatory developments
Environmental, Health & Safety risk	Health & Safety Division	Environment Management, Environment Performance, Safety Performance, and Job Safety Analysis
Climate Change risk	Management of each plant and Health & Safety Division	GHG inventory and Product Carbon Footprint enhancing the performance of environment, energy and carbon reduction



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Chapter 4 Responsible supply chain, product safety and customer service

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Supply chain management

Targets

All new suppliers sign back the Supplier Commitment Letter.

Performance in 2022

100% of new suppliers have signed back the Supplier Commitment Letter.

Product responsibility

Targets

Short-term targets:

1. All the products are complied with product inspection regulations and customer requirements.
2. Strive for product awards or certification.
3. Continue to run ISO 9001 and TAF certified laboratories in the factories.
4. Meet annual quality KPI.
5. No violation against product inspection and labeling regulations.

Mid-Long term targets:

Treat zero defects as the only standard for management and operation.

Performance in 2022

1. All the factories passed ISO 9001 annual audit.
2. No. of products violated product inspection and labeling regulations: 0.
3. Multi-functional Cooker (TAC-11R-M) was won the 31st Taiwan Excellence Award.
4. No. of product inspection and labeling related violations: 0.

Sales

Targets

Ensure the contents of advertisements or promotions are complied with regulations.

Performance in 2022

No. of advertisements or promotions violated related regulations: 0.

Customer management

Targets

1. Continue to manage customer information in accordance to the regulations.
2. Satisfaction for repairing service > 94%, satisfaction for shipping service > 97%.

Performance in 2022

1. No. of complaints in regarding to violating customer privacy or losing customer information: 0.
2. Satisfaction for repairing: 94.8%, satisfaction for shipping: 98.3%.



4.1 Responsible supply chain

Tatung firmly believes that establishing a trusting and mutually beneficial relationship with excellent suppliers can achieve competitive cost, reliable quality, on-time delivery, and improved productivity. We aim to share the outcomes with consumers worldwide. Therefore, we implement internal control system and follow the regulations stipulated in the “Supplier Introduction and Management Measures” to introduce and manage suppliers. Regular audits are conducted to assess the supplier management status of each business unit and the subsidiaries, ensuring the effective implementation of supplier management within the group.

Good quality, competitive price, on time delivery, and after sale service are the first 4 considerations when Tatung purchases raw materials, parts and products. Tatung also prefers purchase from local suppliers in Taiwan in order to support local business and fulfill social responsibility. The main suppliers are from Taiwan, followed by China. The details are list in Figure 4.1-1. Meanwhile, in order to maintain excellent product quality, Tatung requests suppliers to use brand new materials in providing main materials, parts, and products. Tatung supports the concept of green consumption, within the company; we encourage our BUs to take environmental friendly products into considerations when purchasing materials, parts, or products. Our efforts in 2022 were recognized by EPB, Taipei City Government (Received certificate of appreciation for promoting green procurement, Figure 4.1-2). In 2022, Tatung’s green procurement amount reached NT\$50,027,438, representing an increase of

approximately NT\$1.3 million compared to the previous year (Figure 4.1-3).

On the other hand, Tatung requests suppliers to fulfill corporate social responsibility together by adding confidential, anti-corruption and human rights (human rights, freedom of association, child labor, and forced labor) clauses in the contract. Also from 2015, we started to request suppliers to sign the “Supplier Commitment Letter”, which includes health and safety, environmental protection, and human rights topics. The commitment letter is a must have document to become Tatung’s supplier. In response to the attention to conflict minerals internationally, Tatung has issued “Declaration of Minerals Conflict-Free from Tatung Company” and passed to the suppliers to follow since 2019.

Figure 4.1-1 Suppliers’ geographic distribution in 2022 (by numbers)

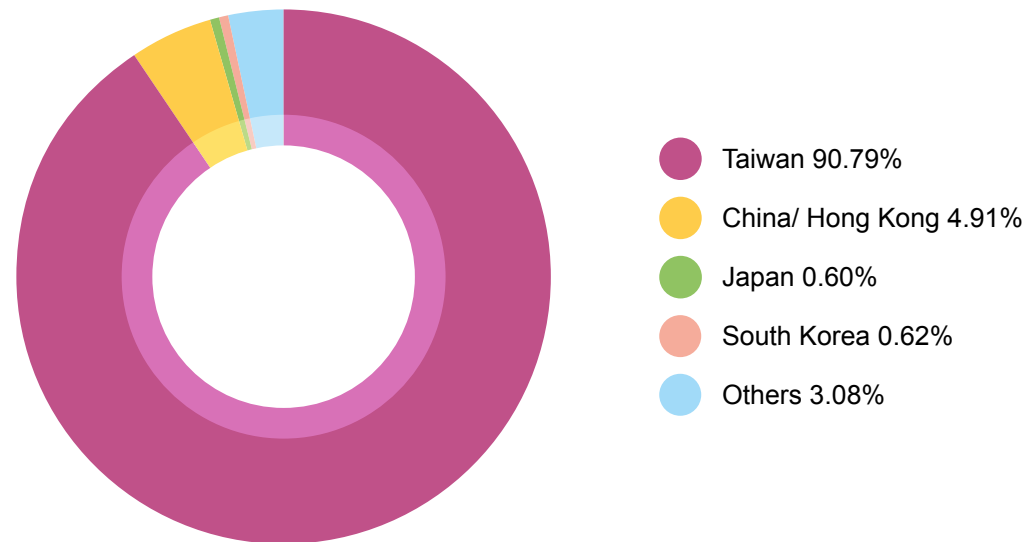


Figure 4.1-2 Certificate of appreciation for promoting green procurement from EPB, Taipei City Government

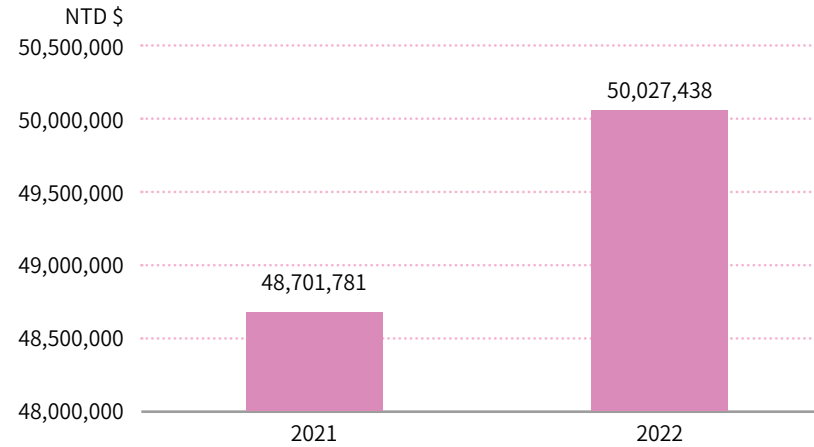
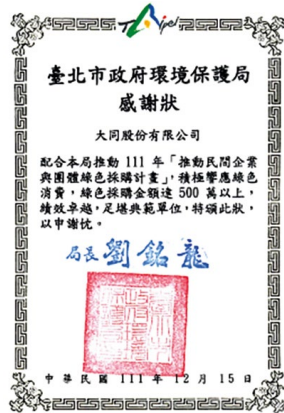


Figure 4.1-3 Tatung's green procurement amounts

Declaration of Minerals Conflict-Free from Tatung Company

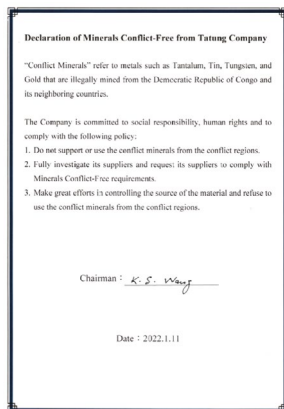


Table 4.1-1 CSR contents in the Supplier Commitment Letter

Category	Commitment
Non-corruption	Refuse to offer or accept any improper advantages.
Human rights and labor conditions	Comply with national and international regulations, policies, or guidance in regarding to human rights.
Environmental protection	Comply with environmental protection regulations.
Anti-conflict minerals	Comply with Tatung anti-conflict mineral policy.
Corporate social responsibility	Comply with Tatung's and the suppliers' ethical and sustainable development policies.

Introduction and management on suppliers

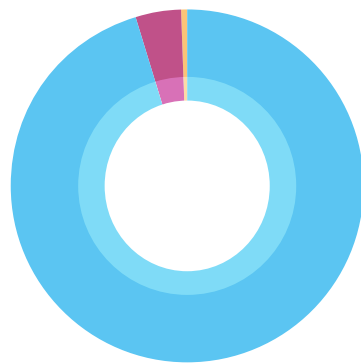
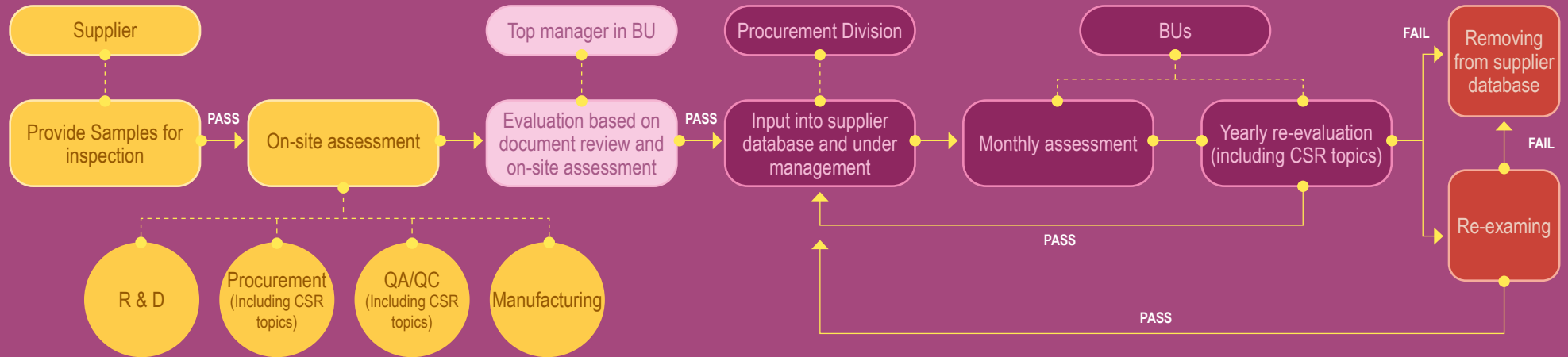
Tatung groups its suppliers into four categories; each category has its own introducing procedures and management standards. The introduction of the new supplier in Category I requires on site assessment by evaluation team. The assessment content mainly includes design, technical capabilities, quality management, manufacturing capabilities and management capacity. The introduction of the new supplier in Category II requires only document review. For construction category, the introduction of the new supplier requires on site assessment. Starting from 2018, CSR related contents were incorporated into on site assessment for all BUs. In addition, Tatung also evaluates the management of hazardous substances (RoHS and REACH), conducting safety measures for hazardous job, and implementation of environmental management system as an extra evaluation for introduction of a new supplier. The detailed management measures are shown on Table 4.1-2 and Figure 4.1-4 (Category I as an example). The supplier with assessment result above B grade can then be introduced. All suppliers are requested to sign procurement contract and commitment letter.

For suppliers (construction category not included) who already cooperate with Tatung are implemented monthly assessment in aspect of quality, delivery, price, and service (Figure 4.1-5). Any non-conformities found will be requested to correct. An annual re-evaluation is periodically implemented for main components suppliers, listed component suppliers, and outsourcing suppliers (Figure 4.1-6). The annual re-evaluation is focusing on suppliers' operation policy, CSR policy, quality management, R&D capability, manufacturing management, servicing ability. Tatung wishes the suppliers who collaborate with us can grow strong together. As for the safety of the service-providing suppliers (construction, waste disposal, repairing) who operate in the factories and subsidiaries, Tatung stipulated "Tatung Health and Safety Management Method for Contract Suppliers" to make sure all this type of suppliers can follow it to reduce the risk from accidents.

Table 4.1-2 Category of suppliers and introducing/management measures

Category	Classification criteria	Introducing procedure	Management
Category 1	<ol style="list-style-type: none"> 1. Important materials (parts, components, half-ready products, and products). 2. ODM/OEM 3. Outsourcing (including full case, manufacture only, product only). 4. Significant to product quality that need intensive management and tutoring. 	<ul style="list-style-type: none"> ● On-site assessment ● Sign procurement contract ● Sign commitment letter 	<ol style="list-style-type: none"> 1. Monthly assessment 2. Annual re-evaluation
Category 2	<ol style="list-style-type: none"> 1. Suppliers, who provide raw materials, ready to sale products, imported components, with less quality risks. 2. Suppliers who are world famous company with top capability in product and QA/QC. 	<ul style="list-style-type: none"> ● Document review ● Sign procurement contract ● Sign commitment letter 	Monthly assessment
Construction	Suppliers who build factory, apartment, office building, system installation, or repair project.	<ul style="list-style-type: none"> ● On-site assessment or document review for existed cases ● Sign procurement contract ● Sign commitment letter 	Evaluation after the case is completed
Others	<ol style="list-style-type: none"> 1. Suppliers who provide office appliances, hard wares, software, waste disposal, verification, etc. 2. Suppliers who provide instruments or equipment. 3. Technical maintenance service. 	<ul style="list-style-type: none"> ● Sign procurement contract ● Sign commitment letter 	Monthly assessment

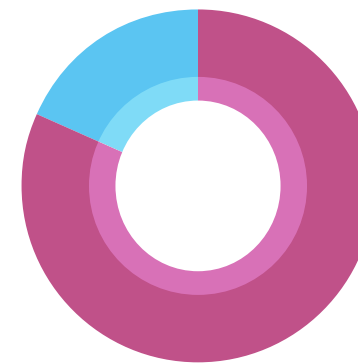
Figure 4.1-4 Supplier introducing and managing procedures (Category I)



- Grade A: 95.31%
- Grade B: 4.39%
- Grade C/D: 0.30%

Note: Grade A and B are qualified suppliers; Grade C/D is failed from monthly assessment and required to be improved within limited time.

Figure 4.1-5 Result of suppliers' monthly assessment in 2022



- Grade A: 18.33%
- Grade B: 81.67%
- Grade C/D: 0.00%

Figure 4.1-6 Result of suppliers' annual re-evaluation in 2022



4.2 Product responsibility

DMA ▶ Product quality and safety

The actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights

Positive impacts: Enhancing the company's credibility and brand image, thereby increasing trust and loyalty among customers and investors, and promoting innovation and efficiency within the organization. Reducing the environmental impact and carbon footprint of the company, minimizing pollution and waste. Improving employee welfare and working conditions, thereby increasing employee satisfaction and productivity.

Negative impacts: Increasing the costs and burdens on the company.

Report whether the organization is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships

1. Environmental impact: The organization's activities and business relationships have no negative impact on the environment.
2. Social impact: The organization's activities and business relationships have also no negative impact on the local community, employees, or other relevant stakeholders.
3. Corporate governance: The organization's corporate governance practices are legal, transparent, responsible, and ethical, with no issues of conflicts of interest, corruption, or misconduct.

Policies or commitments

Through Customer First, Total Participation, and The Six Fundamental Powers, as well as the implementation of the product safety management system to achieve the goals of excellent product performance, reliable quality, punctual delivery, rapid and satisfactory services, close relationships with customers, and income exceeding expenditure.

Actions taken to manage the topic

1. By obtaining ISO 9001 certification, each factory ensures the production of products with stable quality, enhancing brand image, strengthening customer confidence, and expanding the market to enhance competitiveness, thus achieving the goal of sustainable business operations.
2. To continuously improve and enhance product quality, the organization utilizes the management technique of Key Performance Indicators (KPIs) for quality. Each year, quality objectives are set as targets for quality achievement.

DMA ▶ **Product quality and safety**

	<p>Internal audits of quality control measures are conducted regularly within the year, following the Plan-Do-Check-Act management cycle, aiming for continuous improvement at every stage of the quality process to achieve various quality objectives.</p>	<p>How engagement with stakeholders has informed the actions taken and how it has informed whether the actions have been effective</p>	<p>We value the voices of stakeholders and have established direct two-way communication channels. This allows us to continuously improve our performance in executing corporate social responsibility. The following are the identities of stakeholders, their concerns, communication channels, and response methods:</p>
<p>Management process and targets</p>	<p>Short-term targets:</p> <ol style="list-style-type: none"> 1. All the products are complied with product inspection and safety regulations as well as customer requirements. 2. Strive for product awards or certification. 3. Maintain ISO 9001 certification and TAF certified laboratories in the factories; establish Tatung Meter Laboratory and pass TAF certificate. 4. Meet annual quality KPI. <p>Short-term targets:</p> <p>Treat zero defects as the only standard for management and operations.</p>		<ul style="list-style-type: none"> ⊙ Customers/Owners/Dealers: <ul style="list-style-type: none"> ● Collect satisfaction feedback to serve as a basis for continuous improvement. ● Conduct regular visits to customers/owners/dealers to communicate sales strategies. ⊙ Consumers: <ul style="list-style-type: none"> ● Set up telephone and online service centers for product and service-related issues as direct contact points for end consumers. ● Conduct follow-up phone interviews through the customer service center to understand and enhance service satisfaction for post-sales service cases.
<p>Management evaluation mechanism</p>	<ol style="list-style-type: none"> 1. Regular or irregular quality meetings are held within each factory to review internal and external quality issues. If any defects occur, improvement plans are promptly proposed and implemented. 2. Internal controls conduct regular audits to assess the quality management status in each factory. 3. The implementation of KPIs management approach for quality is enforced. Quality objectives are set annually, and monthly reviews are conducted to address any items that have not met the targets. Specific measures to achieve the goals are proposed, leading to the accomplishment of annual quality objectives. 		<ul style="list-style-type: none"> ⊙ Government regulatory agencies: <p>Ensure compliance with regulations through internal control systems.</p> ⊙ Suppliers: <p>Manage quality of parts and products and handle hazardous substance requirements.</p> <ul style="list-style-type: none"> ● Maintain an open channel for supplier complaints. ● Continue supplier introduction and annual evaluations.
<p>Performance</p>	<p>Performance in 2022:</p> <ol style="list-style-type: none"> 1. All the factories passed ISO 9001 annual audit. 2. No. of products violated product inspection and labeling regulations: 0. 3. Multi-functional Cooker (TAC-11R-M) was won the 31st Taiwan Excellence Award. 	<p>Related adjustments to the management approach</p>	<p>NIL</p>

DMA ▶ **Marketing and Labeling (Labeling)**

The actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights	In 2022, there were no reported cases of non-compliance with labeling requirements.
Report whether the organization is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships	There were no incidents involving negative impacts.
Policies or commitments	Products are clearly labeled, and there is absolutely no intention to deceive the public.
Actions taken to manage the topic	Safety certification organizations, such as TAF (Taiwan Accreditation Foundation), regularly visit the factories to conduct inspections on product labeling.
Management process and targets	Product labeling errors are considered significant violations as they not only lead to consumers having a false understanding of the product but also breach relevant regulations. Tatung sets a target of zero violations regarding product labeling regulations.

Management evaluation mechanism	<ol style="list-style-type: none"> 1. Relevant design and management personnel undergo training on product labeling laws and electrical product labeling standards. 2. Products are labeled in accordance with relevant specifications and regulations, and regular inspections are conducted to ensure compliance. 3. Cooperation is provided to the BSMI under the Ministry of Economic Affairs for regular and irregular market inspections.
Performance	No. of products violated labeling regulations: 0.
How engagement with stakeholders has informed the actions taken and how it has informed whether the actions have been effective	Product users or government customs authorities in import/export countries must verify whether the products are labeled in accordance with the local national regulations. It is through these labels that the compliance of products with relevant requirements can be ensured. During the initial stages of product planning, design should be carried out in accordance with regulatory instructions to incorporate the necessary and accurate labeling. Regular product labeling inspections should be arranged by verification organizations to ensure compliance.
Related adjustments to the management approach	NIL

Quality management

Product quality and safety are the lifelines of our company’s sustainable operations. Only by providing high-quality and safe products, we can build a strong brand image, enhance competitiveness, create a high-profit, low-risk business model, and achieve a win-win situation for both consumers and the company. Based on this business philosophy, all of the factories bases have obtained ISO 9001. To continuously improve and enhance product quality, we utilize the management technique of Key Performance Indicators (KPIs) for quality. Each year, quality objectives are set as targets for quality achievement. Every month, internal audits of quality control measures are conducted within Tatung’s factories, following the Plan-Do-Check-Act management cycle. We continuously strive for excellence at every stage of the quality process, aiming to consistently improve product quality, enhance brand image, strengthen customer confidence, expand the market, and increase competitiveness, ultimately achieving our goal of sustainable business operations.

As to ensure the quality of the products and management of hazardous substances, Tatung has its own Calibration Lab in H.Q. to provide accurate measuring and calibration

testing services. In the factories, Tatung has Transformer Testing Lab, Switchgear Testing Lab, Motor Testing Lab, Air Condition Facility Testing Lab, Generator Set Testing Lab, Tatung Taoyuan Wire and Cable Testing Lab, and Tatung Meter Lab in the factories (as shown in Table 4.2-2) to provide the assurance of excellent quality.



Figure 4.2-1 Quality KPI management flowchart

Table 4.2-1 Tatung products that acquired ISO 9001

Factories	Registered products
Taoyuan 1 st Plant	Design, development and servicing of the following products: Window Type air conditioners, Separated type air conditioners, Package Type air conditioners, Box Water Chiller Unit, Dehumidifier, Electric cookers and Electric fans.
San-Hsia Factory	Generators (less than 10,560KVA), electrical motors.
Taoyuan Plant	The design, development, production and servicing of Oil-immersed transformers (below and including 245KV), Oil-immersed reactors (below and including 345KV), Oil-immersed potential & current transformers (below and including 69KV), Dry type transformers (below and including 36KV), Dry type reactors (below and including 36KV), Cast resin dry type transformers (below and including 36KV), Cast resin dry type potential & current transformers (below and including 36KV), High voltage & low voltage metal-enclosed switchgear & control gear (below and including 72.5KV), Metal-clad switchgear (below and including 36KV), Motor control center (below and including 15KV), Metal-enclosed low voltage power circuit breaker switchgear(below and including 600V), Distribution board (panel) (below and including 600V), Rectifier (below and including 600V), Amorphous metal transformers (below and including 36KV), Gas insulated switchgear, Capacitors.
Taoyuan Wires and Cables Plant	Power wires and cables (including cross-linked polyethylene insulated shielded power cable rated 161 KV and below), bus-way, electronic wires, and optical fiber cables.
Meter Factory	Design, manufacturing and sales of Electricity Meters.

Table 4.2-2 Tatung's TAF certified laboratories

Name and certified No.	Testing items	Register
Calibration Lab 0003	Measuring and calibrating of products	1990.06.01
Tatung Transformer Testing Lab 2306	Transformer testing	2010.12.27
Air Condition Facility Testing Lab 2270	Cooling Electrical Power Consumption Rate, Capacity and EER of Package Type Air-Conditioners and Water Chiller Unit.	2011.01.20
Tatung Switchgear Testing Lab 2308	Switchgear testing	2011.03.23
Tatung Generator Set Testing Lab 2442	Generator testing	2011.10.12
Tatung Motor Testing Lab 2613	Motor testing	2012.07.01
Tatung Taoyuan Wire and Cable Testing Lab 2964	Wires, cables, and busway testing.	2015.04.29
Tatung Meter Laboratory 3773	Meter testing.	2021.01.20

ISO 9001 certificates



Product safety

Most of the countries make the laws and regulations in regarding to product's quality and safety in order to protect their citizens. Brand owners must pass all the tests and acquire certifications then can put their products into markets. In order to comply with related regulations among the world, Tatung designs and manufactures the products (including ODM/OEM products and accessories) to meet the requirements of the regulations. At first, the samples must pass the tests and managed by SAP management system. After all test results have met the requirements, bulk production and sales then can be arranged. Table 4.2-3 lists the relevant regulation requirements, standards and verification internationally adopted by Tatung.

In the hazardous substance management section, apart from sending samples to third-party for testing (such as RoHS and REACH regulations), Tatung has a laboratory specializes in the testing of restricted hazardous substances, specifically for electrical and electronic materials, components, and finished products. Internally, Tatung also conducts monitoring of hazardous substances to ensure the safety and health of its customers.

Table 4.2-3 Standards, certifications, and verifications adopted by Tatung

Business Unit	Standards, certifications, and verifications
Cable BU	CNS Standards, Underwriter Laboratories Inc, ETL Verification, Product Safety of Electrical Appliance & Material, TÜV SÜD, etc.
Motor BU	CNS Standards, China Compulsory Certification, Canadian Standards, Underwriter Laboratories Inc, IECEx Certification, ATEX Certification, ETL Verification, EU Network System Verification, Japan PSE Verification, etc.
Smart Meter BU	ANSI International Certification, IEC International Certification, Underwriter Laboratories Inc etc.
Appliance Brand/ Appliance Manufacture BU	CNS Standards, China Compulsory Certification, American Safety Standards, U.S. Federal Communications Commission for Telecommunication, Taiwan BSMI certification, Japan PSE (Product Safety of Electrical Appliance & Material), Australia C-Tick, BSI Certification, Singapore PSB, Malaysia CT, Philippines ICC & etc.
Advanced Electronics BU	US FCC certification, EU CE certification, Canadian IC certification, Underwriter Laboratories Inc, Australian C-TICK certification, Japan VCCI certification, Korean KCC certification, Russian EAC certification, China GB standard, China Compulsory Certification, Taiwan BSMI certification, etc.
Heavy Electrical Equipment BU and Smart Energy BU	Apply according to customer's product requirements.

Note: Solar Energy BU: Focus on case development, system planning and construction, and maintenance. System Integration BU: Provide products or information integration services, mainly based on colleagues' personal technical certificates.

Certificates of TAF certified laboratories



In addition, for the defected products that have been sold, Tatung makes recall on BSMI official website¹ and TCPC website² to prevent the consumers being harmed from further using of such products. For the problem occurred, Tatung will strengthen overall quality control in supply chain, also conduct Design/Process Failure Modes and Effects Analysis (DFMEA/PFMEA) and incorporated into Design Guideline Check List measures to prevent recurrence. Tatung will do the best for providing consumer healthy, energy-efficiency, and safe products.

In response to some defected dehumidifiers, BSMI announces recall messages every year. Some models of Tatung's dehumidifiers are on the recalled list (Models: TWD-500B, TWD-510B, TWD-511B, TWD-711B, TWD-710B, TWD-660B, TDH-200HB, TWD-1400B, and TWD-1400BL). Consumer who has these particular models can make a phone call to Tatung or TCPC and the specialist will visit your place for service free of charge.



The defected dehumidifier replacement campaign on the company's official website



Figure 4.2-2 Dehumidifiers that need to be recalled

1. <https://safety.bsmi.gov.tw/wSite/lp?ctNode=4735&CtUnit=2583&BaseDSD=7&mp=65>
 2. <https://tcpc.tatung.com/Home/Index>

Product labeling

To ensure that consumers have accurate and sufficient information when purchasing products (such as energy efficiency labeling) and can use the products safely and correctly, thereby avoiding safety issues or inefficient use due to improper operation or maintenance, Tatung complies with relevant local regulations by labeling the necessary information on the product itself or its packaging, including outsourced products. Additionally, instructions for safe use, maintenance methods, precautions, and other relevant information are provided in the product packaging and user manuals enclosed within, as shown in Figure 4.2-3. Furthermore, information regarding the recycling and disposal of televisions, washing machines, refrigerators, and air conditioning units is made available on the shopping website³ for consumers' awareness.

Taking Taoyuan 1st Plant as an example, for the management of product labeling, the responsible personnel checks the labeling content in the design and verification stage, relevant functional personnel will also be arranged to participate in the product labeling seminars to understand the latest regulatory requirements and ensure that product labeling is in line with regulations and customers. We also cooperate with the BSMI to conduct regular/irregular market spot checks to ensure the correctness of product labeling. In 2022, we did not have any violations against product labeling related regulations. We will continue to aim to comply with the relevant regulations on product labeling and carry out relevant control operations.

3: <https://www.etungo.com.tw>

Figure 4.2-3 Product labeling and instruction (e.g. Electric Kettles)



Product hazardous substances information

Tatung follows relevant regulations on hazardous substances in products and in accordance with our “Environmental Prohibited and Restricted Substances Management Procedures”, through effective management on the supply chain and production control, as well as reviews the content of hazardous substances in the products in the product development verification stage to ensure that the hazardous substances in the products meet the standards and protect the health and safety of consumers. In addition to fully disclosing the contents of hazardous substances in the product manuals (Figure 4.2-4, we also disclose such information on Tatung’s official website “Hazardous substances in products” section (Figure 4.2-5), which fully protects consumers’ right to know.

8. 限用物質含有情況標示

限用物質含有情況標示聲明書
Declaration of the Presence Condition of the Restricted Substances Marking

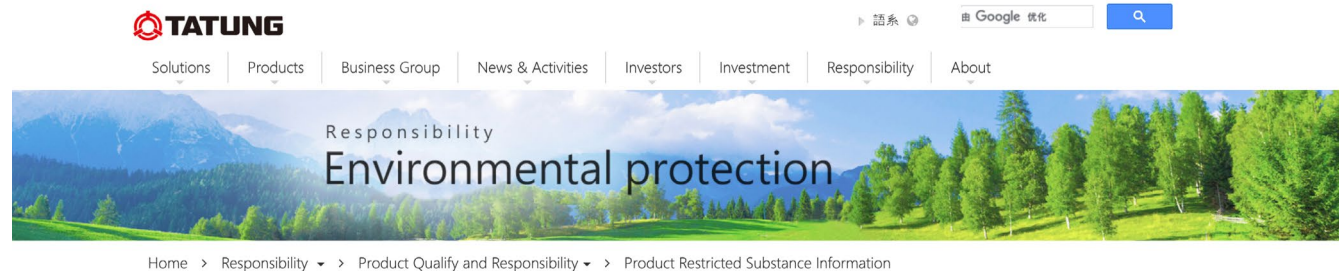
設備名稱：電茶壺 Equipment Name	型號(款式)：TEK18225A Serial Number/Model						
	限用物質及其化學符號 Restricted substances and its chemical symbols						
單元 Unit	鉛(Pb) Lead	汞(Hg) Mercury	鎘(Cd) Cadmium	六價鉻(Cr ^{VI}) Hexavalent chromium	多環芳烴類 Polycyclic aromatic hydrocarbons	多溴聯苯類 Polybrominated biphenyls	多溴二苯醚類 Polybrominated diphenyl ethers
電源線組	○	○	○	○	○	○	○
內筒配線	○	○	○	○	○	○	○
蓋座鎖構成	○	○	○	○	○	○	○
加熱元件	○	○	○	○	○	○	○
外殼塑料	○	○	○	○	○	○	○
發熱組件	○	○	○	○	○	○	○

說明： “超出”、“未”及“未”表示該限用物質之百分比含量超出百分比含量標準。
Note 1: “Exceeding”, “not”, and “not” indicate that the percentage content of the restricted substance exceeds the reference percentage value of presence condition.

說明： “○”表示該限用物質之百分比含量未超出百分比含量標準。
Note 2: “○” indicates that the percentage content of the restricted substance does not exceed the percentage of reference value of presence.

備註： “-”表示該限用物質對應於豁免。
Note 3: The “-” indicates that the restricted substance corresponds to the exemption.

Figure 4.2-4 Hazardous substances containing information (e.g. Electric Kettles)



Product Restricted Substance Information

Tatung follows the regulations of product restricted substances, through effective management and production control at the end of the supply chain, we ensure that restricted substances in products meeting standards and protecting consumers’ health and safety. Tatung also fully discloses the content of restricted substances in each product manual and protects consumers’ right to know.

Inquiry about the content of restricted substances in products

Product	Model number	Product Restricted Substance Information
Washers	TAW-A070L	↓
	TAW-A105A	↓
	TAW-A125A	↓
Electric Kettle	TEK-1016EA	↓
Electronic Rice Cooker	TRC-06TREA	↓
	TRC-10CME, TRC-6CME, TRC-10CMF	↓
	TRC-10RED	↓
	TRC-M6EA	↓
	TAC-06EA, TAC-06EA-WI	↓

Figure 4.2-5 Hazardous substances in products section on the official site



4.3 Sales & customer information management

DMA ▶ Customer privacy management

The actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights

1. Following relevant laws and regulations, ensuring the proper protection of customers' personal data, preventing theft, alteration, damage, loss, and leakage of personal information.
2. Avoiding negative impacts that could harm corporate image and customer rights.

Report whether the organization is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships

Organizational activities require compliance with management requirements by business partners and suppliers to ensure the full protection of customers' personal data. Additionally, it is necessary to clearly inform business partners and suppliers about the organization's privacy protection policies and procedures to ensure their compliance with the corresponding requirements.

Policies or commitments

The organization formulates a personal data protection policy, ensuring compliance with the "Personal Data Protection Act" and other relevant regulations to ensure the proper protection of customers' personal data throughout the collection, processing, and utilization processes.

Actions taken to manage the topic

- Conducts annual inspections to ensure compliance with the laws and contractual obligations listed in the regulatory compliance checklist, avoiding any actions that may result in penalties or unfavorable judgments by regulatory authorities or courts.
- Annual reviews are conducted to verify the inclusion of confidentiality clauses in information contracts.

Management evaluation mechanism

- Tatung Information Security Promotion Team is established, and monthly meetings are held.
- Regular information security and personal data awareness training courses and assessments are conducted.
- Internal audits are conducted periodically.
- External consultants are engaged periodically for guidance and improvement.
- The effectiveness of the management review meeting report is assessed annually.

Management process and targets

- New employees are required to sign confidentiality and non-compete agreements.
- Unless authorized by a supervisor, personnel who have access to customer or consumer personal information are prohibited from privately contacting customers or consumers to avoid privacy infringements.
- Regular personal data and information security awareness and training courses are conducted, followed by assessments to evaluate the effectiveness of learning, ensuring that all employees have a thorough understanding of the importance of personal data and operational protocols.
- Website information security is strengthened through the implementation of appropriate protective mechanisms, monitoring software, regular penetration testing, and source code inspections, preventing unauthorized access to customer or consumer personal data and ensuring its security.
- Confidentiality clauses are included in system development, maintenance, and cybersecurity service contracts.
- Measures are implemented to safeguard and manage the security of personal data, preventing theft, alteration, damage, loss, and leakage of personal information.

Performance

- In 2022, there were no complaints related to the violation of customer privacy or loss of customer data.
- Incidents of impersonation of official social media accounts for the purpose of personal data fraud were promptly announced as warning messages on the company's official website and Tatung's social media platforms to prevent consumers from falling victim to scams.

Related adjustments to the management approach

To ensure the security of IT and network infrastructure, efforts are made to strengthen the security architecture and design.

Data protection measures are implemented to prevent internal employees from misusing or stealing data.

How engagement with stakeholders has informed the actions taken and how it has informed whether the actions have been effective

Customer privacy management involves various stakeholders, such as customers, authorities, business partners, and employees. Therefore, companies should engage with these stakeholders to ensure that their customer privacy management practices comply with relevant regulations and standards, and obtain their consent and cooperation. Effective actions to be taken include:

- ◎ **Customers:** Customers are the core stakeholders in customer privacy management. Organizations need to respect customers' privacy rights when collecting, using, storing, and sharing their personal data. Building trust and a good relationship with customers can be achieved through transparent privacy policies, customer education, and complaint handling mechanisms.
- ◎ **Authorities:** Authorities are responsible for supervising the organization's customer privacy management practices. Companies need to comply with applicable regulations and standards and cooperate with authorities to enhance regulatory risk prevention and control.
- ◎ **Business partners:** Companies need to ensure that the flow and sharing of customer personal data with business partners comply with relevant laws and standards. It is important to establish data confidentiality agreements with business partners. By improving business partners' awareness and capabilities in privacy protection, overall customer privacy management standards can be elevated.
- ◎ **Employees:** Employees are internal stakeholders of the organization. Companies should provide relevant training and guidance to enhance employees' awareness and capabilities in privacy protection. Establishing appropriate monitoring and evaluation mechanisms will ensure that employees adhere to relevant laws and standards.



DMA ▶ **Marketing and labeling (Marketing)**

The actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights

Report whether the organization is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships

Policies or commitments

Actions taken to manage the topic

Business advertisements must accurately label products or services to avoid misleading consumers. Failure to do so not only leads to personal misunderstandings among consumers but also provides an opportunity for malicious individuals to create deceptive one-page scam advertisements to collect personal information and deceive people into giving away money.

In order to avoid consumer misunderstandings regarding commercial advertisements due to improper wording, misleading layouts, or gender-specific limitations, Tatung is committed to ensuring that its business advertisements are accurate, lawful, and fair. Efforts are made to prevent consumers from having any doubts or concerns about the content of the advertisements.

The content of advertisements is accurate, lawful, and fair.

Tatung adheres to the requirements set by government laws and agencies such as the Fair Trade Act, Personal Data Protection Act, and National Communications Commission when conducting activities related to advertisement creation and promotion.

Management process and targets

Management evaluation mechanism

Performance

How engagement with stakeholders has informed the actions taken and how it has informed whether the actions have been effective

Related adjustments to the management approach

Marketing and advertising content is reviewed by the Legal Division of the company before publication. Only after ensuring compliance with requirements will the content be made available to the public.

1. Tatung's customer service hotline: 0800-052-666.
2. The status of fan comments regarding relevant topics on Tatung's official social media platforms.

In 2022, there were no violation against marketing relevant regulations.

NIL

NIL

Note: The scope of this DMA includes TCPC.

Fair trade and anti-trust behavior

Companies engaging in business activities shall comply with fair trade laws and relevant regulations, and shall not fix prices, rig bids, limit production and quotas, or share or divide the market by allocating customers, suppliers, operating areas or business types. Directors or managers shall treat the company's purchase (sale) customers, competitors and employees fairly, and shall not use manipulation, concealment, misuse of information they have collected based on their duties, misrepresentation of important matters or other unfair dealing methods. Tatung has relevant regulations in "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" to prevent such activities. In addition, through contract control, it is clearly stipulated that Tatung and its distributors shall not conduct malicious price-cutting competition or intentional damage to the image, so as to ensure that there is no anti-competitive behavior. In 2022, Tatung has no violation against fair trade or sales related laws and regulations.

Protecting consumer rights

Tatung has a policy to protect the rights and interests of consumers. The policy has appropriate regulatory measures for customer health and safety, customer privacy, product marketing and labeling. If consumers are dissatisfied with Tatung's products or services, Tatung provides channels for complaints and a special person will handle and reply to the consumer. In 2022, Tatung has no major customer complaints. Table 4.3-1 shows Tatung's consumer rights protection measures.

Table 4.3-1 Tatung consumer protecting measures

Items	Descriptions
Customer health and safety	<ol style="list-style-type: none"> 1. When providing products or services, it should be ensured that the products or services meet the safety requirement that can reasonably be expected by the technology or professional standards at the time. 2. If the use of products or services have the potential to endanger the life, body, health, or property of consumers, warning signs and emergency handling methods should be labeled at obvious places. 3. When there are facts that confirm that the products or services provided by Tatung may endanger the safety and health of consumers, the products should be recalled and the services should be terminated immediately.
Customer privacy	Tatung protects consumers' privacy in accordance with the Personal Data Protection Act, collect, process and use consumers' personal data in a legal, transparent and fair manner, and provide reasonable security protection measures.
Product marketing and labeling	<ol style="list-style-type: none"> 1. Advertising contents and marketing information shall be clear and shall not conduct misleading, fraudulent or unfair commercial, advertising and marketing activities. 2. Providing consumers with channels and methods for terminating or canceling contracts, returning products and refunds. 3. If the terms of the contract stipulate that the consumer must pay cancellation money when canceling the contract, the amount should be proportional to the damage that may be caused by the cancellation of the contract. 4. If the trial period of products or services is provided, consumers should be clearly and fully informed about the trial period, relevant discounts and possible charges after the trial ends. If there are charges, consumers should be notified in advance and their consent should be obtained. 5. Product labeling is handled in accordance with the relevant regulations to protect the rights and interests of consumers.
Complaint procedures	Consumers can provide valuable opinions on Tatung's products and services through the "Customer Service" and "Stakeholders" on the company's official website, which will be properly handled by special personnel, and the results will be replied to the consumers.

Wide-spread service locations and convenient shopping experiences

Tatung upholds “customer first”, “having only one phone call, the service is to” and aims to provide fast and excellent services to customers. Tatung lists the service channels on the official website⁴ for all the business, including TCPC, information (OA), commercial air conditioners, power equipment, smart grid business, system solution business, and etungo online shopping, etc. Tatung entrusts her subsidiary company “TCPC” to provide a comfortable shopping environment (Tatung 3C Store) as well as excellent after-sale services to consumers. TCPC currently has 140 Tatung 3C Stores spreading from cities to countries, providing professional recommendations on purchasing house appliances and repairing services. In addition, TCPC launched “etungo” online shopping website⁵ and Tatung Fans App to provide wide variety of product in 3C, house appliances, and living products. Besides, Tatung runs Tatung Fans site⁶ and Tatung Rice Cooker Fans site⁷ on Facebook to provide instant news and living tips.

Due to market trends and the COVID-19 pandemic, it restricted the scope of people’s activities, and shopping behaviors may occur online and offline at any time and it also inspired us to develop this mobile app. Therefore, we integrating services such as online shopping, recipes, and smart appliances allows users to enjoy a seamless and complete digital life experience. We hope to help the world and make users enjoy a convenient life.

4. <https://www.tatung.com/tw/info/service>
5. www.etungo.com.tw/
6. <https://www.facebook.com/tatung.tw/>
7. <https://www.facebook.com/ricecooker50/>



etungo online shopping website



FB for Tatung fans



FB for Tatung Rice Cooker fans

In order to provide a more convenient customer service, TCPC has online service that the consumers can access to official website⁸ making service request (Figure 4.3-1). The system will assign the service request to the accordance service station and provide rapid and high quality services. The consumers can also check the repairing progress by assessing online webpage⁹ (Figure 4.3-2). At the end of each case, customers are able to provide any positive or negative feedbacks by filling the online survey which will be used for future improvement. To extend the channels for listening to the customers, Tatung also provides a service phone-line¹⁰ and an online feedback service¹¹ which customers can ask questions, express their opinions and give positive feedbacks to us (Figure 4.3-3).

Tatung takes great concern on customer satisfaction. When a customer makes purchase or approaches Tatung 3C Stores to repair products, Tatung will make his/her information to phone interview list and interview about shipping or repairing experience. If the feedback is unsatisfied, Tatung will conduct a second service and make improvement. We set consumer satisfaction targets for shipping service to be not lower than 97%, repairing service to be not lower than 94%. The results (Figure 4.3-4) in 2022 are 98.3% satisfied for shipping service and 94.8% satisfied for repairing service. The set targets were achieved. Tatung will continue to listen to the voices of consumers, respect and serve customers.



- 8. https://e-logistic.tatung.com/tatungcp/agent/cust_100.asp
- 9. https://e-logistic.tatung.com/tatungcp/agent/cust_200.asp
- 10. Free service phone line: 0800-052-666, for mobile phone, please dial:02-25915068.
- 11. <https://www.tatung.com/home/suggestion>



Figure 4.3-1 Product online service form



Figure 4.3-2 Inquiry page for repairing progress



Figure 4.3-3 Online feedback form

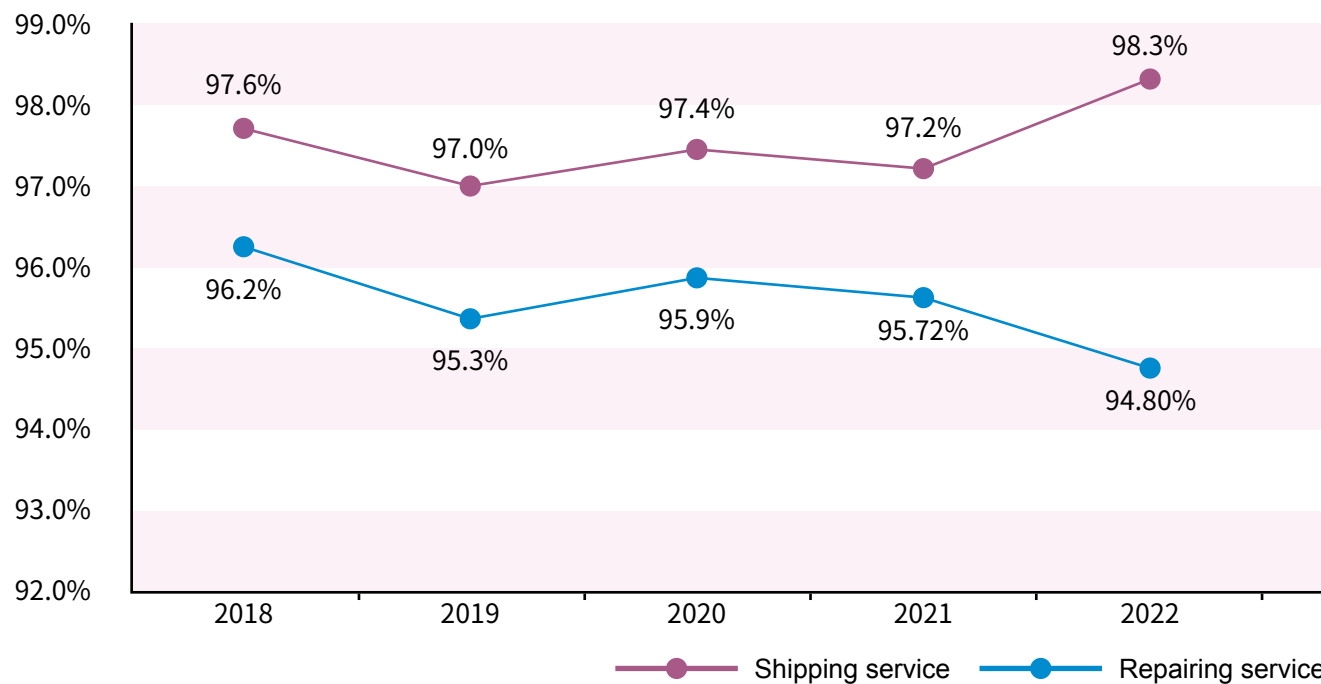


Figure 4.3-4 Results of consumer satisfaction

Information security management

In 2022, Tatung designated information security directors and personnel to oversee policy formulation, implementation, risk management, and compliance auditing related to information security and protection. In order to distinguish its operational mode and functional committees, it was renamed the “Information Security Promotion Team”. Tatung continues to obtain BSI ISO/IEC 27001:2013 certification and in accordance with the requirements of the BS10012 Personal Information Protection Standard to ensure the security of our personnel, data, information systems, equipment, and networks.

Tatung has established an information security policy as the guiding principle to achieve the goals of “uninterrupted services, no data loss, no personal information leakage, and sustainable business operations”. Tatung implements an information security management system, following a cyclic and progressive process of P-D-C-A to ensure the effectiveness and continuity of information operations. In addition to implementing

multi-layered security measures, Tatung also conducts risk assessments and management based on threat intelligence provided by various collaborative defense organizations, such as TWCERT, to proactively prevent and mitigate risks. Monthly security meetings and ad-hoc meetings for emergency response are held to discuss emerging internal and external security issues and review countermeasures, which are then incorporated into the annual plan’s activities.

Annual activities include the evaluation, review, and revision of information security policies and procedures, handling of significant risks and high-risk vulnerabilities identified from host vulnerability scans, regular information security management and personal data protection education and training, and social engineering testing. Audit activities include an external audit conducted by a consultant each half-year, two pre-audit counseling sessions with an external consultant, and an internal audit review conducted by the audit department

each year, to determine the implementation status of the information security management system and whether the confidentiality, integrity, availability, and compliance objectives set for each service have been achieved.

In response to changes in the social environment, laws and regulations, and technological advancement, Tatung has formulated a privacy protection statement. The collection, processing and use of customer data are in compliance with the “Personal Data Protection Law” and related regulations and properly protect the personal data of customers. The summary of key control measures is shown in Table 4.3-3. In 2022, there was no complaint related to infringement of customer privacy or loss of customer information. In addition, in recent years, there have been cases of fake official community accounts for fraudulent use. When we were informed of such news, we immediately went to the company’s official website and our social group to announce warning messages to prevent consumers from being victimized.

Information Security Policy

Uninterrupted services, no data loss, no personal information leakage, and sustainable business operations

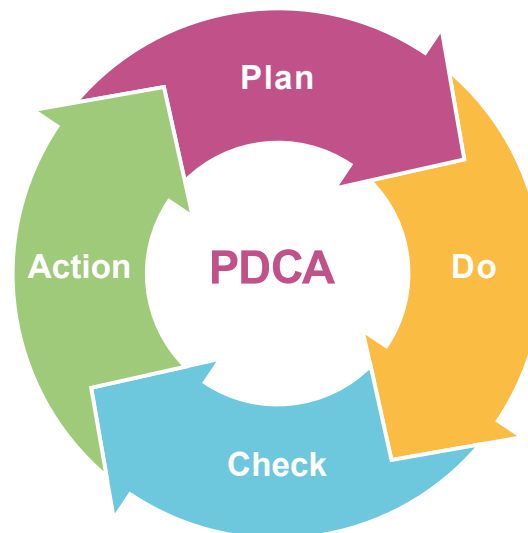
Action | Maintenance & Continuous Improvement

- Information security protection and control measures
- Information security policy promotion/ advocacy
- Education, Training, and Awareness
- Corrective action handling

Check | Audit & Review

- Information Security Performance Evaluation
- Internal security audit
- Management Review Report
- Third-party external audit verification

Information Security Management System (ISMS) supports continuous improvement of cybersecurity through the PDCA cycle.



Plan | Establishing ISMS

- Information Security Policy and Objectives.
- Risk assessment and management
- Information Security Incident Management
- Third-party management

Do | Ensuring the confidentiality, integrity, availability, and legality of all services.

- Information Security Asset Management
- Risk assessment and treatment
- BCP drills and exercises
- Security monitoring, notification, and response
- Security education, training and awareness

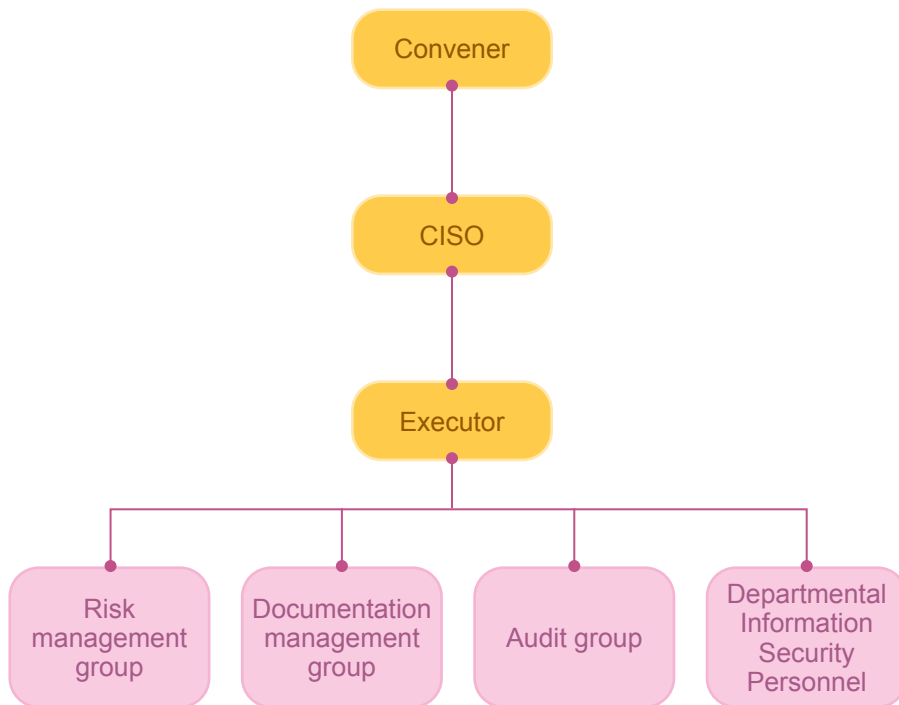


Figure 4.3-5 Structure of Tatung Information Security Promotion Team

Table 4.3-2 Tatung Information Security Management

Tatung Information Security Promotion Team	Members including convener, CISO, Executor, Risk management group, Documentation management group, Audit group, Departmental Information Security personnel.
Security Policy and Procedures Manual	Review and assess at least once a year.
Security meeting	<ul style="list-style-type: none"> Monthly cybersecurity meeting. Annual Management Review Meeting. Irregular information security project meetings.
Audit activities	<ul style="list-style-type: none"> Annual internal audit and bi-annual external audit. Twice a year, external consultant counseling will be arranged.
Cybersecurity education and training	<ul style="list-style-type: none"> Online learning cybersecurity courses (including mandatory courses for new employees and information security education and training courses). Two information security and personal data protection education and training sessions will be held each year, one in the first half and one in the second half.
Social engineering email test	Initial and retesting twice a year, once in the first half and once in the second half.
Asset inventory for information security	At least one annual information security asset inventory.
Vulnerability scanning of host	Annual vulnerability scanning for initial and follow-up scans.
Security monitoring, alert notification, and cybersecurity awareness.	<ul style="list-style-type: none"> Daily cybersecurity monitoring and alert notification to users. Dissemination of cybersecurity news and announcements will be conducted through the employee portal and biweekly employee newsletters.

Security protection concrete management plan and continuous improvement

Network Security Management

- ✓ Firewall & IPS defense
- ✓ Control over carious network service application processes
- ✓ TWCERT/CC threat intelligence sharing & blocking
- ✓ Using MFA
- ✓ Abnormal notification & processing of internal network patrols

System Security Management

- ✓ Syslog abnormal alert tracking
- ✓ Advanced threat analysis & abnormal alert handling
- ✓ Regular tracking of abnormal system logs
- ✓ Physical environment security management
- ✓ System access control

Endpoint Security Management

- ✓ Regular antivirus software scans
- ✓ System security updates & patches
- ✓ Host vulnerability scans
- ✓ Registration & management of network
- ✓ Equipment assets
- ✓ Management of authorized software installations
- ✓ Network equipment authentication

Data Security Management

- ✓ Digital rights management for documents
- ✓ Host data backup & redundancy
- ✓ Office 365 defender
- ✓ Review of account authorization management

BCM Continuous Certification

- ✓ Information security incident management
- ✓ Business impact analysis & disaster recovery exercise
- ✓ Compliance management
- ✓ Information security objective & performance management
- ✓ Third-party management
- ✓ Corrective action management
- ✓ Internal audit management
- ✓ ISO27001 certification remains effective

Education, Training and Awareness

- ✓ Internal sudit
- ✓ External audit
- ✓ Outsourced consulting & coaching
- ✓ Information security education & training
- ✓ Bi-weekly newsletter & promotion
- ✓ Social engineering testing
- ✓ ISO27001 lead auditor certification
- ✓ BS10012 personal information protection audit certification



Information Security Governance Maturity Rating: 82.29

Figure 4.3-6 2022 Information security governance maturity result

Table 4.3-3 Key personal data protection management and control measures

Management systems

Tatung has passed ISO 27001 certification and complies with the BS 10012 personal data protection standard.

Management and control measures

1. New employees are required to sign a non-disclosure and non-competition agreement.
2. Customer service personnel who contact the customer's personal information will be under strictly access control and forbidden to contact customers privately without the authorization of the supervisor to avoid the loss of important personal information.
3. Strengthen information safety awareness: Regularly hold personal information and information security training courses and implement tests after class to ensure the employees fully understand the importance of personal information.
4. Strengthen the security control management of website information: Import appropriate protection mechanisms and monitoring software, conduct regular penetration testing and source code detection to prevent improper access and protect customer personal data.
5. Confidentiality clauses shall be included in system development, maintenance, and information security service contracts.

An anti-fraud awareness announcement was posted on Tatung 3C website



An anti-fraud awareness announcement was posted on etungo website



“

Chapter 5 Happy workplace and social engagement

”

Employment

Targets

🎯 **Short-term targets:**

- 1.The retention rate of new recruits after the 3-month trial period is over 80%.
2. No major labor dispute.

🎯 **Mid-term targets:**

Actively encouraging employees to set up more diversified activity clubs, allowing employees to freely assemble and participate in associations, communicate with each other, and promoting the efficiency of cross-departmental communication.

🎯 **Long-term targets:**

Follow labor-related laws and regulations, continue to work hard to create a happy working environment, and care all employees equally.

Performances in 2022

- 1.The retention rate of Tatung's new recruits after the 3-month trial period is 87.4%, which has reached the target.
- 2.No major labor dispute.

Human rights, equality, and non-discriminations

Targets

- Short-term targets:**
Tatung against employment discrimination, and provides equal job opportunities for all job seekers and disadvantaged groups.
- Mid-term targets:**
Tatung continue to work hard to create a happy working environment, and care all employees equally.
- Long-term targets:**
Tatung regards all employees as an important asset for the company's sustainable development, and follows labor and other related laws and regulations regarding labor rights and human rights.

Performances in 2022

No violation against Act of Gender Equality in Employment.

Market presence

Targets

- Short-term targets:**
Continue to ensure the basic salary is better or equal to legal salary.
- Mid-Long term targets:**
Designs a reasonable organizational structure and deploy talents of all levels according to the company's strategic development direction.

Performances in 2022

The ratio of basic salary for female and male is 1:1; the ratio of basic salary and legal salary for migrant workers and technicians are 1:1 and 1.06:1; for staffs is from 1.21~1.59:1 based on different job types, specialty and qualifications.

Employee performance management

Targets

- Short-term targets:**
Through performance review to ensure that employees pay attention to correct performance projects and review the daily work performance to link with company strategies.
- Mid-Long term targets:**
Using long-term performance review system to identify potential talents, and link with promotion or salary adjustment.

Performances in 2022

94.33% of employees was conducted with performance review (employees in probation period, leave of absence, and short-term contract were not included).

Education and training

Targets

- Short-term targets:**
The total training time is more than 21,000 hours and training satisfaction higher than 90%.
- Mid-term targets:**
Aims to enhance the transfer of professional knowledge, technical expertise, and experiences among different business units. Continuously reinforcing training programs related to organizational management and development to foster a sustainable competitive advantage and increase the value of human capital.
- Long-term targets:**
Optimizing employees through training to drive organizational performance and achieve company goals and vision.

Performances in 2022

- Total training hours was 21,758 hours.
- Education and training satisfaction was 93.68%.

Health and safety

Targets

- Short-term targets:**

 - All 4 factories pass ISO 45001 annual re-audit.
 - At least 95% correction rate for non-conformities found in Accident Prevention Pays Program.
 - FR and SR are reduced by 10% each year.
- Mid-Long term targets:**
Zero disaster.

Performances in 2022

- Factories with ISO 45001 passed annual certification.
- The correction rate of Accident Prevention Pays Program is 100%.
- The FR and FR have increased compared to the 2021 and have not met the target.



5.1 Building a friendly working place

DMA ▶ Employment

The actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights

Employees are vital assets for the sustainable development of the company. Therefore, Tatung respects fundamental human rights, ensuring that all individuals, both internal and external to the company, are treated with fairness, equality, and dignity. Tatung actively cares for employees' well-being and work conditions, ensuring a safe, satisfying, and healthy working environment for all.

Report whether the organization is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships

In order to implement the human rights policy effectively, Tatung actively promotes various concrete management measures, education and training initiatives, and establishes smooth communication channels. We aim to prevent any violations or infringements of human rights, and places significant emphasis on protecting all employees. We are committed to creating a safe, healthy, and friendly work environment.

Policies or commitments

1. Tatung complies with the Labor Standards Act, the Act of Gender Equality in Employment, the Occupational Safety and Health Act and other related laws and regulations to achieve harmony in labor and employment, and coexist and prosper together.
2. Keep up with the latest trend and revise Company Rules, welfares, salaries, allowances, vacations, compensation for occupational accidents, etc. to give equal care among employees.

Actions taken to manage the topic

1. Expanding recruitment channels.
2. Optimizing the salary and compensation system.
3. Implementing diverse employee welfare measures.

Management process and targets

Short-term targets:

1. The retention rate of new recruits after the 3-month trial period is over 80%.
2. No major labor dispute.

Mid-term targets:

Actively encouraging employees to set up more diversified activity clubs, allowing employees to freely assemble and participate in associations, communicate with each other, and promoting the efficiency of cross-departmental communication.

Long-term targets:

Follow labor-related laws and regulations, continue to work hard to create a happy working environment, and care all employees equally.

Performance

Performances in 2022:

1. The retention rate of Tatung's new recruits after the 3-month trial period is 87.4%, which has reached the target.
2. No major labor dispute.

Related adjustments to the management approach

NIL

An equaled working environment

Tatung values human rights and ensures that all employees, applicants, and supplier personnel are treated fairly and with dignity, regardless of race, ideology, religion, political affiliation, birthplace, gender, sexual orientation, marital status, appearance, disability, or union membership. Commitments of respect and ensure the benefits of labors, fulfill social responsibility and comply with regulation are clearly stated in our Labor Policy. Tatung hires one handicapped worker per every 100 workers and provides equal opportunities for minority groups. Tatung also stipulated “Sexual harassment prevention, control, appeals, and disciplinary measures” and published on the internal website. Sexual harassment in any forms is strictly prohibited in any working places in Tatung. There was no discrimination and anti-human right incident in 2022.

Employee diversity

The recruitment and promotion policy of Tatung is based on the principle of meritocracy without any discrimination based on age, gender, or race. Recruits are selected based on their performance and suitability for the position, ensuring that the company’s strategy aligns with a well-designed organizational structure and talent deployment at all levels. The recruitment process follows relevant regulations and operates with fairness and transparency to select suitable talents. As shown in Table 5.1-1, Figure 5.1-1, and Figure 5.1-2, approximately 94% of Tatung’s employees are locals, and the company has exceeded its hiring quota for employees with disabilities (constituting 1.84% of the total workforce) to safeguard their employment rights.

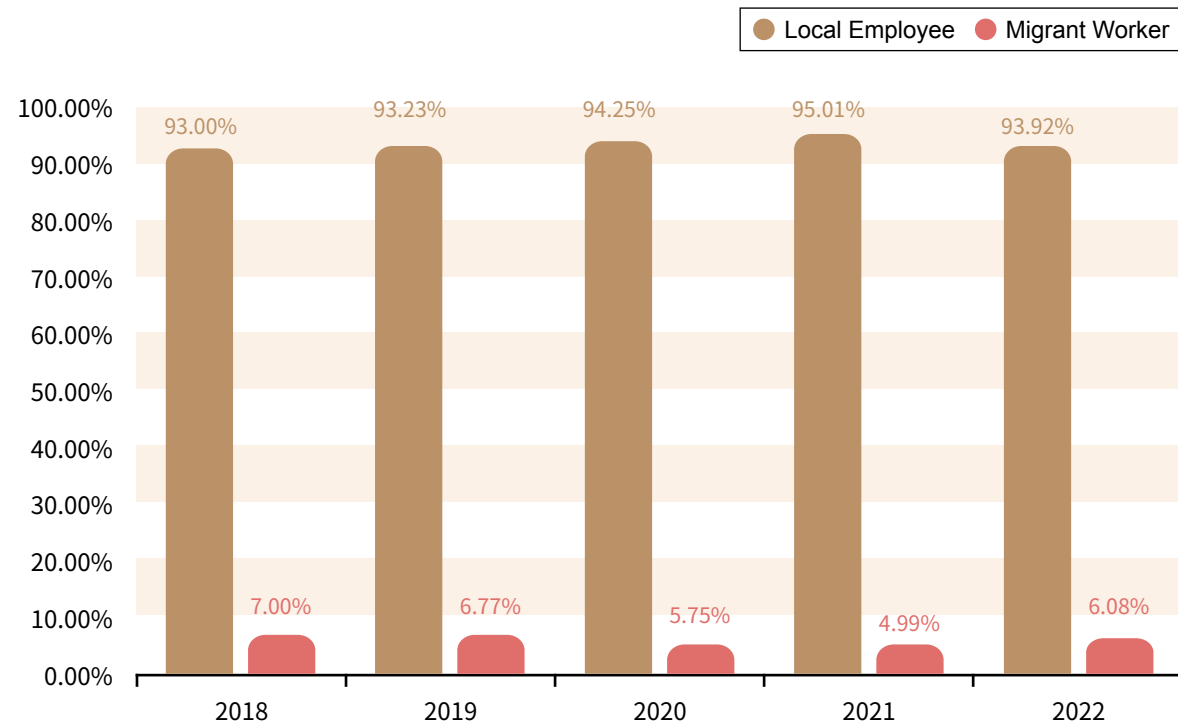


Figure 5.1-1 Percentages of local employee and migrant worker

Table 5.1-1 Employee compositions (by ages)

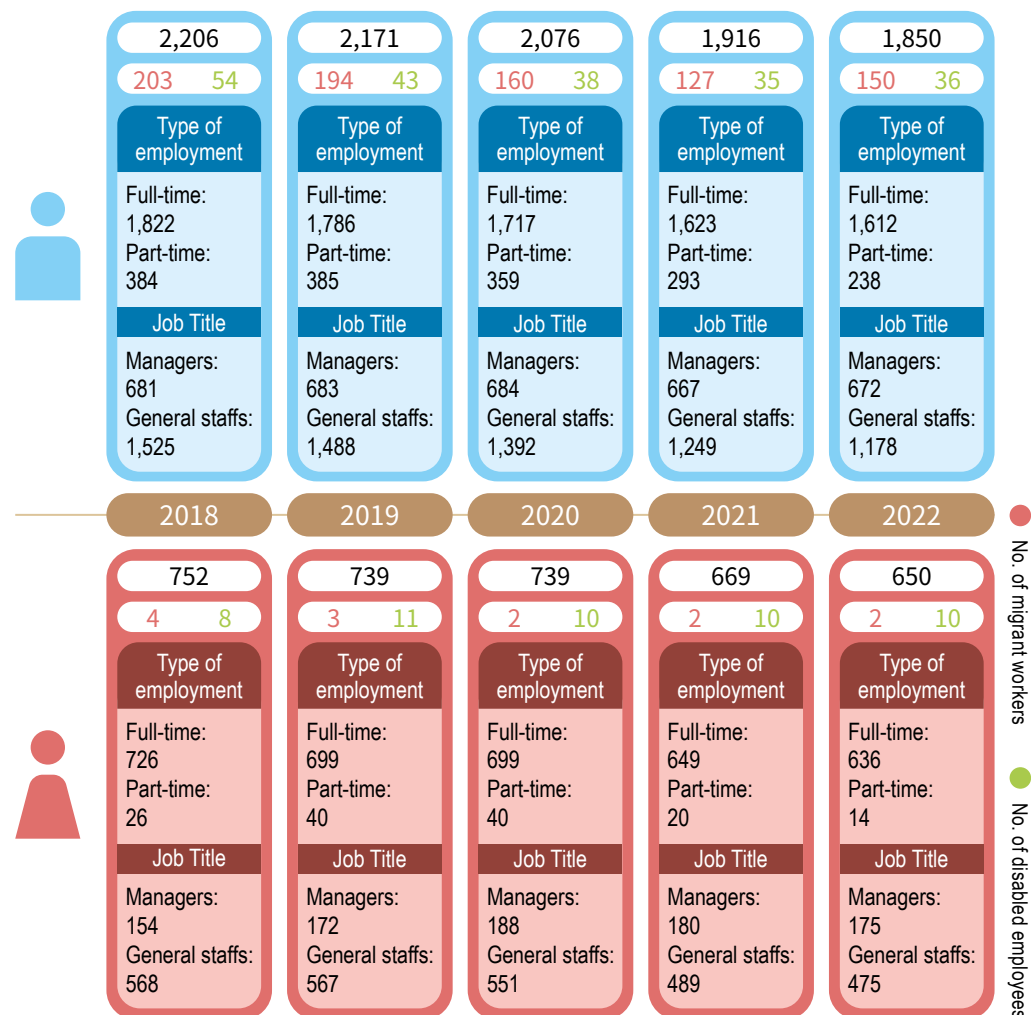
	Year	Younger than 30 years old		30~50 years old		Over 50 years old	
		Male	Female	Male	Female	Male	Female
No. of employees	2018	273	105	1,289	439	644	208
	2019	240	86	1,274	436	657	217
	2020	209	78	1,218	436	649	225
	2021	173	57	1,130	398	613	214
	2022	186	47	1,046	378	618	225
No. of managers	2018	8	6	448	105	225	43
	2019	4	7	438	119	241	46
	2020	4	7	438	130	242	51
	2021	6	3	420	122	241	55
	2022	5	4	404	110	263	61
Percentage of new recruits (%)	2018	5.38	1.12	5.85	1.25	1.39	0.14
	2019	2.58	0.62	5.12	1.65	1.48	0.34
	2020	3.91	2.45	2.95	1.88	1.49	0.46
	2021	1.90	0.46	2.28	0.89	2.13	0.15
	2022	2.48	0.60	2.72	1.24	1.28	0.24
Percentage of employee leaving (%)	2018	3.52	0.88	6.52	1.96	3.99	0.88
	2019	2.58	0.69	5.81	2.41	3.26	0.69
	2020	3.98	2.42	4.80	2.13	3.77	0.96
	2021	2.28	0.85	5.38	2.48	6.34	1.47
	2022	1.40	0.68	6.12	1.92	3.68	0.84

Note 1: The number of employees is based on the statistical data as of 2022.12.31.

Note 2: In 2022, there were 162 male and 52 female new employees; 280 male and 86 female employees left the company.

Note 3: The retention rate of newly hired employees after the 3-month trial period in 2022 was 87.4%.

Figure 5.1-2 Employee compositions (by genders)



Note 1: The number of employees is based on the statistical data as of 2022.12.31.

Note 2: Management positions include those at the level of foreman and above. There are also 7 employees with disabilities holding management positions, accounting for 0.8% of the total management positions.

Note 3: All senior executives (deputy plant/general manager and above) are Taiwanese.

Human rights training

Tatung is committed to fulfilling its global citizenship responsibility. Through general and managerial education and training, the company implements narrative, interactive, and experiential teaching methods to help employees clarify their values and respect human dignity. Emphasis is placed on workplace ethics, interpersonal interactions, gender equality, and embracing diversity. By doing so, all employees understand and practice the essence of human rights. Tatung also emphasizes the importance of balancing company rules and human rights for security personnel, respecting and resolving differences to ensure smooth and efficient work operations.

Freedom of association and collective bargaining

Tatung Labor Union was founded in 1959 for the purposes of taking care of labors' rights, improving labors' living standard, conducting collective bargaining, etc. Each employee has freedom choice to be the member of the union. Currently Tatung has totally 5 labor unions distributed in the HQ and factories. Tatung does not interfere with the wills of the employees to join labor unions. In 2022, 77.12% of employees are the members of labor unions (Figure 5.1-3). Tatung fosters smooth labor-management communication and will continue its efforts to sign a collective bargaining agreement.



Tatung's labor union participated in the beach clean-up event

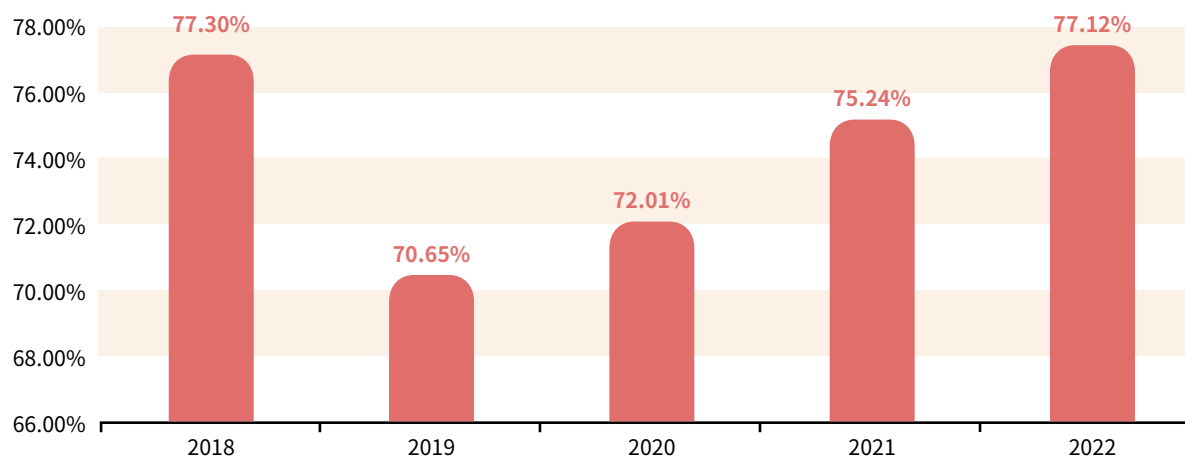


Figure 5.1-3 Percentage of employees who are labor union member



Tatung's labor union has been honored with the title of "Excellent Union" in Taoyuan City

Child labor and forced labor

Tatung's recruiting policy is in line with the regulations. Hiring child labor is not allowed by Tatung. In "Company Rules" we defined the working hours for a day and for a week. If there is necessary to adjust or prolong the working hours, the practice only can be implemented after getting the agreement from the labor union or the employee. There was no forced labor situation in 2022.

Parental leave

Tatung takes great concern on employees' family life and care for next generation. Tatung not only provides cash gifts for giving birth but also offers all employees maternity and parental leave in accordance to regulations. The statistics on parental leave is shown in Table 5.1-2.

Employees' welfare

Tatung Welfare Committee handles a broad range of employee welfare issues for full-time employees, including: daily activities, financial assistance for education, and funeral assistance. Table 5.1-3 shows employees' welfare implemented in Tatung. In addition, Tatung provides staff dormitories with convenient transportation and beautiful environment, so that employees are not only financially trouble-free, but also enjoy safe and convenient living environment. Besides, in order to provide female employees a more comfortable and more convenient way to nurture the next generation without having to sacrifice their own work, or to increase their physical or psychological unnecessary burden, Tatung set up a nursery room for postnatal breast-feeding employees. It is also the company's most intimate birth gift for female employees. Although the company is affected by the global Covid-19 pandemic in 2022, Tatung has not reduced its welfare measures for this reason, and continues to work hard to create a happy workplace and handle diversified welfare measures.

Table 5.1-2 Tatung employees parental leave statistics

	Male	Female
Application and return to work from parental leave		
No. of employees that took parental leave in 2022	2	10
No. of employees that shall end parental leave in 2022	1	5
No. of employees who returned to work after parental leave ended in 2022	0	4
Return to work rate	0%	80%
Retention rate		
No. of employees that applied and returned to work in 2021	1	3
No. of employees who returned to work after parental leave ended who were still employed 12 months after their return to work in 2021	0	3
Percentage of employees who returned to work after parental leave ended who were still employed 12 months after their return to work in 2021	0%	100%

Note: The reason for not returning to work is they changed jobs due to personal career planning.

Table 5.1-3 Employees' welfare

Employees' welfare	Implementations
Stock ownership	The Company subsidized employees to buy corporate stocks since 1992 as part of their savings.
Subsidies	Education subsidies for employees' children in senior high school and college/university; funeral subsidies for colleagues or their spouses and immediate relatives; subsidies for employees' birthday, travel, and retirement; cash gifts for weddings of employees or their children as well as for birth of employees' children.
Benefits	(1) Employee Cafeteria provides delicious and a good deal on food. (2) Price discounts on groceries in corporate stores. (3) Clock and watch repair. (4) The service of laundry. (5) Exclusive discount or privileges from stores.
Health and safety plan	Labor insurance, health insurance, group insurance, retirement pension, free health checkup (upon completing one year of employment).

5.2 Good working conditions and career development

DMA ▶ Market Presence

The actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights

Tatung considers its employees as essential assets for the company's sustainable development. In recent years, due to the challenging job market, the starting salaries for new graduates have generally decreased. As a company with a century-long history in Taiwan, Tatung ensures that its employees' salary and benefits are well protected and meet or exceed the legal requirements to cope with these economic challenges.

Report whether the organization is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships

Tatung places great importance on recruitment and promotion policies, all based on the principle of meritocracy. The company does not discriminate based on age, gender, or race and selects candidates based on their performance and suitability for the role. Additionally, Tatung ensures that employees' salary and benefits are well protected and appropriately provided.

Policies or commitments

1. Respecting labor, safeguarding labor rights, and fulfilling social responsibilities.
2. The labor management system must comply with labor-related laws and other regulatory requirements.
3. Tatung upholds the spirit of gender equality and ensures that gender does not affect starting salaries. Moreover, all job positions offer salaries that exceed legal requirements.

Actions taken to manage the topic

1. Optimizing the salary and compensation system to provide the best and most reasonable rewards.
2. Reviewing and revising the company's business strategy to recruit suitable and qualified senior executives to meet the manpower needs.

Management process and targets

Short-term targets: Continue to ensure the basic salary is better or equal to legal salary.

Mid-long term targets: Designs a reasonable organizational structure and deploy talents of all levels according to the company's strategic development direction.

Performance

Performances in 2022:

1. The ratio of basic salary for female and male is 1:1; the ratio of basic salary and legal salary for migrant workers and technicians are 1:1 and 1.06:1; for staffs is from 1.21~1.59:1 based on different job types, specialty and qualifications.
2. All senior executives (deputy plant/general manager and above) are Taiwanese (71 persons in total)

Related adjustments to the management approach

NIL





DMA ▶ Labor/management relations

The actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights

Tatung has upheld the spirit of labor and management unity and industrial autonomy. It adheres to various labor and gender equality laws and regulations promulgated by the government, formulating work norms, benefits, salaries, allowances, etc. The company reviews and implements performance annually to ensure that employees receive appropriate and fair compensation for their services, allowing them to feel content and satisfied in their respective positions, providing for their basic living needs, and further achieving their personal goals.

Report whether the organization is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships

The company has established work rules and labor-related regulations, creating a workplace environment that values human rights and safeguards labor rights. Through education and training, employees achieve personal growth and gain a clearer understanding of their rights and obligations. Company activities and policies are aligned with ESG goals, aiming to achieve overall objectives. By nurturing a sense of responsibility and duty towards the environment and the global community, the company fosters a culture where individuals are influenced and connected, leading to the incorporation of responsible practices into their personal lives and business behaviors.

Policies or commitments

1. Employees are one of the company's important assets. Human rights, equality, and anti-discrimination are important core values in our labor policies.
2. Tatung's labor and management relation is harmony. The employees and the company work together, coexist and prosper. The employees contribute to their own company and factory, and the employees and management are well coordinated.

Actions taken to manage the topic

- Tatung utilizes various opportunities and methods such as gatherings, emails, newsletters, and internal documents to promote and strengthen awareness among employees regarding anti-discrimination measures, prevention of sexual harassment, protection against unlawful infringement while performing duties, and the availability of complaint channels.
- Both male and female employees have the right to apply for the parental leave and return to work after the expire of the parental leave in accordance to relevant regulations. For employees who need to personally breastfeed for children under two years of age, Tatung provides dedicated lactation rooms and time, and negotiates flexible working hours based on individual needs.

Management process and targets

- Tatung has "Chairman Mailbox" and "HR e-mail" for the employees to communicate with management level.
- Organizing Labor-management Meetings to communicate with the employees and solve the problems.
- Tatung has "Measure of processing employees' complaints" and other practices in place for the employees to complain about any dispute and provides a channel to deal with.
- HR is responsible for re-appealing of labor incidents such as sexual harassment and labor relations cases.

Targets:

1. Short-term: Promote labor-management harmony and resolve labor-management disputes.
2. Medium-term: Continuously strive to sign collective bargaining agreements.
3. Long-term: Foster seamless labor-management cooperation for mutual prosperity and coexistence.

Management evaluation mechanism

Held 16 Labor-management Meetings among 4 BUs; audited by the authorities 2 times; administrative penalty 1 time.

Performance

No. of significant labor-management disputes: 0

How engagement with stakeholders has informed the actions taken and how it has informed whether the actions have been effective

1. Through labor-management meetings and feedback from the labor union, the company will use this input as a reference to adjust its policies. Practical actions include initial salary adjustments and raising salary levels to align with or exceed industry market standards. This ensures that employee performance is fairly and justly evaluated.
2. Integrating employee donation activities with ESG initiatives allows employees to not only enhance the company's reputation through social engagement but also connect personally to society and global issues. This fosters a sense of spiritual fulfillment and contributes to achieving social justice, thus forming a strong corporate culture.
3. The formation of a positive corporate culture not only enhances the physical and mental well-being of employees but also extends this positive energy to stakeholders. By fostering close connections beyond business partnerships, the company enhances its brand image and generates a sense of brand identity among employees, fostering mutual trust between labor and management.

Related adjustments to the management approach

NIL

Salary and performance management

In recent years, due to the challenging job market, the starting salaries for new graduates have generally decreased. As a company with a century-long history in Taiwan, Tatung ensures that its employees' salary and benefits are well protected and meet or exceed the legal requirements to cope with these economic challenges. Tatung enacts its rules and internal control to ensure the minimum salary is complied with regulation. Tatung discloses the structure of the salary and methods of payment on "Company Rules", so that all the employees understand their rights and interests. Furthermore, according to Article 24 of the Articles of Incorporation of Tatung Company, when the company has surplus earnings each year, the company shall set aside no less than 1 percent of them as remuneration for the employees.

At Tatung, employee salaries are determined based on individual capabilities, contributions to the company, and performance evaluations. The salary package includes basic salary, bonuses, employee benefits, and other welfare benefits. The basic salary is determined in accordance with company policies, employee qualifications, and industry standards. Bonuses and employee rewards are linked to the achievement of individual, departmental, or company-wide goals. Welfare benefits are designed to comply with legal regulations while also considering the needs of employees, providing them with shared benefits.

Based on the concept of gender equality, the basic salary between female employees and male employees is 1:1. For different employment types, the ratio of basic salary and legal salary for migrant workers and technicians are 1:1 and 1.06:1; for staffs is from 1.21~1.59:1 (Figure 5.2-1) based on different job types, specialty and qualifications. In average salary, the female employee to male employee is 0.86~0.95:1 in 2022 (Figure 5.2-2); the average annual salary is NT\$762,698 and the median

annual salary is NT\$679,792 for non-management employees (2,393 employees in total). Please refer to Figure 5.2-3 for details.

Tatung takes great concern to the overall performance of individuals, departments and organizations, and encourages employees to perform better. Through the performance review counseling mechanism and career development, it helps to enhance and affirm the

performance of employees. Employees are assessed according to the "Performance Management Method" regardless of gender. The purpose of the assessment is to identify talents with high performance potential and poor performance and effectively links the performance with bonuses, rewards or promotions. The employee ratio for performance review in 2022 is 94.33%¹.



Figure 5.2-1 Ratio between basic salary and legal salary for different employment types

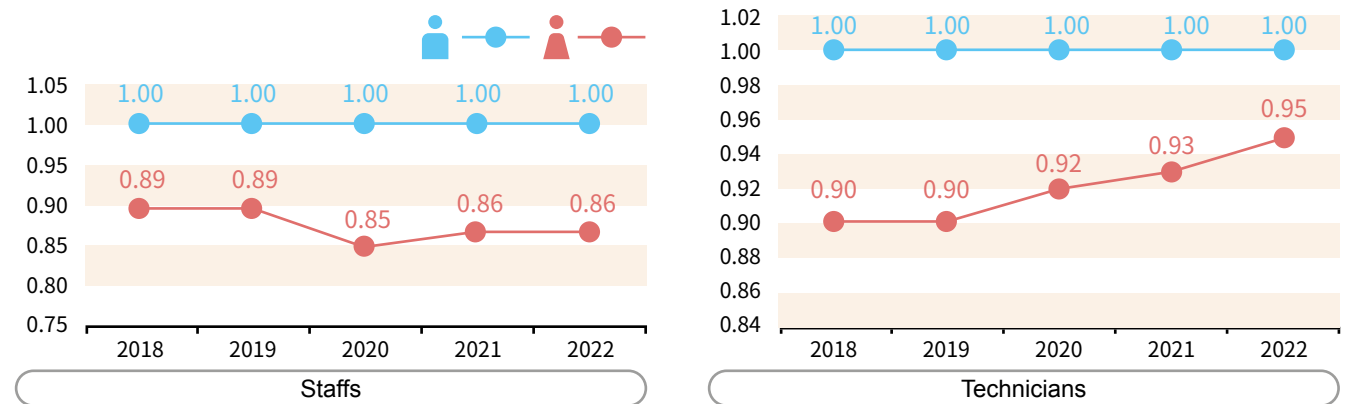


Figure 5.2-2 Salary ratio between female and male employees (by employment type)

1. Employees who were in trial period, leave of absence, and short-term contract were not included.

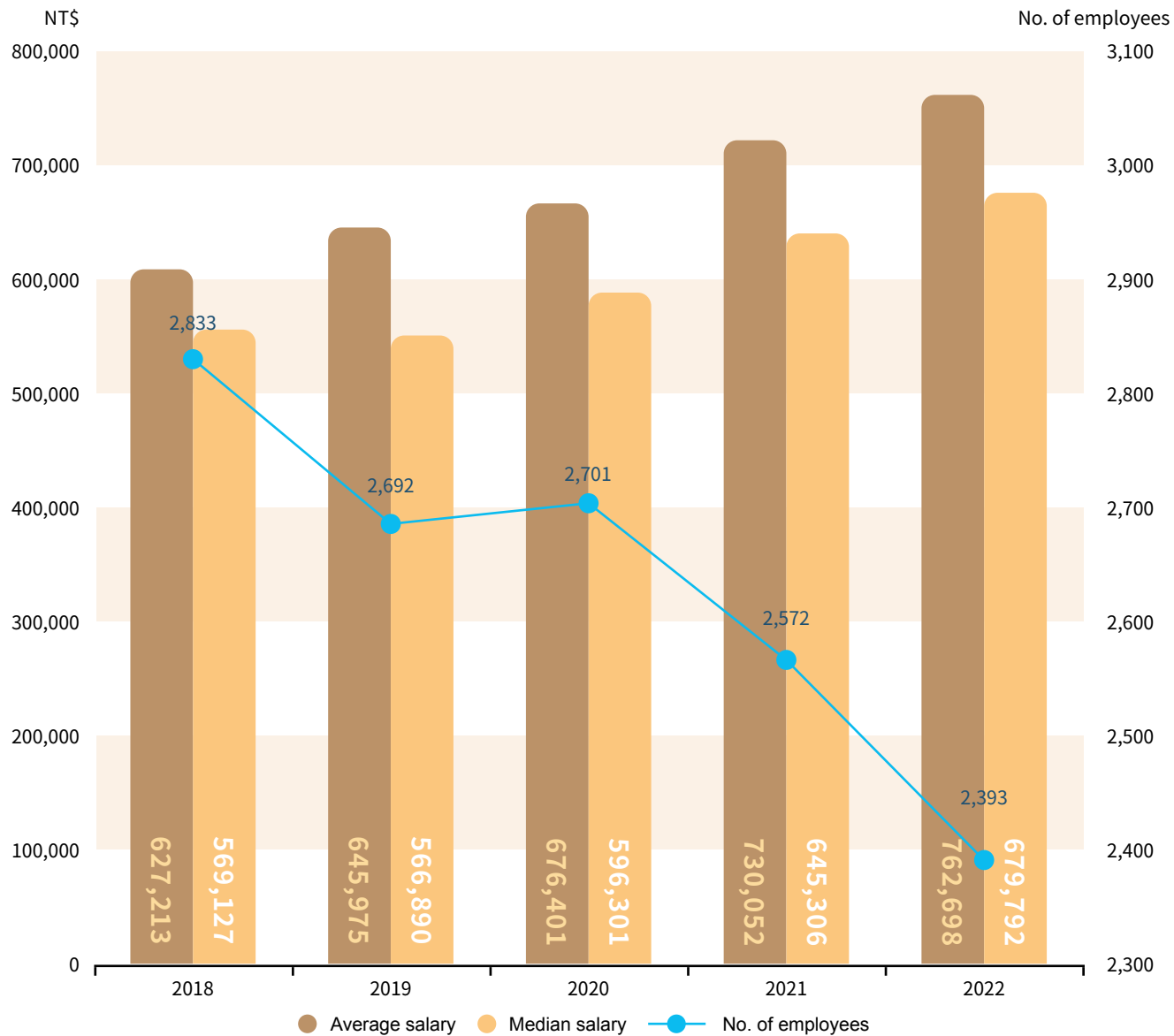


Figure 5.2-3 Number of non-management employees, average salary, and median salary

Post-employment benefits

Tatung adopts “Defined contribution plan” and “Defined benefits plan” as its post-employment benefits. For “Defined contribution plan”, Tatung makes monthly contributions of no less than 6% of the employees’ monthly wages to the employees’ individual pension accounts in accordance with the Labor Pension Act. The cost of the pension contributions to the Labor Insurance Bureau for 2022 amounted to \$70,735 thousand.

For “Defined benefits plan”, Tatung makes contributes deposited at the Bank of Taiwan on a monthly basis in accordance to Labor Standard Act. For detailed post-employment benefits, please refer to Tatung 2022 Annual Report page 392~395.



Labor-management relations

In order to provide employees with a working environment that complies with laws and regulations and continues to strive towards employee harmony. Tatung has “Regulations of Processing Employees’ Complaints” and other practices in place for the employees to complain about any disputes or sexual harassments and provides a channel to deal with. Tatung uses various methods such as gatherings, e-mails, electronic newsletters, or internal documents to deliver information in regarding to strengthen anti-discrimination, sexual harassment related prevention measures and appeal channels to the employees. The employees can not only propose questions in labor-management meetings or to labor unions, but also can directly mail the questions to Chairman’s Box or HR e-mail. There was no major labor-management dispute in 2022.

Tatung sets the minimum notice periods (Table 5.2-1) regarding to operational changes in “Company Rules”. When there is any major change in operation and may affect employees, Tatung shall notify the employees according to it and give severance pay.

Education and career development

Business’ success is relied on talented employees. Tatung believes that only each employee fully shows “TATUNG DNA” in their work can help the company to achieve goals and vision. Therefore, Tatung takes “TATUNG DNA” as basic to develop an education and training system which provides skill/profession oriented training courses to the employees to help the company to cultivate the talents that fit into business and achieve sustainable development.

Tatung plans training courses by taking company’s human resource policy into account and identifies the annual capacity gap of organizational functions. In December each year, a survey of the training needs

of senior managers and all employees is collected. Based on the survey results and the company’s annual business strategy, the next annual training course is planned. The training target is to capacity building of employee management, professional skills, and performance improvement. Figure 5.2-4 shows the structure of Tatung HR development. Tatung has formulated the “Tatung Company Education and Training Manual” as a norm for education and training, including: education and training management manuals, procedures, specifications, various forms, etc., and managed through various operations such as Plan, Design, Do, Review, and Outcome. The manual is published on internal website to let employees retrieve freely. We arrange class tutors for each course to be assistance and students with any questions can respond to them. After the class, we conduct satisfaction survey and the results and responses will be feedback to the students and relevant managers to improve the quality of education and training in the future.

In 2022, the number of training hours was similar to the previous years due to the severe COVID-19 and work-from-home measures, a total of 572 classes were still held, with a total training hours of 21,758 hours. The average satisfaction rate of personnel training is 93.68%.

Table 5.2-1 The shortest notice period

Types of employees	Shortest notice period
Worked for 3 months~1 year	10 days
Worked for 1~3 years	20 days
Worked for more than 3 years	30 days

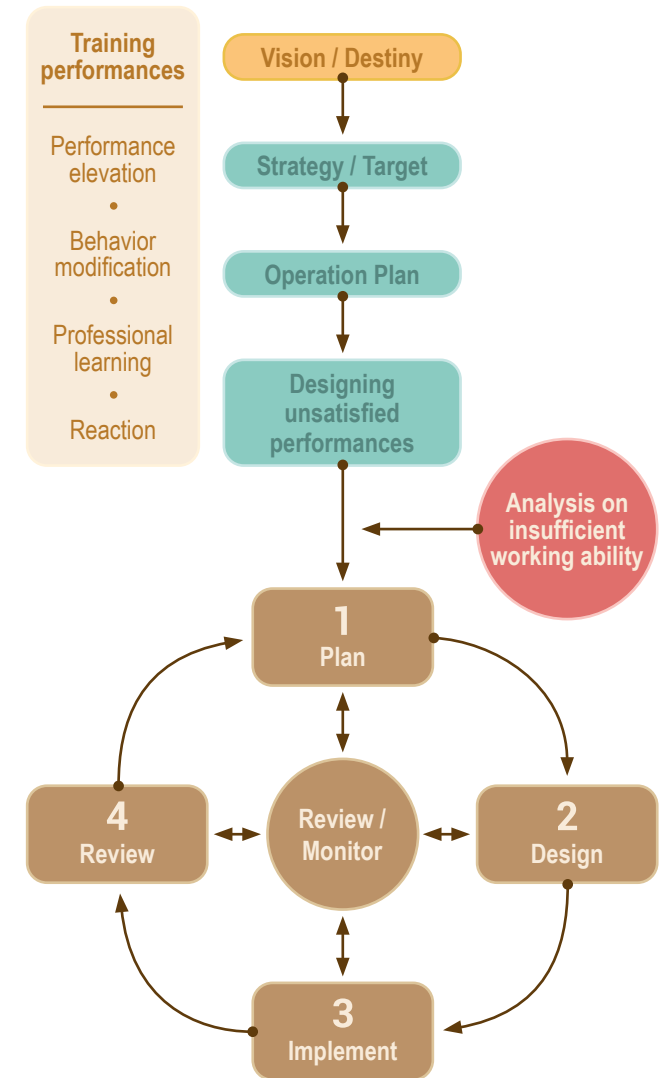


Figure 5.2-4 Tatung human resource strategic development system



經營管理課程

- 問題分析與解決職能專班** 07/13 - 8hr
以 KT 法為基本架構，課程中安排分組個案討論。
• 系統性構建思考架構，透過問題性質與影響因素，掌握問題解決方法與決策，並在問題分析方法。
• 掌握問題解決與溝通技巧
- 儲備幹部班** 07/21-07/22 - 16hr
建立與強化生產性員工之儲備幹部所需專業職能概念，並學習如何運用相關工具於工作中。
• 策略思考 • 品質意識 • 財務與信譽概念
• 目標管理 • 團隊思考 • 公文書處理技巧
• 時間/會議管理/心算圖 • 大同小傳單
- 策略與創新職能專班** 07/28 - 6hr
建立連結，及創新改善思維，透過個案討論，實作策略與分享，強化主管策略與創新思維能力。
• 策略工具與應用技巧(DAOI分析、BCG及Ansoff策略)
• 打造思考策略與管理價值(策略思考、真實共創)
- 360度溝通與商務談判技巧班** 08/09 - 8hr
溝通能力是領導、重要競爭力之一，透過個案學

- 習有效的溝通與商務談判技巧，強化達成工作目標與組織績效之關鍵能力，及具體商務策略：
• 360度向上、向下、跨部門溝通溝通模式與技巧
• 掌握商務談判心理與談判策略與設計
- 績效管理職能專班** 08/17 - 7hr
強化中階主管績效管理與績效管理之能力，含：
• 績效管理重要議題 • 績效管理流程與系統說明
• 目標設定與管理 • 動態追蹤與績效評核
• 績效改善與輔導技巧 • 實戰教學演練
- 中階主管領導才能班** 08/25-08/26 - 16hr
強化中階主管之行政、紀律、溝通、領導力、含：
• 中階主管職責與角色 • 領導人EQ與AQ管理
• 策略思維 • 激勵團隊建立及管理
• 策略思考與設計
- 基層主管養成班** 09/21-09/22 - 16hr
強化基層主管之職責與角色認知，及提升基層主管之領導、管理、教學等技巧，含：
• 基層主管的職責與角色 • 成本管理 • 職能技巧
• 提高團隊工作效能 • 工作計畫與執行力
• 團隊溝通與激勵 • 人力資源管理、考

專業課程

- 招募甄選暨面試技巧實務演練班** 09/15 - 6hr
協助主管同仁熟悉及應用面試技巧於招募工作中，內容含：
• 招募策略與面試介紹、法令地帶認識 • 甄選工具應用與辨識
• 面試流程與技巧 • 行為舉例面試法 • 實戰教學演練
- 簡報製作技巧班** 09/07 - 7hr
課程以簡報影片製作為出發，著重於「簡報構思」及「簡報設計」等概念強化，透過深入淺出說明，並透過實作演習與發表內容含：
• 內容設計、文字、配色、圖表配置、樣板選擇、視覺化溝通
- 資訊安全管理暨個資宣導教育訓練** 08/03 上午 - 3hr
強化公司資訊安全相關人員之資訊安全與自我管理，以及落實強化個資保護等訓練，內容含：
• 個人資料保護法與法理概念 • 資訊安全之目的與實施重點
• 公司之資訊安全政策 • 認識企業資訊安全之風險
• 如何降低資訊相關風險 • 實戰演習與案例分享

新人活力營

提供新進同仁公司文化、經營理念、以及組織之認同，並由資深學長分享職涯發展等。 • 公司組織架構、發展佈局、事業部概況 • 創業精神 • 康樂-大同、職涯經驗分享 • 志生樓-文化導覽

環保安衛課程

- 一般勞工初階安全衛生教育訓練班** 07/26 下午 - 4hr
本課程為「一般勞工初階安全衛生教育訓練/安全衛生工作守則及安全教育」之基礎班。
• 職業安全與職業衛生管理、職業危害預防
• 職業病預防與急救 • 常用職業災害預防與急救
- 一般勞工在職安全衛生教育訓練班(2)** 08/16 下午 - 4hr
本課程為「一般勞工在職安全衛生教育訓練班(1)」之進階班。
• 行為安全實務 • 健康促進 • 生活中化學物質對人體的危害
- 一般勞工在職安全衛生教育訓練班(3)** 09/13 下午 - 4hr
本課程為「一般勞工在職安全衛生教育訓練班(2)」之進階班。
• 建立與強化同仁執行預防職災計畫 • 職場健康風險管理
- 一般勞工在職安全衛生教育訓練班(4)** 07/12 下午 - 4hr
本課程為「一般勞工在職安全衛生教育訓練班(3)」之進階班。
• 創傷處理、緊急應變與處理、常用醫療急救法與護理
• 職業衛生與職業病預防、職業災害-職業傷害與職業疾病

如有相關需求，請洽 PMP 認證課程專員 PDU 之陳錦華。 詳細課程說明及報名資訊，請見公司內部網站 (<http://goo.g/dvq2N>) 如有相關疑問，歡迎洽詢各單位人員窗口 或 人力資源處-能力養成課 (02-25925232 #3290, #3214/learning@tatung.com)

Education courses in season 3, 2022



Front-line Supervisor Development Class



Class for new recruits



Strategic and Innovation Competency Class



Information Security Officer Training Class

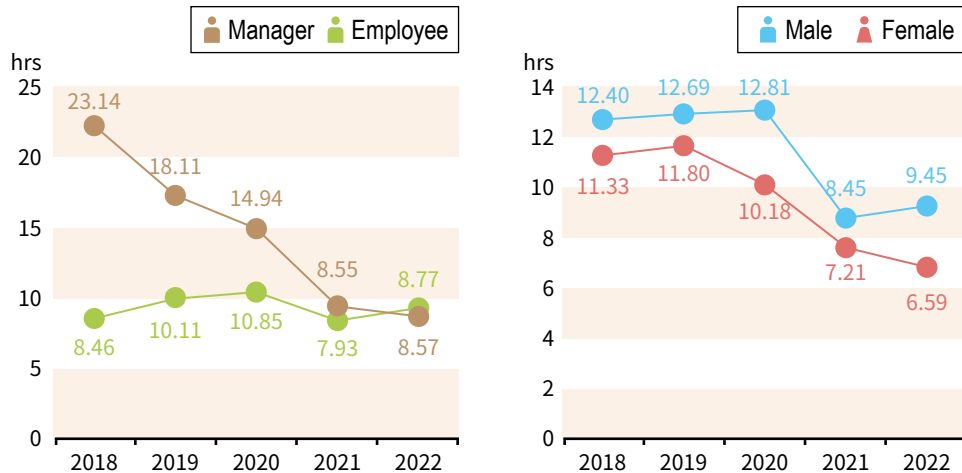


Figure 5.2-5 Training hours per employee



5.3 Health, safety, and disaster free

DMA ▶ Occupational Health and Safety

The actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights

Treating the employees as a valuable asset, Tatung and its subsidiaries consider creating a safe and healthy work environment as a driving force for progress. While certain factors may cause injuries in the work place during the production process, however, reducing the severity of injuries to a minimum remains a significant challenge for company supervisors. Reducing accidents and minimizing the extent of injuries are essential goals for ensuring the company's sustainable operations. The frequency and severity of disability injuries serve as permanent indicators of the company's workplace performance.

Report whether the organization is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships

Tatung and its subsidiaries adhere to the Occupational Health and Safety Management System, clearly declaring and implementing improvements in the health and safety of the employees. Health and Safety Division conducts an annual "Accident, Prevention, Pays Program" to identify areas for improvement in the work environment and provide recommendations for rectification.

Policies or commitments

Tatung has committed to improve the working environment for occupational health and safety. It considers the occupational health and safety management system as a standard requirement and strives to reduce occupational accidents, working towards the goal of achieving "zero disaster"

Actions taken to manage the topic

Continuously promoting the ISO 45001 and to instill the fundamental concepts of occupational health and safety into every employee.

Management process and targets

Short-term target:

1. All 4 factories pass the ISO 45001 annual certification.
2. At least 95% correction rate for non-conformities found in Accident Prevention Pays Program.
3. FR and SR are reduced by 10% each year.

Mid-long term target:

Zero disaster.

Management evaluation mechanism

Conducts Accident, Prevention, Pays Program on-site audit and records down non-conformities. The factories are requested to improve these and Health & Safety Division will track the improvement results.

Performance

Performances in 2022:

1. Factories with ISO 45001 passed annual certification.
2. The correction rate of Accident Prevention Pays Program is 100%.
3. The FR and FR have increased compared to the 2021 and have not met the target.

Related adjustments to the management approach

Continuing to review and improve using the P-D-C-A cycle.

To prevent occupational disasters and ensure the health and safety of employees, Tatung issues “Tatung Health and Safety Guidebook” for them to follow. The guidebook clearly states that the company should comply with the Occupational Health and Safety Act and related regulations, and conduct regular employee health check-ups, with the company bearing the full cost. At the same time, Tatung setups occupational safety and health management units and occupational safety and health management personnel in accordance with regulations to implement automatic inspections, strengthen occupational safety and health education and training, and promote laws and regulations to enhance employees’ safety awareness and responsibility to reduce the incidence of occupational disasters.

In addition, Tatung holds “Health and Safety Committee” meetings in headquarter and factories to communicate and review the contents and progress of health and safety issues (Figure 5.3-1). The percentage of labor representatives is better than the requirement of regulation (at least 33%). The headquarter also organizes regular health and safety committee meetings and invites the representatives in the factories to enhance the communications within the company.

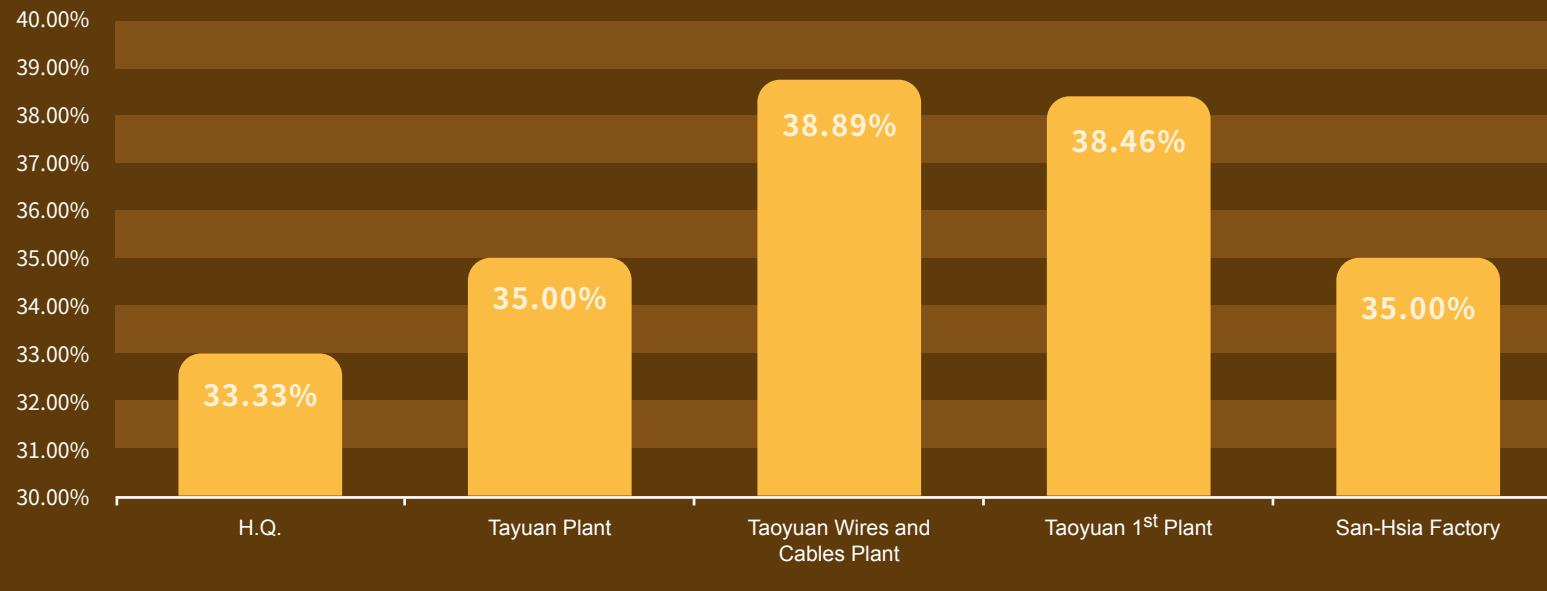


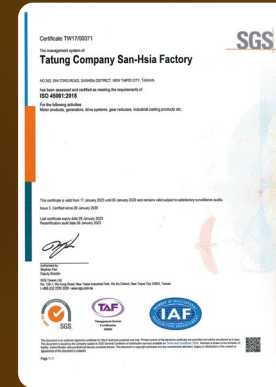
Figure 5.3-1 Percentage of labor representatives in Health and Safety Committees



Occupational health and safety management

Paying attention to health and safety work is Tatung's culture. Through institutionalized, documented, and systematic methods, it actively handles education and training, regulatory review, hazard identification, and risk assessment, sets safety and health improvement priorities, sets goals and improvement plans. Through the implementation of improvement plans and regular audits, and then reviewed by the management to continuously improve health and safety performance, so that the goal of "zero disaster" can be achieved. So far, all the factories have established ISO 45001 and passed the certification. San-Hsia Factory has also established CNS 45001 (TOSHMS) and passed the certification. Table 5.3-1 shows the status of occupational health and safety management systems.

San-Hsia Factory
ISO 45001 Certificate



Tayuan Plant
ISO 45001 Certificate



Table 5.3-1 The status of occupational health and safety management systems

	Name of management systems	The percentage of all employees covered by management systems	The percentage of workers who are not employees* covered by management	Effective and expiry date
Tayuan Plant	ISO 45001	100%	0%	2020.08.10~2023.08.09
Taoyuan Wires and Cables Plant	ISO 45001	100%	0%	2020.07.09~2023.07.08
Taoyuan 1 st Plant	ISO 45001	100%	0%	2022.03.04~2025.03.03
San-Hsia Factory	ISO 45001	89%	11.00%	2023.01.17~2026.01.09
	CNS 45001 (TOSHMS)			2023.01.17~2026.01.08

Note: Workers who are not Tatung's employees but whose work and/or workplace is controlled by Tatung.

Other than relying on the management systems, Tatung also carries out “Accident, Prevention, Pays” Program every year and works hard to achieve the final target “zero disaster” in the factories and subsidiaries. The contents of the program are summarized below:

1. The factories and subsidiaries implement the projects which can improve or prevent health and safety issues, and HSD reviews the performances and provides feedbacks.
2. An annual Accident, Prevention, Pays seminar is organized to exchange the health and safety experiences between factories and subsidiaries.
3. Recommends outstanding factories or subsidiaries to compete governmental awards.

Tatung has set the target of non-conformities improvement rate over 95% from Accident, Prevention, Pays Program onsite audit. For the items that have not been improved in the current year, we will continue to track them and list them as non-conformities in the next year’s evaluation. 47 non-conformities were found in 2022’s Accident, Prevention, Pays Program on-site audit. The non-conformities were mostly due to imperfect prevention measures for electric shock disasters, lack of shields or covers on the mechanical equipment which has risk of coiling hazards, and or failure of fire evacuation and emergency response equipment. By the end of 2022, all the non-conformities have been corrected and the target has been achieved. For 2023’s Accident, Prevention, Pays Program, we will not only continue to check the compliance with the occupational health and safety laws, but also strengthen the protection measures for workers’ physical and mental health, as well as the implementation of the monitoring plan for the working environment of workers, and the enhancement of workers’ health implementation service plans.

Chemical hazard identification and risk assessment

In order to let the employees to understand the potential hazards of the working environment, and to ensure that the concentration of harmful gases, vapors, and dusts in the workplace does not exceed the standards for labor workplaces, and to protect the health and safety of employees, all the factories in Tatung have established a “Working environment monitoring plan” and appointed Ministry of Labor certified monitoring organizations to implement the monitoring. The monitoring plan and monitoring results will be posted in obvious workplaces for employees to refer to.

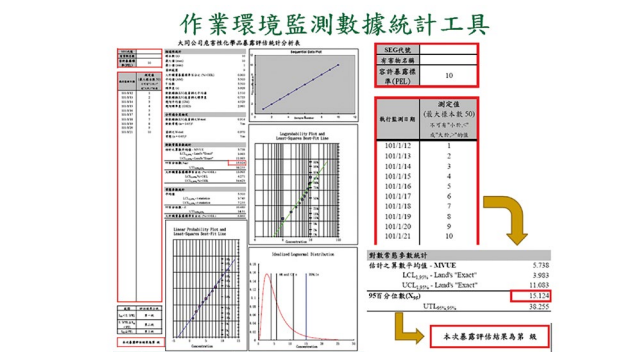
Tatung has implemented a “Hazard Communication Program” to ensure employees understand chemical hazards. Hazardous chemical containers are labeled following regulations, including hazard symbols, warnings, and precautionary measures. Safety data sheets are available for easy access. Moreover, Tatung adheres to the Ministry of Labor’s regulations by creating a “Grading Management Plan” for hazardous chemicals, assessing risks, and implementing appropriate management measures.



Accident, Prevention, Pays Program onsite audit



The labeling of containers with hazardous chemicals



Tatung chemical grading evaluation table

Health and safety training and regulation promotion

To enhance the awareness of employee health and safety prevent occupational disasters, Tatung holds annual educational training sessions for new employees, existing workers, and supervisors. These training sessions cover the introduction of occupational health and safety regulations. In addition to educating about relevant regulations, the courses also emphasize workplace precautions, including preventing hazards caused by machinery, equipment, or tools, hazardous chemicals, falling objects, high temperatures, noise, etc. The training also covers the proper use of personal protective equipment, workplace ventilation and lighting management, job safety analysis, and prevention of unlawful attacks during work duties. Regarding specialized training, Tatung arranges specialized training classes for new and existing employees based on the specific business needs. For smaller groups of employees with specialized operations, such as those involving organic solvents or dust, individual employees are trained in government-approved training institutions to comply with legal requirements. Detailed outcomes of safety and health education training can be found in Table 5.3-2 and Table 5.3-3.

Table 5.3-2 Health and safety training targets and results (internal training)

No. of participants in 2021	No. of participants in 2022	Target No. in 2023
Health and Safety Training Class (general employees and managers)		
662	808	1,000
Health and Safety Training Class (construction contractors)		
12	21	20
Training Class for Preventing Workplace Violence		
137	40	40
Emergency Training Class		
526	408	400

Table 5.3-3 Health and safety training targets and results(training by authorized institutions)

No. of participants in 2021	No. of participants in 2022	Target No. in 2023
Occupational Health and Safety Business Supervisor Training Class		
60	30	100
First-Aid Class (including re-training)		
27	83	100
Forklifters Training Classes (including re-training)		
42	169	0
Stationary Cranes Training Class (including re-training)		
0	273	0
High-Level Work Vehicle Operator Training Class		
0	41	10



Health and safety performances

Tatung continues to establish safety culture, reduce occupational disaster risk and provide a safe working environment. When an occupational disaster is occurred, root-cause analysis will be conducted and countermeasures will be implemented to prevent such case happening again. In 2022, there was no occupational disease case and death incident, nor major incident²; however there were 4 non-compliance and fined NT\$270,000 in total. Please refer to Table 5.3-4 for details. The non-compliances have been corrected. Tatung will strengthen the management on health and safety operations to avoid recurring in

order to jointly protect the safety of the employees.

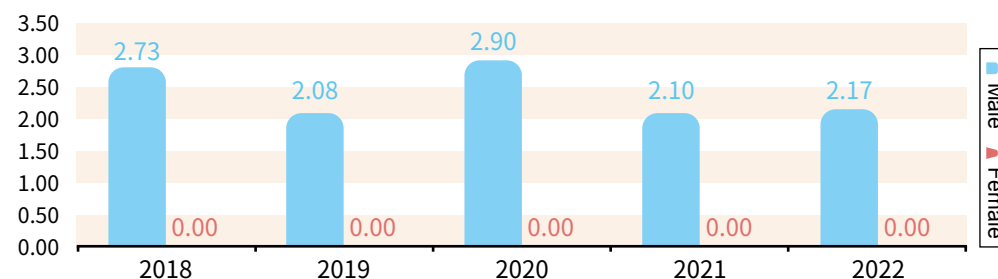
In terms of health and safety indicators, from Figure 5.3-2 and Figure 5.3-3, it can be found that female employees have not experienced occupational accidents for 5 consecutive years. The Disabling Frequency Rate (FR) for male employees in 2022 is higher than in 2021 as well as the Disabling Severity Rate (SR). The main reasons for these disasters within the factory are employee falling from heights, incidents involving machinery entanglement during operations, and electrical accidents. However, there were no workplace accidents involving non-employees in the year 2022.

In 2022, Tatung did not achieve the target of reducing the FR by 10%, and the SR exceeded the expected target. To address this, we will continue to strengthen safety awareness and education during operations. We will also enhance auto inspection for machinery to prevent accidents caused by the removal of safety protection by the employees. Moreover, we will request the supervisors in the factories and the subsidiaries to walk around the workplaces more often to strengthen the work safety requirements, and continue to move towards the established targets.

2. Major incidents refer to incidents that require the disclosure of significant information.

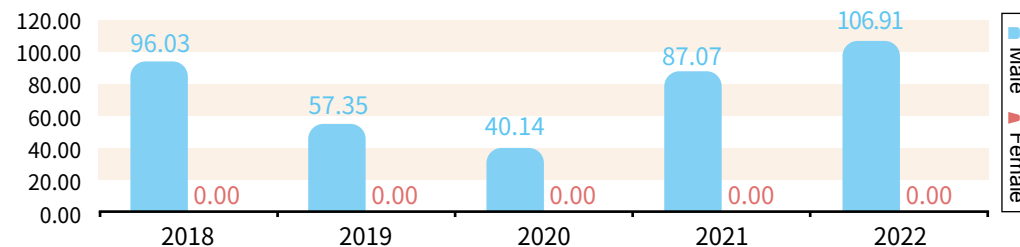
Table 5.3-4 The violation of occupational health and safety regulations in the past two years

BU	Description of the violation	Disposition (NT\$)
2021		
Taoyuan Wires and Cables Plant (project outside the factory)	When employers assign workers to perform tasks in oxygen-deficient hazardous environments, they should ensure proper confirmation or maintain a register of the workers entering and exiting those areas.	60,000
2022		
Taoyuan Wires and Cables Plant	The machine equipment lacks the required anti-entangled guards, and workers operating forklifts fail to fasten their seat belts as mandated.	100,000
	Workers standing on the top plate of a ladder during operations resulted in a fall and injuries.	100,000
San-Hsia Factory	Workers operating a circular saw during cutting operations without safety guards.	40,000
	Workers approaching high-voltage power lines during operations without wearing insulated protective equipment	30,000



Note: FR is one of the indicators selected by MOL for occupational disaster statistic purpose. The formula is $(\text{No. of disability} / \text{Total working hours}) \times 1,000,000$.

Figure 5.3-2 Trend of FR



Note: SR is one of the indicators selected by MOL for occupational disaster statistic purpose. The formula is $(\text{Total lost days} / \text{Total working hours}) \times 1,000,000$.

Figure 5.3-3 Trend of SR



Health promotion and disease prevention

In promoting employee health, Tatung firmly believes that the well-being of employees and their families is an invaluable asset to the company. Therefore, every year, the company organizes various health-related seminars, workshops, and health check-up events to raise employees' awareness of the importance of personal and family health. The specific practices include:

1. Fresh Air in the Workplace

Tatung strictly enforces a no-smoking policy across all its premises. Clearly marked no-smoking signs and announcements are placed in meeting rooms and at various entrances/exits, creating a fresh and healthy working environment for employees and visitors.

2. Regular Employee Health Checkups

Every year, the company arranges high-quality health checkups for employees to facilitate early detection, treatment, and prevention, ensuring their well-being.

3. Health Promotion Activity - Weight Management Class

To address health issues related to overweight, obesity, and large waist circumference among employees, the company promotes weight control activities, dietary management, exercise, and healthy habits, helping employees achieve weight management goals and preventing the onset of chronic diseases.

4. Health Lectures and Information Dissemination

The company conducts health lectures and disseminates information about major diseases through internal web pages and electronic publications. It also provides employees with channels for health management, disease prevention, and medical consultations.

5. Promoting Breastfeeding

Tatung encourages postpartum female employees to continue breastfeeding by providing breastfeeding rooms for a friendly environment that facilitates breastfeeding after returning to work.

6. Fire and First Aid Training

Each year, the company conducts fire and first aid training courses to enhance employees' emergency response capabilities and improve their first aid knowledge.



Blood donation activities



Health promotion activity – body weight management



Fire and first aid Training



Table 5.3-5 Health promotion and disease prevention activities in 2022

Month	Activity	Location	Month	Activity	Location
All year	Dissemination of Covid-19, influenza, and other infectious disease prevention information, along with health tracking and caring assistance.	All Company			
1	Blood donation activities – 156 bags in total.	H.Q.	3	Flu Vaccination	H.Q.
	Health and safety seminar/training on wound care.	H.Q.		Health seminar –skin care	H.Q.
	Implementation of Covid-19 rapid testing.	Taoyuan 1 st Plant		Health and safety seminar / Health risk management.	H.Q.
	Conduct special job health check.	MackKay Memorial Hospital		Blood donation activities – 77 bags in total.	San-Hsia Factory
	Implementation of Covid-19 rapid testing for migrant workers.	Tayuan Plant		Noise Special Inspection Review.	Taoyuan 1 st Plant
	Covid-19 vaccination.	Dayuan Industrial Park Service Center		Blood donation activities – 62 bags in total.	Taoyuan Wires and Cables Plant
	“Preventing Abnormal Workload” Interviews	Tayuan Plant	4	Health seminar - High Cholesterol.	H.Q.
	“Preventing Human Factor Hazards” Interviews	Tayuan Plant			
2	Conduct special job health check.	MackKay Memorial Hospital	6	Health seminar - Gastrointestinal Health for Office Workers.	San-Hsia Factory
	Fire and emergency medical training.	H.Q.			
	“Preventing Abnormal Workload” Interviews, health education	Tayuan Plant	7	Blood donation activities – 145 bags in total.	H.Q.
	“Preventing Human Factor Hazards” Interviews	Tayuan Plant		Health and safety seminar - understanding 21st-century diseases through health check-ups.	H.Q.
	Personal health guidance - noise and dust	Tayuan Plant		Health and safety seminar/CPR+AED	H.Q.
	Health seminar - easily overcome metabolic syndrome.	Tayuan Plant		Weight Loss Class - Session 1 (Psychological Stress and Overweight)	H.Q.
	Interviewing employees experiencing exceptional workload and those in special operations with second-level management and above.	Taoyuan Wires and Cables Plant		New employee health and safety training (including first aid).	San-Hsia Factory
	Noise tracking check	Taoyuan Wires and Cables Plant			

Table 5.3-5 Health promotion and disease prevention activities in 2022

Month	Activity	Location	Month	Activity	Location
8	Weight Loss Class - Activity Schedule (Healthy Eating for Diners, Traditional Chinese Medicine Approach to the Three Highs, Aerobic Exercise, and Recent Popular Weight Loss Methods).	H.Q.	11	Conduct special job health check.	Meter Factory
	First aid training	H.Q.		Flu vaccination	H.Q., Tayuan Plant, San-Hsia Factory, Taoyuan 1 st Plant
	Blood donation activities – 70 bags in total.	San-Hsia Factory		Health seminar - three high-risk factors for cardiovascular diseases	San-Hsia Factory
	“Workplace Maternal Health Protection” Interviews	Tayuan Plant	Health seminar - Prevention and healthcare for hidden diseases and human factor injuries.	Taoyuan Wires and Cables Plant	
	Health check for cafeteria staffs	CH. Health Service	12	“Preventing Abnormal Workload” interviews, health education	Tayuan Plant
	New employee health and safety training (including first aid).	San-Hsia Factory		Conduct annual health check and special job health check.	Taoyuan Wires and Cables Plant
	Conduct annual health check and special job health check.	San-Hsia Factory			
	Conducting surveys on musculoskeletal disorders, abnormal workload, and unlawful infringements.	San-Hsia Factory			
	Health seminar - metabolic syndrome.	Taoyuan 1 st Plant			
Blood donation activities – 137 bags in total.	Taoyuan 1 st Plant, Tayuan Plant, Taoyuan Wires and Cables Plant				
10	Weight Loss Class - Session 6 (Aerobic Exercise).	H.Q.			
	“Fire Prevention and Disaster Management - CPR+AED Training”	H.Q.			
	Health and safety seminar/training on wound care.	H.Q.			
	Conduct annual health check and special job health check.	Taoyuan 1 st Plant			
	Conduct annual health check and special job health check.	Tayuan Plant, Meter Factory			
	Health seminar – cancer preventing through diet	Taoyuan Wires and Cables Plant			



5.4 Participation and benefits to the society

Educating through fun, enhancing environmental awareness in society

The Tatung Boy children's play, Rescuing Power Kingdom, incorporated with concepts of energy conservation and environmental protection, made its tour to 7 elementary schools with audience of over 4,500 students watching in person to learn the importance of protecting the earth. Tatung aims to cultivate the next generation of warriors for environmental protection through this lively educational performance.



Supporting underprivileged education, embracing dreams

In 2022, Tatung raised a total of NT\$475,000 in scholarships to “Student Assistance Project” charity fundraising activity of Taipei Orphan Welfare Foundation, which aims to help disadvantaged and bereaved children to receive education, regain self-confidence, and embrace their dreams.



Blood donation

Tatung and its factories held 8 rounds of blood donation campaigns in 2022 and 644 bags of blood were donated as a result.





“

Chapter 6 Sustainable environment

”

Environmental management and comply with regulations

Targets

1. Correction percentage over 95% for the non-conformities from 3P Program.
2. Maintain ISO 14001 in the factories.
3. No. of violations against environmental regulation remains 0.

Performances in 2022

1. Correction percentage was 88.2% and the target was not achieved.
2. All the factories' ISO 14001 passed annual certification.
3. Two violations against environmental regulations and have been corrected.

Waste reduction management

Targets

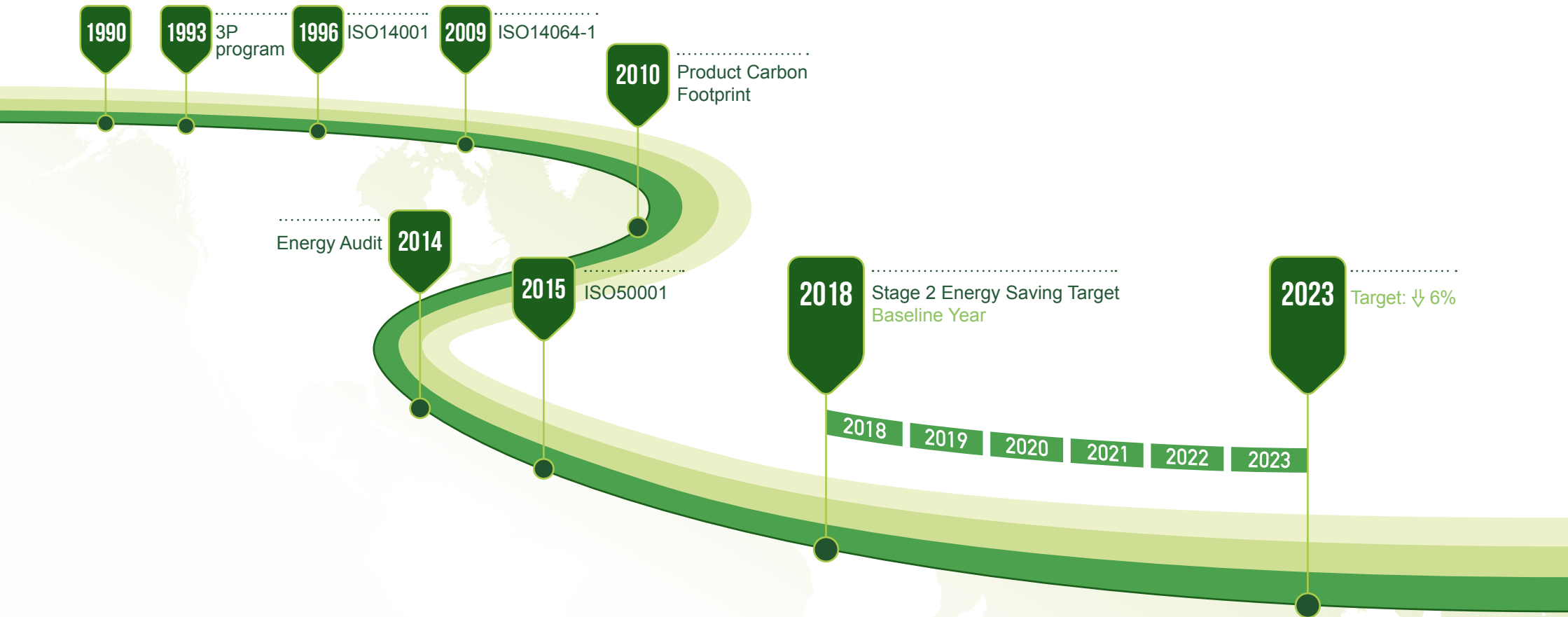
Reduce the amount of wastes by 5% every year.

Performances in 2022

Compared with 2021, the amount of wastes was 4.94% increased, which failed to meet the target.



6.1 Management on the environment



“Economic development should not create pollution to the environment but try to forge a marriage between corporative development and environmental protection” is a sentence that Tatung’s employees familiar with. We set up “Pollution Prevention Education Center” in 1988 to promote environmental education in the factories and subsidiaries. At this time, our management measures for sustainable environment are through the implementation of “Pollution, Prevention, Pays (3P) Program” and “ISO 14001 Environmental Management System” in the factories and subsidiaries.

Tatung environmental management roadmap

Pollution, Prevention, Pays (3P) Program

Tatung started to implement “Pollution Prevention Pays, 3P” program in the factories and the subsidiaries which have manufacturing function since 1993 to help Tatung to develop environmentally sound operations. Ten factories and subsidiaries participated in 2022 (Annex 2). The elements of 3P program are listed on Table 6.1-1.

When there any non-conformity found against company rules or with potential to cause environmental pollution, we will list such incidents and request the factories and the subsidiaries to correct them. We also set yearly correction target to be 95%. For the non-conformities which can not be corrected by the end of year, we will track them and make them to be corrected next year. In 2022, the correction rate was 88.2% and did not meet the target.

Table 6.1-1 Description of 3P Program and its performances

Aspects	Measures	Descriptions	Performances
Product design aspect	Encourage to develop green products to create additional values for products.	Apply Design for the Environment, DfE”, in the design phase to produce “recyclable, low pollution, toxic-free, resource saving, power saving, and durable” products to benefit the environment.	In 2022, we acquired Green Mark: 2 models; Energy Label: 35 models; Water Label: 4 models.
Manufacturing aspect	Promote Clean Production technology, fully utilize resources and materials and to reduce the wastes and the production costs.	Improve the existing manufacturing processes and management operations to eliminate sources of pollution. Also improve upon the recycling/reuse, and exchange/reuse of waste materials.	In 2022, 76.01% of industrial wastes were reused.
Management aspect	Perform 3P Program on-site evaluation in the factories and subsidiaries regularly.	The results can benefit management in their review of environmental performances and draft of new policy and objectives.	Ten factories and subsidiaries participated in 3P program.
Conformity	Conduct internal audit.	Conduct internal audit on regulation compliance in order to find out problem at first place and mitigate it.	Non-conformity correction percentage was 88.2% in 2022.



3P Program onsite audit



ISO 14001 Environmental management system

Tatung believes that by implementing ISO14001 is able to continue improve environmental performances, export competitively, and company images. Thus, in 1996, Tatung started to implement ISO14001 among the factories and the subsidiaries. So far all 4 factories have established ISO 14001 and certified every year. We commit that we will continue to run ISO 14001 in the factories and subsidiaries to improve environmental performances in the future. Table 6.1-2 shows the implementation status of ISO14001 in the factories.

Tayuan Plant
ISO 14001 Certificate



Taoyuan 1st Plant
ISO 14001 Certificate



Table 6.1-2 Tatung factories ISO 14001 status

Factories	Implementation year	Effective and expiry date
Tayuan Plant	1998	2022.08.06~2025.08.05
Taoyuan Wires and Cables Plant	2000	2021.09.17~2024.09.16
Taoyuan 1 st Plant	1998	2022.09.01~2025.08.31
San-Hsia Factory	1999	2020.09.05~2023.09.05

Compliance and major leaks

Tatung takes great concern on the development of environmental protection regulations. When there are public hearings or seminars for new regulations, Tatung assigns professions to receive the latest information. In addition, we implement mechanisms such as ISO 14001, internal control system on-site audit, and 3P Program on-site evaluation in the factories (Figure 6.1-1), in result, there was no major environmental incident¹ but there were 2 violations against environmental regulations in 2022 (fined NT\$106,000 in total). Taoyuan 1st Plant has appointed waste disposal professional technical personnel and completed record. In the event of professional technical personnel changes, the agent will be reported at the same time as the cancellation of the existed one to prevent recurrence. San-Hsia Factory has completed the inspection and obtained approval from EPB, New Taipei City. In the future, it will

1. Major incidents refer to incidents that require the disclosure of significant information.

strengthen the management and arrange for inspections 6 months before the expiration of the operating permit to avoid equipment replacement or malfunction of related pollution sources, which may result in failure to complete the inspection within the deadline.

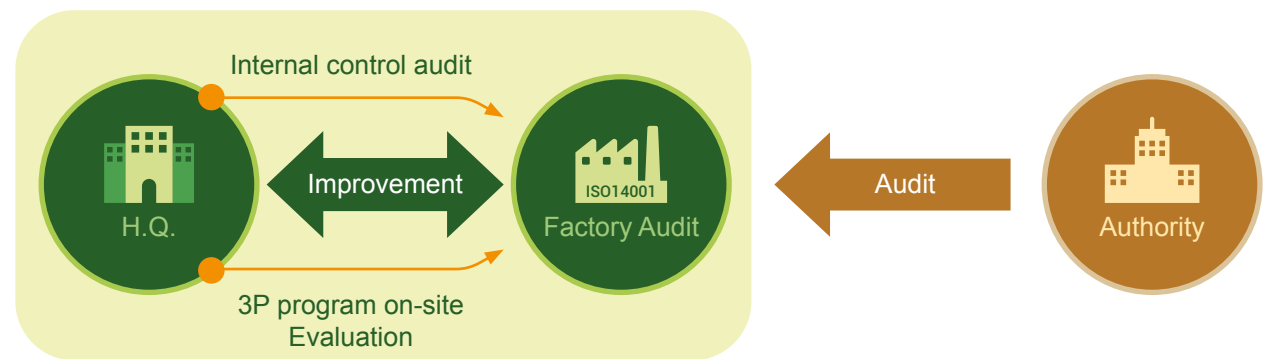


Figure 6.1-1 Measures practiced to ensure the compliance

Table 6.1-3 The violations against environmental regulation in recent 2 years

BU	Description of the violation	Disposition (NT\$)
2021	NIL	
2022		
Taoyuan 1 st Plant	The professional technical personnel for waste disposal at Taoyuan 1st Plant resigned and it failed to report to the local competent authority for record in 15 days after the resignation.	6,000
San-Hsia Factory	The regular inspection and reporting were not completed as required due to changing the air pollution treatment facility.	10,000

6.2 Resources consumption and pollutants management

Consumption and management on the main materials

Tatung puts quality, price, supply days, and after sale service into account when selecting suppliers. In order to ensure a good quality, Tatung requires suppliers to provide new resources. Table 6.2-1 shows the consumption amount of main materials and the percentage from local purchase.

Table 6.2-1 Amount of main materials and the percentage from local purchase

Main materials	Amount of consumption	Local purchased percentage (by purchase values)
Steel (including silicon steel)	7,917 tons	89%
Copper	4,948 tons	9.6%
Aluminum	440 tons	100%
Insulation oil	1,170 kilo-liters	98%

Consumption of water and management on the wastewater

The sources of water for Tatung are from tap water, ground water, and river water. Tatung consumed 530,493 M³ (Figure 6.2-1) of water in 2022 which was 8,802 M³ less than the consumption in 2021. In view of the long-standing problem of fresh water resources shortage in Taiwan, other than installing water-saving taps for the employee's daily usage, we will continue to conduct water saving projects in order to reduce water consumption.

As for the wastewater management, all the factories and subsidiaries have granted government approved

“water pollution prevention measures” and “permit for effluent”, as well as setup wastewater treatment facilities based on the prevention measures. All the wastewater treatment facilities are operated in accordance to the prevention measures and the amount and quality of the effluent are regularly tested and reported to the authorities. The rest results are all below the effluent standard, therefore the effluent from Tatung will not have significant impacts to the biodiversity of the nearby habitats and the recipient water bodies. The detailed effluent information is disclosed on Table 6.2-2.

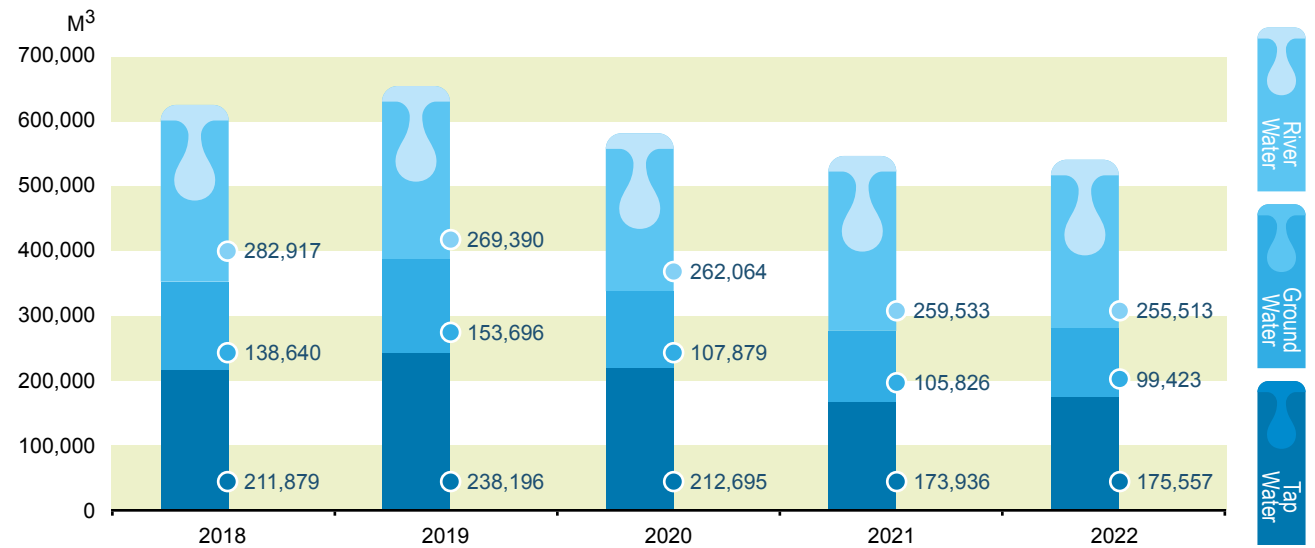


Figure 6.2-1 Amount of water consumption (by sources)

Table 6.2-2 Wastewater treatment and effluent status in 2022

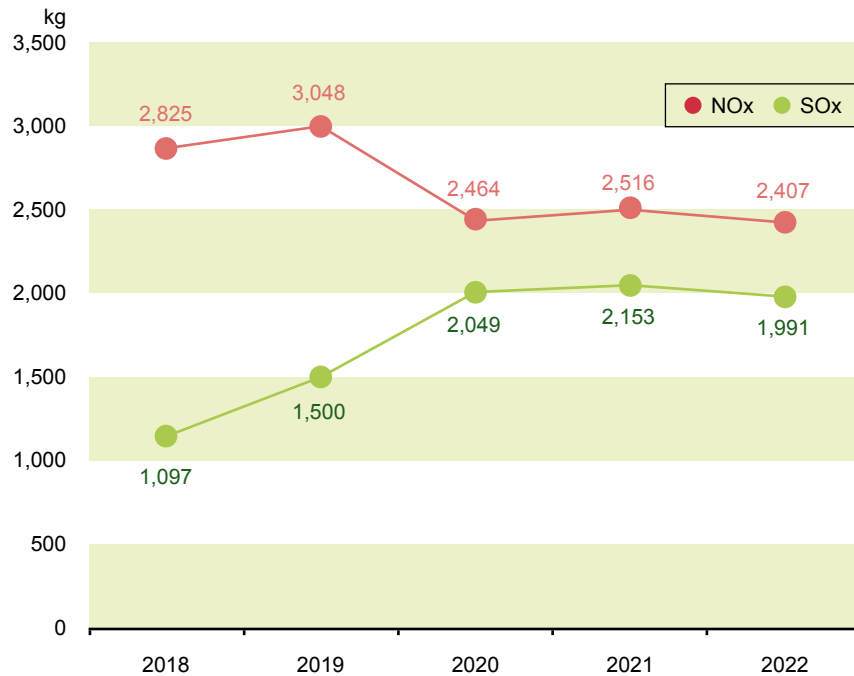
Factory	Treatment method	Average COD concentration (mg/L)	Average Suspended substances concentration (mg/L)	Amount of effluent (M ³ /year)	Recipient water body	Effluent reused by others
San-Hsia Factory		19.24	6.39	5,173	Heng River	
Tayuan Plant	Factories setup wastewater treatment facilities in accordance to the requirements of regulations.	12.92	4.18	1,484	New Street River	None
Taoyuan Wires and Cables		16.39	9.59	29,363	New Street River	
Taoyuan 1 st Plant		14.75	12.39	7,885	Old Street River	
Total				43,905		

Note: The data is collected from EPA's declaration system Effluent standard for COD: 100 mg/L, SS: 30 mg/L.



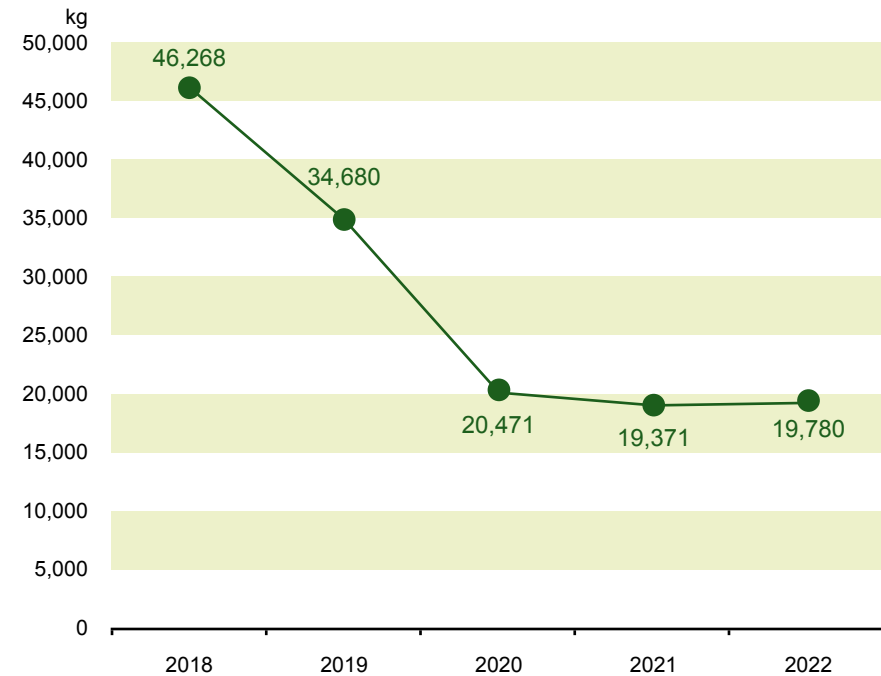
Management on the air pollutant emissions

The main air pollutants from the factories are NO_x, SO_x, and VOC. Tatung declares the amount of emissions and pays air pollution control fees to the authority. Tatung sets up and operates air pollutant treatment facilities in the factories in accordance to the regulation. Pollutant concentration is regularly tested and met the standard. In addition to optimize the air quality and reduce the impact to the surrounding environment around the factories, we have implemented pollutant treatment facilities with higher VOCs removal efficiency, such as RTO (Regenerative Thermal Oxidizer) in the past few years.



Note: Data is from EPA Air pollutant declaration system.

Figure 6.2-2 Amount of NO_x and SO_x emissions



Note: Data is from EPA Air pollutant declaration system.

Figure 6.2-3 Amount of VOC emissions

Waste reduction and management

In 2022, Tatung generated 3,215.80 tons of industrial wastes, of which 3,207.42 tons were general industrial wastes and 8.38 tons were hazardous industrial wastes (Figure 6.2-4). Compared with the amount of wastes in 2021, the amount was increased by 4.94% and failed to meet the target (5% reduction each year). We will continue our commitment to waste sorting and utilization design and process improvement to reduce waste generation.

Seven methods were used for wastes treatment in 2022 (as listed on Table 6.2-3). The factories also have been working hard to recycle and/or reuse the wastes in order to minimize the impact to the environment. 2,444.49 tons of wastes were reused (76.01% of total wastes) in 2022.



Wastes clean up and treatment process



Table 6.2-3 Waste treatment methods in 2022

	Reuse	Incinerate	Solidify	Landfill	Physical treatment	Heat treatment	Chemical treatment	Total
General industrial wastes (tons)	2,444.49	622.20	1.56	0.00	133.21	5.96	0.00	3,207.42
Hazardous industrial wastes (tons)	0.00	6.27	2.04	0.00	0.01	0.00	0.06	8.38
Percentage of each treatment method (by weight)	76.01%	19.54%	0.11%	0.00%	4.14%	0.19%	0.00%	100%

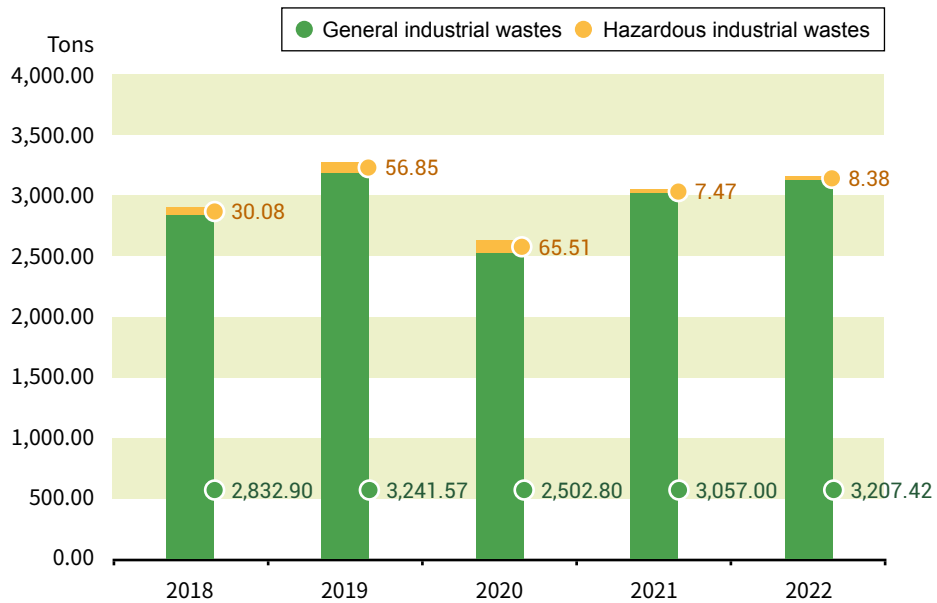


Figure 6.2-4 Amount of wastes generated

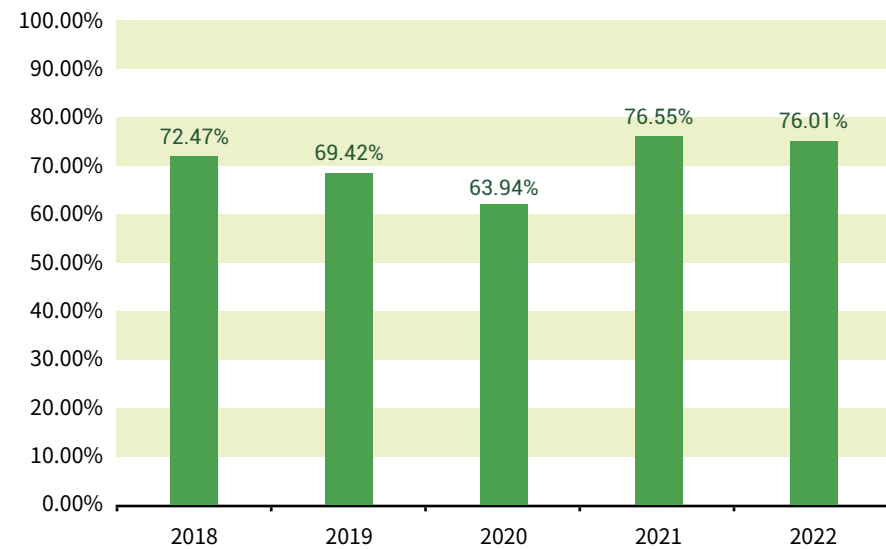


Figure 6.2-5 Waste reuse percentages

Product and package recycling at the end of life

As for the recycle on the wasted products, Tatung takes great attention on this issue. Tatung pays “Recycling and Cleaning Fee” to the government agency (Recycling Fund Management Board) to carry out countrywide waste recycling affairs. Based on the statistics in 2022, the average recycling rate for electric/electronic and information devices was 70.99%². In addition to paying fees, Tatung proactively informs consumers of the recycling information of large home appliances³ on sales and online shopping sites, and provides consumers with recycling services for waste batteries and CD disc at Tatung 3C stores to ensure that waste products enter legal recycling system to avoid damaging to the environment.

In regarding to the packaging materials of household appliances and consumer products, Tatung believes that the packaging materials are well recycled. The reason behind this is the recycling channels in Taiwan are well established and citizens are highly educated and aware to do recycle in their households. For packaging materials (mainly wood/iron pallets or axles) used on large industrial products such as cables, transformers, power generators, motors, they are recycled and reused on daily operations.

2. <https://recycle.epa.gov.tw/ConvenienceServices/Downloads>

3. Refrigerators, washing machines, TVs, and air conditioners.



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Chapter 7 Climate Change Risks and Management

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Energy and GHG management

Targets

1. Energy intensity of represented products in 2022 will be 4.5% less than in 2018.
2. Energy saving rate will be at least 1% in the headquarters and the factories from 2019~2022.
3. Promote ISO 50001 energy management system.
Short-term: Factories with ISO 50001 pass annual certification.
Mid-long term: Implement ISO 50001 in Taoyuan 1st Plant.
4. Carry out ISO 14064-1 GHG inventory.
Short-term: Carry out GHG inventory based on ISO 14064-1 every year among all company.
Mid-long term: Carry out GHG inventory every year among the company and the subsidiaries since 2025.
5. Promote net-zero emission roadmap
Short-term: The amount of GHG emissions (scope 1+2) in 2023 is 6% less than in 2021 (baseline year)
Mid-long term: 20% less emissions in 2030, 50% less in 2040, and achieve net-zero in 2050.

Energy and GHG management

Performances in 2022

1. 4 out of 7 represented products have met the target. The target achieve rate was 57.14%.
2. The average energy saving rate in the factories and the headquarters was 3.53%.
3. Tayuan Plant, Taoyuan Wires and Cables Plant, and San-Hsia Factory have passed ISO 50001 annual certification.
4. Completed ISO 14064-1 GHG inventory (year 2021) and passed the verification.
5. The amount of GHG emission is 34.51% higher than in 2021. The target is not achieved.

Continue to produce environmental friendly, energy saving, and water saving products and apply for Green Mark, Energy Label, or Water Label.

Performances in 2022

New applied Green Mark: 2 models,
Energy Label: 35 models, Water Label: 4 models.

Green product management

Targets

Actively striving for solar PV and energy storage system projects.

Short-term:

Achieve total installed capacity of 338MWp for solar PV system and 55MW for energy storage system by 2023.

Mid-long term:

Aim to reach a total installed capacity of 1GWp for solar PV systems and 300MW of energy storage systems.

Performances in 2022

We have accomplished a cumulative installed capacity of 268MWp for solar PV systems and 11MW for energy storage systems.



DMA ▶ **Energy and GHG management**

<p>The actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights</p>	<p>The greenhouse gas emissions caused by human activities have led to global warming and climate change. The extreme weather conditions triggered by these changes have had a significant impact on the environment and the economy.</p>
<p>Report whether the organization is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships</p>	<p>Tatung and its subsidiaries' operations may generate greenhouse gas emissions. In response to this, Tatung has undertaken measures to reduce greenhouse gas emissions.</p>
<p>Policies or commitments</p>	<ol style="list-style-type: none"> 1. Tatung has established the ESG vision of "Operational Innovation, Sustainable Development, and Global Harmony." 2. Tatung has set a carbon reduction target to achieve net-zero emissions by 2050.
<p>Actions taken to manage the topic</p>	<p>Tatung continues to promote ISO 14064-1 greenhouse gas inventory and ISO 50001, as well as implementing energy-saving projects to mitigate global warming.</p>
<p>Management evaluation mechanism</p>	<p>Through the annual energy-saving audit, we will track energy intensity and progress towards achieving the net-zero emission target.</p>

<p>Management process and targets</p>	<p>Short-term targets:</p> <ol style="list-style-type: none"> 1. Energy intensity of represented products in 2023 will be 6% less than in 2018 2. Energy saving rate will be at least 1% each year in the H.Q. and the factories. 3. The amount of GHG emissions in 2023 will be 6% less than in 2021 (baseline year). <p>Mid-term targets: Starting from 2025, we will conduct annual greenhouse gas inventories (Scope 1 and Scope 2) for all subsidiary companies included in the consolidated financial report.</p> <p>Long-term targets: In alignment with Tatung's goal of net-zero emissions by 2050, Tatung has set a target to reduce greenhouse gas emissions by 20% by the year 2030 compared to the baseline year of 2021.</p>
<p>Performance</p>	<p>Performances in 2022:</p> <ol style="list-style-type: none"> 1. The company completed ISO 14064-1 GHG inventory (year 2021) and passed the verification. 2. Tayuan Plant, Taoyuan Wires and Cables Plant pass ISO 50001 annual certification. 3. 57.14% of the represented products have met the energy intensity target (4.5% less than in 2018). 4. The average energy saving rate in the factories and the headquarters was 3.53%. <p>The amount of GHG emissions in 2022 increased 34.51% when compare to 2021 which failed to meet the target.</p>
<p>Related adjustments to the management approach</p>	<p>NIL</p>

7.1 Climate risk and governance

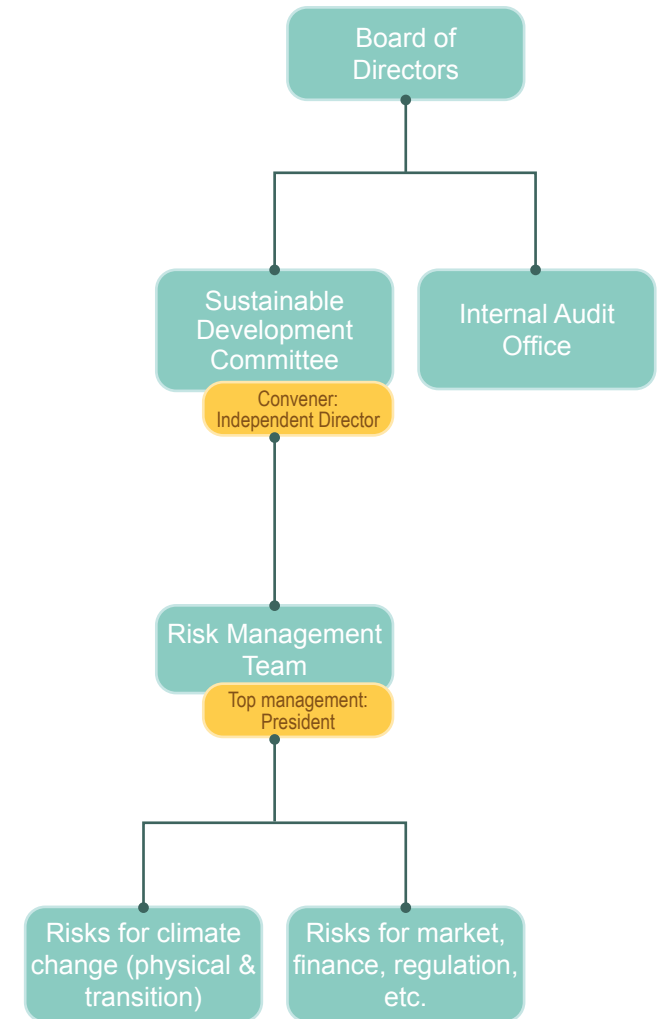
In response to the threats posed by extreme weather events resulting from global warming, Tatung has incorporated climate-related risks into its “Risk Management Policy and Procedures.” This framework includes risk identification, risk assessment, risk monitoring and response, and risk reporting and disclosure. The Board of Directors serves as the highest authority for risk management in the company. They are responsible for approving risk management policies and significant risk management systems, as well as overseeing their implementation to ensure the effective operation of the risk management mechanisms.

Tatung has established a Sustainable Development Committee under the Board of Directors, which is responsible for reviewing the implementation effectiveness of corporate governance and risk management outcomes. Under the Sustainable Development Committee, a Risk Management Team is established to execute the responsibilities of risk management. Climate-related risks and opportunities are identified and assessed by each Business Unit, Finance & Accounting Division, and Health & Safety Division. These units propose risk response measures and regularly adjust control mechanisms. Table 7.1-1 and Table 7.1-2 present the climate risks and opportunities identified by Tatung.

The Risk Management Team reports the overall risk management results to the Sustainable Development Committee on a regular basis. The operational

status of risks is reported to the Board of Directors annually by the Risk Management Team. Additionally, in compliance with the regulations, Tatung has been reporting greenhouse gas inventory and verification status to the Board of Directors on a quarterly basis since the second quarter of 2022.

Apart from the Risk Management Team, Tatung has established the ESG Implementation Committee. The President serves as the convener, with the Chief Legal Officer as the executive supervisor. Under the committee, there are subgroups dedicated to environmental sustainability, social responsibility, corporate governance, and risk management. These subgroups are responsible for planning and driving initiatives related to their respective areas (please refer to Chapter 1).



Tatung Company Climate Risks Framework

Table 7.1-1 The identified climate risks, financial/operation impacts and measures

Physical risk			Transition risk		
Type	Potential financial and operation impacts	Measures	Type	Potential financial and operation impacts	Measures
Typhoon, flooding, extreme weather event.	<ol style="list-style-type: none"> 1. Plants, operating bases, and equipment are damaged due to climatic disasters which increasing financial expenses. 2. Climatic factors may affect transportation, causing supply chain disruptions and subsequent production stoppages. 3. Employees are unable to attend work, and productivity is affected, resulting in reduced revenues and increased occupational health and safety costs. 4. The rise in temperature has led to increased air conditioning usage at the operational sites, resulting in higher operating costs. 	<ol style="list-style-type: none"> 1. Regularly inspect the factory buildings and operating bases for damage, and repair and fix them before natural disasters. Prepare sandbags to prevent flooding; analyze the site climate and flooding potential at the design stage for outdoor equipment (such as solar power systems), and set appropriate support strength and height; take out natural disaster insurance to transfer risks and reduce losses. 2. Pay attention to information on natural disasters, and prepare sufficient materials in advance if traffic disruptions are expected. 3. Refer to the announcement from the government, if the scale of the natural disaster threatens the safety of employees, the work will be reduced or suspended. 4. Replace old air conditioning systems and control the operation time to manage energy consumption effectively. 	Policies and regulations	<ol style="list-style-type: none"> 1. The Renewable Energy Development Act stipulates that power users above a certain contracted capacity should install renewable energy power generation equipment. Taoyuan Wires and Cables Plant is required to meet the obligatory capacity before 2025, which will increase operating costs. 2. The Financial Regulatory Commission requires that listed companies of a certain scale should complete the greenhouse gas inventory in 2023, the external verification in 2024, the greenhouse gas inventory of the consolidated subsidiary in 2025, and the external verification of the consolidated subsidiary in 2027. 3. It may be affected by the potential carbon tax, carbon trading system, and the cost of purchasing raw materials and parts in compliance with regulations to increase operating costs. 	<ol style="list-style-type: none"> 1. Taoyuan Wires and Cables Plant will installed solar power systems to the obligatory capacity before 2025. 2. Tatung will continue to disclose the company's complete GHG emissions and assist the subsidiaries to carry out GHG emission inventory. 3. Continuously track changes in regulations and master first-hand information.
			Reputation	The company's environment, energy and carbon reduction practices and performance have become the focus of stakeholders' concerns. Failure to implement management may affect brand trust.	Continue to operate ISO 14001, ISO 14064-1, ISO 50001 to improve the performance of environment, energy and carbon reduction.
			Market	The awareness of sustainability is enhanced, and customers may purchase lower-carbon products or services in the market, which will affect revenue.	Introduce sustainable product design, focus on improving energy efficiency, product recycling and reduction of harmful substances, such as high-efficiency amorphous transformers and energy-saving motors and high energy efficient air conditioners.

Table 7.1-2 Climate related opportunities, financial impacts and targets

Type ▶ Energy saving market			
Risk descriptions	Potential financial and operation impacts	Measures	Targets
<ol style="list-style-type: none"> 1. The market demands for the products with features of energy saving and high energy efficiency. 2. The increasing demand for energy monitoring in the market has led to a rise in demand for power meters. 	Match to market trends and expand revenue.	<ol style="list-style-type: none"> 1. Introduce products with Energy Label to increase selling and increase profits. For example, in 2022, the product split-type air conditioners with Energy Label has been well received by the market, with total of 49,896 units sold. 2. Launched IE4 grade energy-saving motor, amorphous transformers, and smart meters 	<p>Short-term: Products continue to apply for Energy Label, Green Mark or first-class energy efficiency label.</p> <p>Mid-term: In 2025, IE4, Super Premium, GB2 and MEPS high-efficiency motor series will be launched.</p> <p>Long-term: In 2030, IE5 and GB1 high-efficiency motor series will be launched.</p>

Type ▶ Energy creation and storage			
Risk descriptions	Potential financial and operation impacts	Measures	Targets
<ol style="list-style-type: none"> 1. The industry is in urgent need of low-carbon energy, and the demand for solar power systems has greatly increased. 2. In response to the increase in the number of renewable energy installations, in order to stabilize the power grid, the market demand for energy storage equipment has increased. 	The increase in large-scale solar power systems and energy storage equipment projects has resulted in higher profitability through increased participation in bidding. While the investments yield stable profits, they also require substantial upfront capital expenditures.	To assess financial risks, we will prioritize investment in projects with lower risk profiles.	<p>Short-term: Achieve total installed capacity of 338MWp for solar PV system and 55MW for energy storage system by 2023.</p> <p>Long-term: Aim to reach a total installed capacity of 1GWp for solar PV systems and 300MW of energy storage systems.</p>

Type ▶ Improve on resources and energy efficiency.			
Risk descriptions	Potential financial and operation impacts	Measures	Targets
<ol style="list-style-type: none"> 1. Switch to more efficient electrical equipment. 2. Promote energy-saving projects. 	Reduce energy cost and carbon emissions.	<ol style="list-style-type: none"> 1. Purchasing energy-saving equipment and office appliances. The green purchase amount in 2022 reached NT\$ 50,027,438. 2. Support green procurement and receive a certificate of appreciation for green procurement from Taipei Environmental Protection Bureau in 2022. 3. Promote energy-saving projects in the factories through the “Annual Energy Audit” program. 	<ol style="list-style-type: none"> 1. Continue to support green procurement and try to use more efficient equipment. 2. The energy intensity of the represented products in 2023 will be reduced by 6% compared to 2018.



Enhancing GHG inventory and management capability

To enhance the greenhouse gas inventory and management capabilities of our employees, we have established ISO 14064-1 greenhouse gas internal verification training class at the H.Q. It aims to nurture individuals within the corporate who are proficient in greenhouse gas inventory. Starting from 2023, Tatung will assist subsidiary companies in conducting greenhouse gas inventories, with the goal of having all subsidiaries included in the consolidated financial report complete their greenhouse gas inventory by 2025.

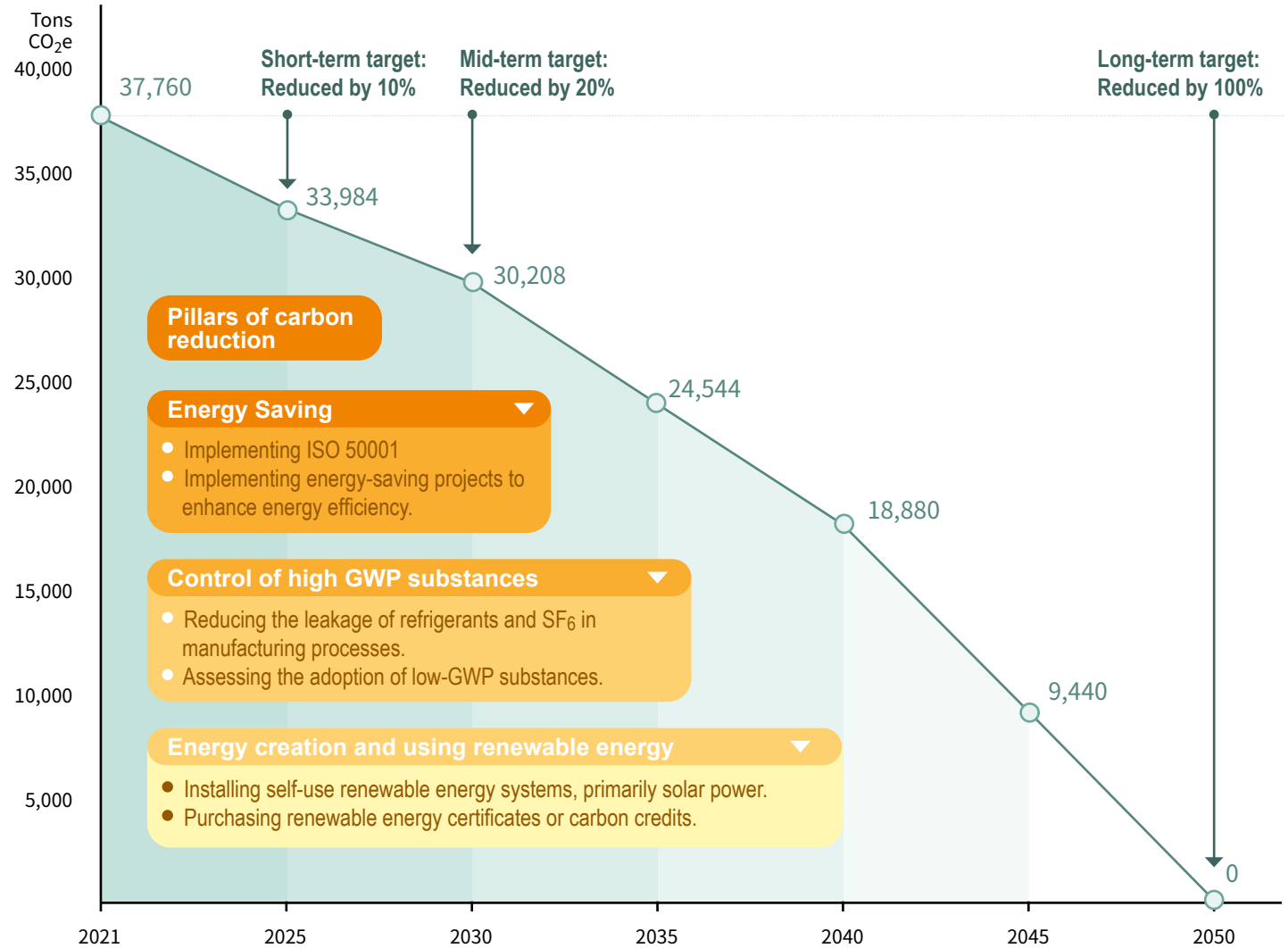


GHG internal verification training classes held at the H.Q.

Net Zero Emissions Roadmap

Human-induced greenhouse gas emissions have led to global warming, significantly increasing the frequency of extreme weather events and posing substantial risks to companies. In fulfilling its corporate social responsibility and mitigating operational costs and risks, Tatung has established the Tatung Net Zero Emissions Roadmap. With the baseline year set as 2021, Tatung aims to reduce greenhouse gas emissions by 20% by 2030, 50% by 2040, and achieve net-zero emissions starting from 2050.

To monitor the progress of carbon reduction, Tatung will conduct annual energy-saving audits to assess compliance with the targets. This ensures a comprehensive understanding of the carbon reduction trajectory and allows necessary adjustments to achieve the set goals.



Tatung Company's Net Zero Emissions Roadmap

7.2 Energy consumption and GHG management

Global warming caused by human activities' greenhouse gas emissions poses a significant threat to the sustainable development of human being. Corporates' commitment to energy conservation and carbon reduction not only contributes to society but also reduces operating costs by improving energy efficiency. Since 2009, Tatung has been conducting ISO 14064-1 greenhouse gas emissions inventories and external verifications for San-Hsia Factory, Taoyuan Wires and Cables Plant, and Taoyuan 1st Plant. To comply with the regulations of the Financial Supervisory Commission, Tatung has expanded the greenhouse gas inventory¹ to cover the entire company since 2022 (the emissions from 2021²), thus gaining a comprehensive understanding of the greenhouse gas emissions situation.

Energy consumption

Based on the inventory results, Tatung primarily uses four main direct energy sources: natural gas, liquefied petroleum gas (LPG), gasoline, and diesel. Indirect energy sources include purchased electricity. In 2022, the total energy consumption was 16,237.958 GJ, as shown in Figures 7.2-1 and 7.2-2. The largest energy consumption comes from purchased electricity, amounting to 37,965.75 kWh, equivalent to 136,676.69 GJ, accounting for approximately 84.17% of the total energy usage. The second-largest energy source is LPG, with a consumption of 231.31 tons, equivalent to 11,673.81 GJ, representing about 7.19% of the total energy usage. In comparison to 2021, Tatung's energy consumption decreased slightly by 6,378.95 GJ, representing a reduction of approximately 3.78% in 2022.

1. The gases are: CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃. The GWP are cited from IPCC AR4(2007). The emissions include Scope 1 and Scope 2.

2. Baseline year: 2021.

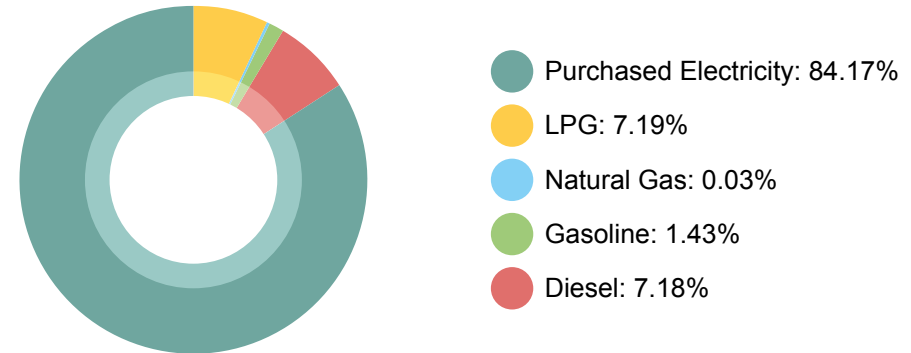


Figure 7.2-1 The energy consumption breakdown by source in 2022

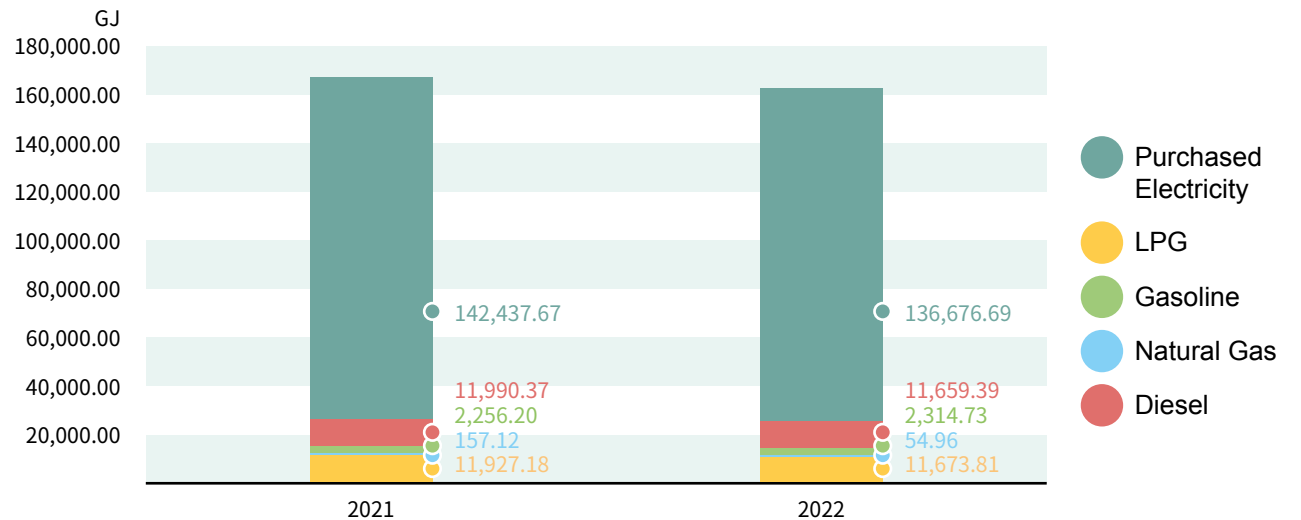


Figure 7.2-2 Tatung Company energy consumption trend

GHG emissions

In 2022, Tatung emitted a total of 50,791.85 tons CO₂e greenhouse gas emissions³. The emissions from Scope 1 were 31,998.82 tons CO₂e, and from Scope 2 were 18,793.03 tons CO₂e. This represents an increase of 13,031.88 tons CO₂e compared to 2021, which is a 34.51% increase. Unfortunately, we did not achieve our annual reduction target of 4%. The main factor contributing to the increase in emissions was the use of refrigerants in the production process at Taoyuan 1st Plant, which occurred abnormal leakage during production. To address this, Tatung has developed improvement measures and will implement control measures to reduce refrigerant leakage. The summary of improvement measures is presented in Table 7.2-1.

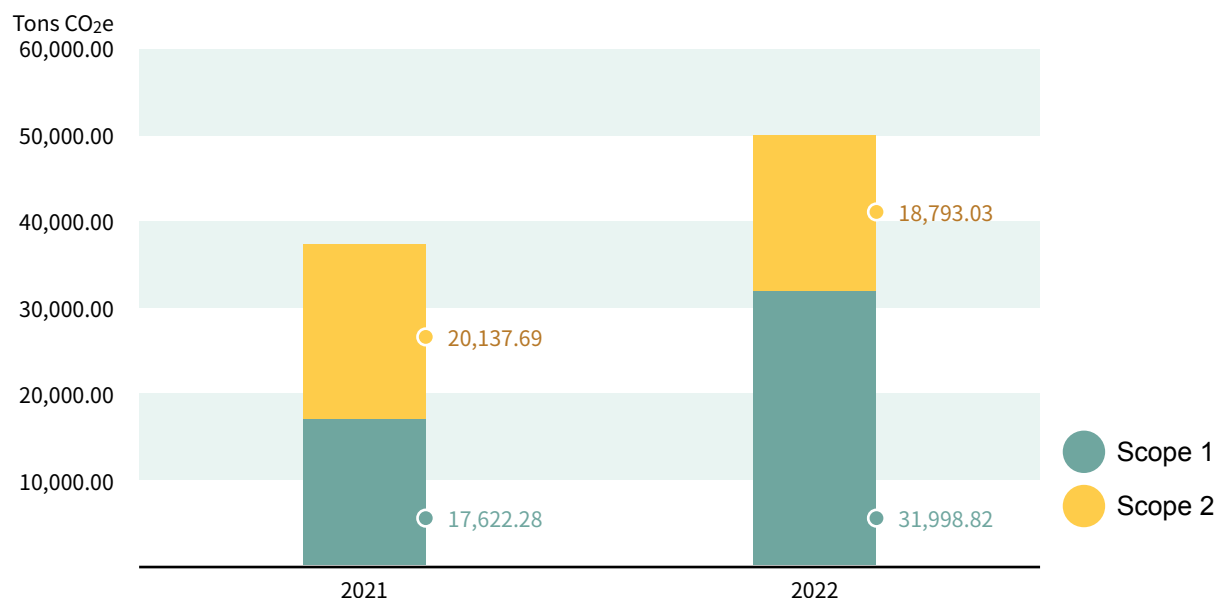


Figure 7.2-3 Tatung GHG emissions

Table 7.2-1 Improvements in refrigerant leakage during the manufacturing process

Measures	Descriptions
Material substitution	Improve the leak inspection methods and switch to non-refrigerant gases
Strengthen leak detection	Increase the frequency of finished product leak detection and promptly repair any leaks found.
Process simplification	Reduce redundant installation processes and enhance testing and recovery of refrigerants.

³The gases are: CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃. The emissions were calculated using the GWP values from the IPCC AR6 (2021), as required by FSC. The emission factor for electricity was 0.495 kg CO₂e/kWh. The emissions data has not yet undergone external verification, but it is planned to be conducted in the Q3 2023. Once verified, the updated emission data will be made available on the Tatung official website.



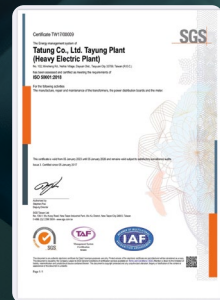
Energy management system

Tatung has implemented ISO 50001 in the factories to sharpen up company's energy performance. So far San-Hsia Factory, Tayuan Plant, and Taoyuan Wires and Cables Plant have established ISO 50001. Please refer to Table 7.2-2 for more details. In addition, we conduct annual energy audit and report the energy consumption information to the government as well as implement energy saving projects in H.Q. and the factories.

Table 7.2-2 Status of Tatung's ISO 50001

Factory	Implementation year	Effective and expiry date
Tayuan Plant	2016	2023.01.05~2026.01.05
Taoyuan Wires and Cables Plant	2016	2023.01.18~2026.01.17
San-Hsia Factory	2015	2021.12.24~2024.12.24

**Tayuan Plant
ISO 50001 Certificate**



**Taoyuan Wires & Cables Plant
ISO 50001 Certificate**



**San-Hsia Factory
ISO 50001 Certificate**



Energy saving and GHG reduction performance

In 2022, we utilized four major methods for energy saving as shown in Table 7.2-3, resulting in a total reduction of 1,536,823 kWh of electricity, equivalent to 5,532.56 GJ, which is approximately 760.73 tons CO₂e. Figure 7.2-4 illustrates the carbon reduction trend over the past five years.

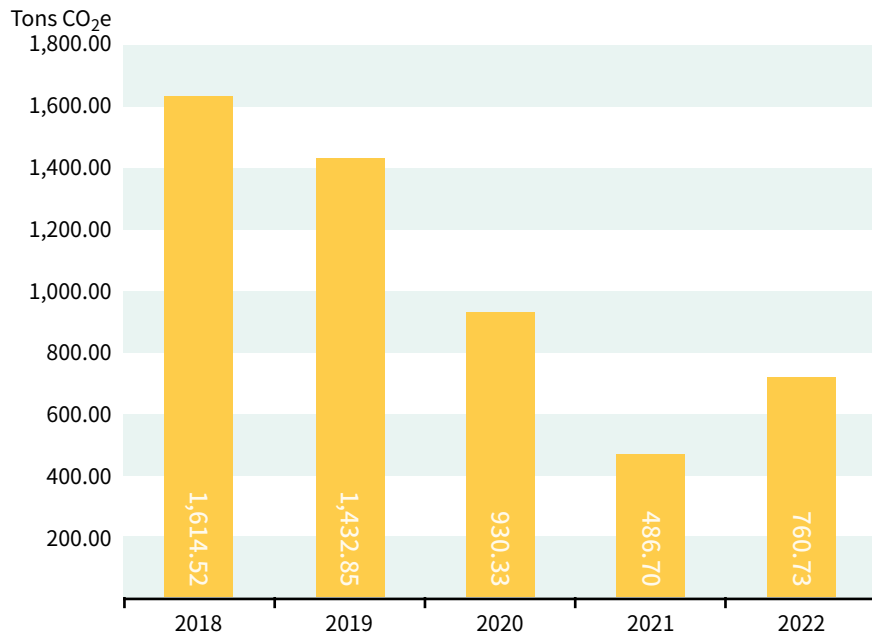


Figure 7.2-4 Amount of GHG reduction

Table 7.2-3 Tatung energy saving projects and results in 2022

Energy saving projects (by categories)	Amount of electricity saved (kwh)	Amount of electricity saved (GJ)	GHG reduction (tons CO ₂ e)
Optimized manufacturing process to reduce operation time.	374,997	1,349.99	185.62
Replaced with higher energy efficient and energy saving equipment.	977,111	3,517.60	483.67
Centralized operating areas and shut down unnecessary air conditioners and lightings.	30,675	110.43	15.18
Increased the frequency of maintenance and inspection from major energy using equipment, as well as controlled the operating time to avoid leakage or wasting of pressured air or cooled air.	154,040	554.54	76.25
Total	1,536,823	5,532.56	760.73

Note: 1 kwh of electricity emits 0.495 kg CO₂e.



After the expiration of the first phase energy saving target, we established the second phase energy saving target in 2019. The target is still based on production plants and utilizes the unit product energy intensity as the indicator. The target is to achieve a further reduction of 6% in energy intensity of represented products by 2023, using the energy intensity of 2018 as the baseline.

The energy intensity of represented products in 2022, 4 of the 7 represented products reached the target of reducing energy intensity by 4.5%, and the achievement rate was 57.14%. The achievement status of each represented product is listed in Table 7.2-4. Products that did not meet the target are Transformer/Switchgear, Lan cable, and Power cable. The energy intensity of Tatung's operations is shown in terms of revenues; the energy intensity in 2022 is 966.98 GJ/100 million dollars. In terms of electric saving rate, the individual electric saving rate of the H.Q. and all factories exceeds 1%, and the average electric saving rate of the whole company is 3.53%, which has achieved the target. The summary of our energy saving projects in 2023 is as follows:



Tayuan Plant

For the large transformer drying furnace, we will replace the old and outdated vacuum drying machine and combustion control system to enhance combustion efficiency. We will replace the fixed-frequency vacuum pump with IE3 high-efficiency motors and introduce energy-saving variable frequency devices. Through sensor detection of various process parameters required inside the furnace, the variable frequency device regulates the frequency and speed of the vacuum pump to achieve optimal energy-saving operation. We will replace 800 T6 fluorescent tubes in the office with energy-saving LED flat panel lights. Additionally, in the factory, we will replace 169 mercury lamps with 125 energy-saving LED lighting fixtures. We will improve air conditioning by replacing 32 old box-type water-cooled chillers with high energy efficient models. Additionally, we will replace the cooling water tower system with new heat dissipation materials and conducted regular maintenance on the pipelines to ensure optimal performance and energy efficiency.



San-Hsia Factory

We will replace two old 100HP fixed-frequency air compressors with variable-frequency ones and replace the old 5000kW transformer with a new one.



Taoyuan Wires & Cables Plant

We will participate in the Taoyuan City Government's program and conduct a power analysis and temperature measurement before and after energy-saving improvements to the cable drying oven in our manufacturing process. This will help us establishing energy performance indicators. We plan to replace the drying oven to enhance insulation and airtightness, allowing for more precise temperature control during the baking process and thereby improving energy efficiency.

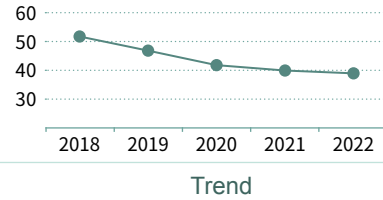


Taoyuan 1st Plant

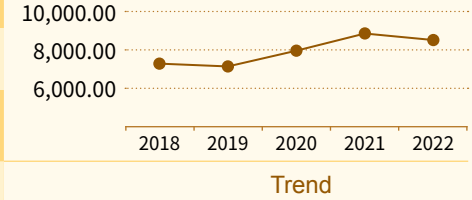
The aluminum pot processing area will be transformed into a fully automated production line, integrating the previous four stations of sawing, outer processing, single-axis drilling, and inner processing into a single automated station. We will introduce robotic arms to replace manual labor and invested in CNC machine tools to reduce standby power consumption and minimize inefficiency in work hours, thereby cutting down on operating costs.

Table 7.2-4 Achievement status of Stage 2 Energy Saving Target (Year 2023 ↓ 6%)

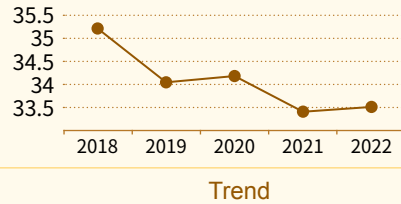
Represented products	Energy intensity in baseline year (2018)
Motor/Generator	51.8 MJ/hp
Energy intensity in 2022	Target achievement status in 2022 (↓4.5%)
39.02 MJ/hp	✓



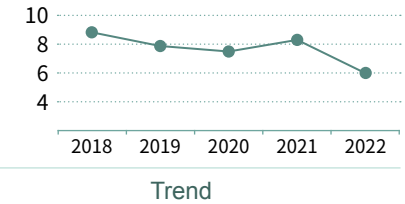
Represented products	Energy intensity in baseline year (2018)
Transformer/Switchgear	7,389.51 MJ/ MVA
Energy intensity in 2022	Target achievement status in 2022 (↓4.5%)
8,584.81 MJ/ MVA	✗



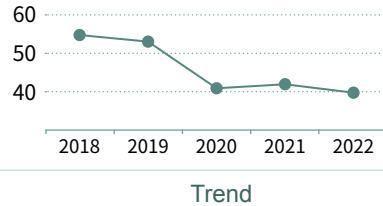
Represented products	Energy intensity in baseline year (2018)
Electric cooker	35.22 MJ/set
Energy intensity in 2022	Target achievement status in 2022 (↓4.5%)
33.48 MJ/set	✓



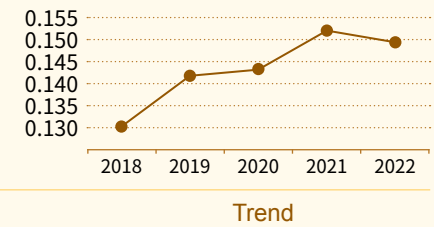
Represented products	Energy intensity in baseline year (2018)
Watt-hour meter (Mechanical & digital)	8.85 MJ/set
Energy intensity in 2022	Target achievement status in 2022 (↓4.5%)
6 MJ/set	✓



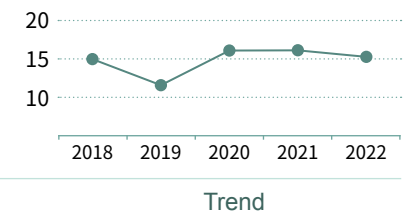
Represented products	Energy intensity in baseline year (2018)
Commercial air conditioner	55.78 MJ/kw
Energy intensity in 2022	Target achievement status in 2022 (↓4.5%)
39.96 MJ/kw	✓



Represented products	Energy intensity in baseline year (2018)
Lan cable	0.130 MJ/Meter
Energy intensity in 2022	Target achievement status in 2022 (↓4.5%)
0.149 MJ/Meter	✗



Represented products	Energy intensity in baseline year (2018)
Power cable	15.59 MJ/Meter
Energy intensity in 2022	Target achievement status in 2022 (↓4.5%)
15.56 MJ/Meter	✗



Note: The baseline year is 2018. ✓ represents the result meets the target, ✗ represents the result does not meet the target.



Mutual benefit and experience sharing

In 2021, Tayuan Plant was honored with the Energy Conserving Award Gold Award” by the Bureau of Energy. In line with the principles of mutual benefit and experience sharing, Tatung co-organized enterprise visits on July 1st and November 9th, 2022. During these visits, the energy-saving and carbon-reducing experiences of Tayuan Plant were shared with the public and government agencies. We hope that through collaboration and cooperation from all sectors, we can contribute our efforts towards achieving the goal of net-zero carbon emissions.



Tayuan Plant participated in energy saving award seminar



Hualien County Government visited Tayuan Plant

7.3 Enabler of net zero emissions

DMA ▶ Promotion and management on environmental friendly products

The actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights

In response to global warming and the trend of energy efficiency and carbon reduction, Tatung is dedicated to energy-saving, energy creation, and energy storage businesses. We continuously develop eco-friendly, energy-efficient, and high-performance home appliances and industrial products. We also extensively establish solar power systems and energy storage systems. By doing so, we not only help our customers and consumers save energy and reduce carbon emissions but also assist the government in lowering the carbon emission coefficient of electricity and stabilizing the power grid, creating more business opportunities in the process.

Report whether the organization is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships

The carbon emissions during the usage stage of motors, electric cookers, air conditioners, and other industrial and household appliances produced by Tatung are quite significant. Tatung will continue its efforts to enhance the energy efficiency of its products and reduce their impact on the natural environment.

Policies or commitments

The ESG vision of Tatung is "Operational Innovation, Sustainable Development, and Global Harmony."

Actions taken to manage the topic

- Apply Design for the Environment, DfE", in the design phase to produce "recyclable, low pollution, toxic-free, resource saving, power saving, and durable" products to benefit the environment.
- Install more solar PV systems and energy storage systems.
- Respond to green procurement and encourage all units of the company to take environmentally friendly products into consideration when purchasing items.
- Apply for EPA's Green Stores and promote energy saving and environmental friendly products.

Management process and targets

Short-term targets:

1. Continue to produce environmental friendly, energy saving, and water saving products and apply for Green Mark, Energy Label, or Water Label.
2. Actively striving for solar PV and energy storage systems and achieve total installed capacity of 338MWp for solar PV system and 55MW for energy storage system by 2023.
3. Continue to register as EPA's Green Store for Tatung 3C Stores.

Mid-Long term targets:

Aim to reach a total installed capacity of 1GWp for solar PV systems and 300MW of energy storage systems.

Management evaluation mechanism

Encouraging BUs to develop environmental friendly products through 3P Program.

Performance

1. New applied Green Mark: 2 models, Energy Label: 35 models, Water Label: 4 models.
2. Accomplished a cumulative installed capacity of 268MWp for solar PV systems
3. Accomplished a cumulative capacity of 11MW for energy storage systems.
4. Currently we have 136 Tatung 3C Stores register as EPA's Green Store.

Related adjustments to the management approach

NIL

Note: This material topic includes the targets and performances of our solar-pv related subsidiary companies and TCPC (Tatung 3C Stores).

Reducing air pollution and GHG emissions, deployment of solar PV systems and energy storage systems

In alignment with the government's green energy policies and global trends, Tatung is continuously innovating with a steady pace to expand its presence in the solar PV market. Integrating intelligent technologies, Tatung has evolved from early rooftop installations and landfill projects to new frontiers such as fishery and electricity symbiosis, cemetery lands, and sports fields. Not only ensuring engineering quality and proactive innovation, Tatung but also is well-prepared to venture into power plant operations, green energy supply, and green energy certificates.

As of the end of 2022, Tatung has achieved a cumulative installed capacity of 268 MWp for solar photovoltaic systems, approaching 1,500 plants. The total electricity generated has reached 1.05 billion kWh, resulting in a carbon reduction of 519,750 tons⁴, equivalent to the annual carbon reduction of 1,336 Daan Forest Parks⁵.

Tatung has been deeply involved in the field of renewable energy, adhering to the principles of honest operation and gradually building a reputation. In recent years, it has received continuous awards. The Anti-Terrorism Training Center won the

4. Calculated based on emission factor of 0.495 kg CO_{2e} per kWh of electricity.
 5. Calculated based on one Daan Forest Park absorbs approximately 389 tons CO_{2e} annually.



Solar PV system at Danshui Light Rail Machine Factory

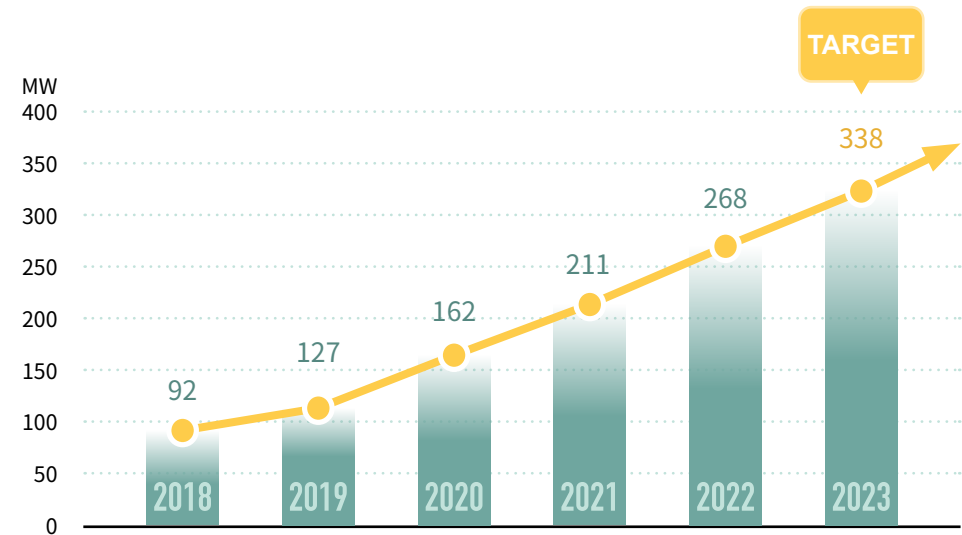
2022 Top Solar System Award- Excellent One-site Multi-purpose System Selection. Danshui Light Rail Machine Factory won the 2022 Top Solar System Award- Excellent Rooftop System Selection.



The first E-dReg energy storage system (6MW) in Taiwan

Since 2018, Tatung has been actively involved in large-scale energy storage systems, and by 2022, it has completed a cumulative of 11MW. In 2022, a 6MW energy storage system was launched, making it Taiwan's first enhanced dynamic frequency regulation auxiliary service E-dReg energy storage system. It is also the first E-dReg energy storage system to obtain IEC/CNS 62933-5-2 certification. With its frequency adjustment and peak-off-peak transferring capability, this system effectively strengthens grid resilience and alleviates peak power supply pressure, marking a significant milestone in Taiwan's energy storage development. Tatung aims to complete the construction of over 55MW of energy storage systems by the end of next year, contributing to the enhancement of power supply quality in Taiwan.

The trend towards achieving net-zero carbon emissions by 2050 at the national level has increased society's strong demand for energy efficiency, carbon reduction, and green energy. With active innovation in the solar energy industry and expertise in energy storage systems and micro-grids, Tatung will assist businesses in showcasing their energy efficiency and carbon reduction achievements from an energy management perspective. Tatung can tailor energy management systems to businesses, integrating various types of energy-saving equipment needs for comprehensive planning, becoming a vital core in electricity usage and carbon management. In terms of green electricity trading services, Tatung successfully completed the transfer of green electricity to meet the index cases of financial enterprise users in 2022. Looking forward to 2023 years, it will expand the scope of green electricity services, extending from finance to the semiconductor industry and electronics manufacturing industry satisfying the ESG net-zero demands of businesses and society.



The cumulative installed capacity and target of Tatung's solar PV system



Devote in developing environmental friendly products

Tatung tirelessly dedicates to the development of environmental friendly products and many of them have been awarded with Green Mark, Energy Label, and Water Label. There were 2 models awarded with Green Mark, 35 models awarded with Energy Label, and 4 models awarded with Water Label in 2022. Please refer to Table 7.3-1 and Figure 7.3-1 for more details.

Table 7.3-1 Green products within the validity period

Products	Energy Label	Green Mark	Water Label
Electric fans	✓		
Refrigerators	✓	✓	
Washing machines	✓		✓
Monitors	✓		
Dehumidifiers	✓		
Domestic air conditioners	✓	✓	
Amorphous transformers		✓	
Cast resin dry type transformers		✓	
Amorphous cast-resin dry type transformers		✓	

Note: As of 2023/3/27.

Energy Label for domestic air conditioner



Green Mark for domestic air conditioner

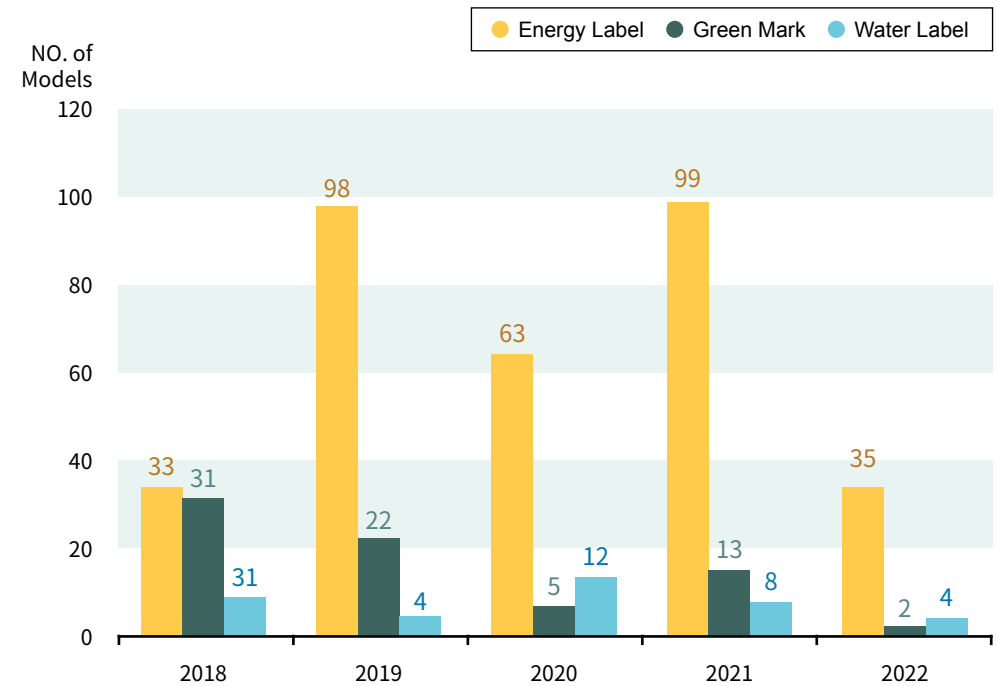


Figure 7.3-1 No. of new certified or renewed green products

Promotion on green consumption

In addition to produce energy-saving, environmentally-friendly and water-saving products, Tatung also combines its own sales channel- Tatung 3C to promote green products. In addition to holding energy-saving and environmentally-friendly product promotion activities from time to time, Tatung also has 136 Tatung 3C Stores⁶ been registered as Green Store⁷ by EPA. The Green Stores of Tatung 3C will announce the types of products sold in the stores with Green Mark, Energy Label, and Water Label to strengthen consumers' recognition of Green Mark and Green Consumption. This is able to promote the development of green industries and reduce the adverse effect to the environment and to improve the quality of the environment. Thus, Tatung 3C “Kaohsiung Yangmin Store” was commended as “Green Stores of Year” by EPB, Kaohsiung City Government in 2022.

6. As of 2023/3/2.

7. <https://greenliving.epa.gov.tw/newPublic/Eng/Application/GreenStore>

Table 7.3-2 Green consumption promoting measures taken by Tatung

Unit	Responsibilities	Measures
Tatung Company	Researching and producing the environmental friendly, energy saving, and water saving products.	Applying for Green Mark, Energy Label, Water Label, or Carbon Label.
Tatung 3C Stores	Promoting and selling green products.	<ul style="list-style-type: none"> Registered as EPA's Green Stores Holds energy-saving and environmental-friendly products promotion activities from time to time.



Tatung 3C organized energy saving products promotions

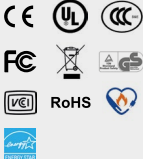


Tatung 3C was commended as “Green Stores of Year”

Annex 1 Products and services provided by Tatung

Business Units	Products and Services	Important Certifications
Heavy Electrical Equipment BU	Researching, developing, and manufacturing all kinds of transformers rated 345kV 1000MVA and under, all kinds of reactors rated 345kV 100MVAR and under, gas insulated switchgears up to 161kV class, 36kV series of switchgear, power distribution equipment, and other industrial equipment.	
Cable BU	<p>With more than 50 years of technical experience, this business unit has been specializing in manufacturing and selling the various wires, cables, fiber optic cables and busways which are widely used in telecommunication, power transmission, power distribution, solar photovoltaic (PV) power generation system & various industrial equipment, household appliances, IT network, wiring harness kits for electric vehicles and electronic components, etc.</p> <p>In response to global warming, energy efficiency and net zero carbon emissions have become an international consensus. Cable factory actively introduces ISO 50001 Energy Management System as well as IATF 16949 Automotive Quality Management System and have passed verification. At the same time, we are promoting suitable products for electric vehicle industry, offshore wind power transmission and distribution lines and other needs, fulfilling social responsibility for the goals of energy conservation, carbon reduction and environmental sustainability.</p>	
Motor BU	<p>1. Motors: With more than 70 years of technology and experience, Motor BU researches and produces all kinds of energy saving high-efficiency, single and three phase high-low-voltage motor from 1/8~50,000 HP, including a variety of special motors and applications such as premium efficiency motors, electric vehicle traction motor (EVTM), high temperature resistant motors, explosion proof motors, automatic brush lifting device equipped in wound rotor motor, vertical high thrust pump motors, gear reducer, inverter motors, aluminum frame motors, brake motors, oil well pump motors, water pump motors, immersible pump motors, built-in type spindle motors, rolling mill motors, elevator motors, crane motors, permanent magnet motors, IoT connected smart motor monitoring sensor, railway traction motors, inverters, control panels etc., as well as provides total solutions for electrical testing equipment and power plant equipment system engineering projects to serve a variety of industries.</p> <p>2. Generators: Diesel generator set for land and marine usages, hydroelectric generator, Motor Generator set (M-G set) for special purposes.</p> <p>3. Other products: Various kind of cast iron parts.</p>	
Smart Meter BU	Smart Meter BU provides various types of smart meters, AMI systems, and Energy Management Systems. Products including single-phase electric meters, three-phase electric meters, CT-type electric meters, communication modules, HES, and MDMS. The self-developed AMI meters have successfully obtained international certifications including ANSI, IEC, MID and Japanese JIS. Tatung has the ability of integrating the systems of smart meter infrastructure and integrating different communication technologies to develop smart meter application functions to meet customer needs and improve system performance. To strengthen the supply and competitiveness in the international market, Tatung has set up meter factories in Taiwan and Thailand to meet the growth of smart meter business.	

Business Units	Products and Services	Important Certifications
Appliance Brand BU & Appliance Manufacture BU	<p>The main products include commercial/household energy-saving and smart air-conditioners and home appliance products with inverters which adopt the IoT technology to provide consumers with situational scheduling control and personalization services and improve their daily life experience. Moreover, the products extend to home air-conditioners self-cleansing function and improve customer's life experience and product durability. The steam cooker product remains a market leader and expands positively the complete series of kitchen appliances by developing synchronize small household & living appliances as well as Disney co-branded, high quality and good-looking products to change life experience of customers and expand to the overseas market. The Company has won many awards for its product design over the years, and the awards include the iF Product Design and Red Dot Design of Germany, Good Design in Japan and 2023 Taiwan Excellence Award. In addition, the Company has continued to cultivate the professional acoustic field and smart home products and incorporated advanced technology and smart functions to provide design and manufacturing services for world's well-known brands. Our stores strengthen the brand image of serving as a distribution channel for multiple brands and offering after-sales service, in addition to repairing the equipment of stores to provide our customers better shopping experiences. We won 2022 and 2023 Trusted Brand Golden Award continuously, increasing the number of customers and sales per square meter. We also reinforce the operation of e-commerce platforms to provide customers with around-the-clock services.</p>	
Solar Energy BU	<p>The solar energy business department is a professional photovoltaic system provider that cooperates with the energy policy of the Ministry of Economic Affairs. It has long invested in domestic public buildings and various types of solar photovoltaic fields, providing renewable energy project development, design planning, professional construction, and high-efficiency and high-quality green power solutions. Solutions, from initial project development to follow-up maintenance services, provide the highest quality service and competitive strength in solar field. The solar energy team has been deeply involved in the domestic green power market for a long time. With the group's supply chain integration advantages, coupled with rich experience in design planning and system integration, the project performance has spread all over Taiwan. The operation and maintenance team combines Datong's electromechanical background and home appliance repair capabilities, plus the cloud real-time monitoring platform, to provide the best quality operation and maintenance services for solar field. At present, it is actively expanding the operation of charging stations, providing household, public and commercial charging infrastructure, and customized services, including AC charging piles, DC charging piles and charging station energy management systems (EMS). In the future, solar energy, wind energy, energy storage, etc. can also be combined with energy management systems to optimize charging services and energy efficiency. The solar energy division has abundant green power resources and could ensure stable and sufficient power supply with multiple green power plants. At present, through various matchmaking platforms, a green electricity trading platform is being established to meet the needs of different types of users, to assist corporate customers to match the best green electricity solutions, to quickly complete the transfer process, and to provide power consumption analysis and energy management with a smart energy management system. services, and accurately implement the RE 100 green electricity target. Provide a complete carbon trading mechanism service, refer to the GHG Protocol, and provide solutions for carbon reduction planning for the emission category classification of greenhouse gas inventory specifications.</p>	

Business Units	Products and Services	Important Certifications
Advanced Electronics BU	The AEBU focuses on providing design and manufacturing products & solutions to global ODM/OEM customers. The product lines include digital entertainment and Internet-of-Things (IoT) products. The digital entertainment product line includes gaming headsets, AI noise cancelation headsets, true wireless stereo, smart speaker, streaming microphone, and entertainment accessories. The IoT product line includes IP & streaming camera, smart energy management and sensing-&-control products. Tatung's customers can benefit from Tatung's fast reactions to accommodate market needs and flexibility in design customization. The on-going research and development will further enhance competitiveness in features and costs of customers' products.	

Smart Energy BU	<p>The Smart Energy Business Unit is a professional power system integration service provider, offering efficient and high-quality energy storage, micro-grid, and energy management solutions. It provides one-stop project management services, professional consulting, site surveys, document applications, construction design, and operation and maintenance management. The micro-grid and energy storage technologies are integrated with AIoT-based energy management systems to form a dedicated technical and business team. The core focus lies in the development of energy management systems and the integration of energy storage equipment systems. The team designs and integrates power auxiliary service systems. In terms of large-scale energy storage systems, they can be applied to Taiwan Power Company's Automatic Frequency Control (AFC) auxiliary service to assist in maintaining grid stability and power supply quality when integrating a large amount of renewable energy into the grid.</p> <p>Tatung Group was one of the earliest companies to invest in micro-grids and energy storage applications, making it one of the few companies in the industry with the technical expertise and achievements in constructing micro-grids and energy storage systems. The Smart Energy Business Unit team plays a crucial role in stabilizing the power system, engaging in AFC frequency modulation auxiliary services, grid-connected energy storage equipment, and micro-grid systems.</p> <p>The technical team has been involved in research and development projects in collaboration with the government, industry, and academia for many years. They have invested in building demonstration sites for energy storage systems in Kaohsiung Yongan and Taiwan Power Company's Changbin Industrial Zone, demonstrating their technical expertise. They were also the first team in Taiwan to participate in the bilateral contract frequency modulation auxiliary service with a 1MW system scale.</p> <p>Currently, the group's investment in AFC day-ahead auxiliary service capacity has begun to contribute revenue through commercial transactions. In the future, they will expand their presence in external markets, extending their reach into energy storage and renewable energy integration, and seize opportunities in the post-metering market to provide comprehensive services.</p>
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Business Units	Products and Services	Important Certifications
System Integration BU	<p>System Integration BU is committed to specializing in the fields of information and communication systems as well as electromechanical systems. The Dept. of Information and Communications Technology Services: we have more than 30 years for helping customers deal with the computerization and automation of their systems and have endeavored to meet the needs of the ICT market in the era of technology. We've been a representative solutions provider of high-quality system integration in Taiwan. We specialize in ICT system integration, network security planning & implementation, and application software development. We have rich capabilities and experience in large-scale system integration solutions. Our service team members have owned a wide range of IT professional skills, certificates, and service network all over Taiwan by 13 direct branch offices to provide customers fast services. We will continue to devote ourselves to deepening the fields of information and communication integration, cloud applications, information security, outsourcing services, business intelligence and system development, and then will become the leading solutions provider in those fields soon. The Dept. of Electromechanical Systems: When Taiwan's infrastructure constructions began in the 1960s and 1980s, Tatung Company made an important contribution to the various infrastructure constructions such as power generation, power transmission as well as power supply. Electrical and mechanical systems related businesses are:</p> <ol style="list-style-type: none"> 1. Provide power plants, large substations, transmission & distribution systems, solar power generation and motor related electromechanical integration services. 2. Residential and factory-built electromechanical engineering, including planning as well as construction for smart building. 3. Sewage (wastewater) treatment, which has reached the industrial wastewater Zero Discharge standard. 4. Traffic mechanical and electrical engineering for Rails and roads as well as sign control systems. <p>We have owned cross-domain professionals, which covers various functionalities such as power, electronics, mechanics, smart control, information technology, communications, transportation, and project management. They are responsible for integrating cross-domain professionals, coordinating cross-organizational interfaces, providing integrated design, project management and maintenance services.</p>	

Annex 2

Factories and subsidiaries participated in 3P Program and Accident Prevention Pays Program in 2022

Factories owned by Tatung	Subsidiaries
Tayuan Plant	Tatung Die Casting Co., Ltd.
Taoyuan Wires and Cables Plant	Tatung SM-Cyclo Co., Ltd.
San-Hsia Factory	Tatung Fine Chemicals Col., Ltd.
Taoyuan 1 st Plant	Shan Chih Semiconductor Co., Ltd.
Meter Factory	Forward Electronics Co., Ltd.

Note: Only factories and subsidiaries with manufacturing function are participated in 3P program and Accident Prevention Pays program.

Annex 3

The risks and opportunities posed by climate change to the company and the corresponding measures

No.	Item	Measures
1	Describing the supervision and governance of the Board of Directors and management on climate-related risks and opportunities.	Please refer to P. 107.
2	Describe how the identified climate risks and opportunities can impact the company's business, strategies, and finances in the short, medium, and long term	Please refer to P. 108, P. 109.
3	Describe the financial impact of extreme weather events and transformational actions on the company.	Please refer to P. 109.
4	Explain how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.	Tatung has established risk management policies and procedures. Please refer to P. 107.
5	If using scenario analysis to assess resilience against climate change risks, it is essential to explain the scenario, parameters, assumptions, analysis factors and main financial impacts.	Tatung has not utilized scenario analysis to assess climate change risks.
6	If there is a transformation plan to address climate-related risks, please describe the contents of the plan, as well as the indicators and goals used for identifying and managing physical risks and transition risks	Please refer to P. 109, P. 111, P. 116, P. 119.
7	If using an internal carbon pricing as a planning tool, the basis for price determination should be explained.	Tatung has not yet established an internal carbon pricing mechanism.
8	If climate-related goals are established, activities covered, GHG emission scopes, planning timeline, and annual progress should be described. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve the related goals, an explanation should be provided regarding the source and quantity of the carbon offsets or the number of RECs acquired for renewable energy usage.	Tatung has established a net-zero carbon emission roadmap, using 2021 as the baseline year. The target is to reduce emissions by 20% by 2030, 50% by 2040, and achieve net-zero carbon emissions by 2050. Please refer to P. 111 and 113 for more details.

GHG Emission in 2022

Information of the Company

- Companies with a capital of over 10 billion NTD, Steel Industry, and Cement Industry
- Companies with a capital of over 5 billion NTD but less than 10 billion NTD
- Companies with a capital less than 5 billion NTD

According to the sustainable development roadmap of listed companies, the following information should be disclosed at a minimum:

- GHG inventory for the company
- GHG inventory for the subsidiaries in the consolidate report
- GHG inventory verification for the company
- GHG inventory verification for the subsidiaries in the consolidate report

Scope 1	Emissions (tons CO ₂ e)	Intensity (tons CO ₂ e/thousand dollars)	Verification agency	Description of the verification
The Company	31,998.82	0.00191		The company will cooperate with the verification agency's schedule and is expected to complete the verification process in Q3.
Subsidiaries	-	-		
Total	31,998.82	0.00191		
Scope 2	Emissions (tons CO ₂ e)	Intensity (tons CO ₂ e/thousand dollars)	Verification agency	Description of the verification
The Company	18,793.03	0.00112		The company will cooperate with the verification agency's schedule and is expected to complete the verification process in Q3.
Subsidiaries	-	-		
Total	18,793.03	0.00112		
Scope 3 (Voluntary disclose)	-	-		

Annex 4
SASB Disclosure Index

Resource Transformation Sector: Electrical & Electronic Equipment

Topic	Disclosure item	CODE	Page/URL	Note
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	RT-EE-130a.1	112	1. Total energy consumption: 162,379.58 GJ. 2. The percentage of energy from grid electricity: 84.17%. 3. The percentage of energy from renewable sources: 0%.
Hazardous Waste Management	Amount of hazardous waste generated, percentage recycled.	RT-EE-150a.1	-	The amount of hazardous waste was 8.38 tons and the percentage recycled was 0%.
	Number and aggregate quantify of reportable spills, quantity recovered.	RT-EE-150a.2	-	0
Product Safety	Number of recalls issued, total units recalled.	RT-EE-250a.1	-	-
	Total amount of monetary losses as a result of proceedings associated with product safety.	RT-EE-250a.2	49, 52, 53	-
Product Lifecycle Management	Percentage of products by revenue that contain IEC 62474 declarable substances.	RT-EE-410a.2	-	1. 0 2. The products sold in domestic by the company have all actively applied for Green Mark, Energy Label, or Waster Label. Please refer to P. 122 for more details.
	Percentage of eligible products, by revenue, that meet ENERGY STAR® criteria.(uninterruptible power supply products, heating and cooling and ventilation equipment, and lighting and fans.)	RT-EE-250a.2	49, 52, 53	-
	Revenue from renewable energy-related and energy efficiency-related products.	RT-EE-410a.3	49, 52, 53	NT\$2.718 billions

Resource Transformation Sector: Electrical & Electronic Equipment

Topic	Disclosure item	CODE	Page/URL	Note
Materials Sourcing	Description of the management of risks associated with the use of critical materials.	RT-EE-440a.1	112	1. Establish a management system for the introduction and assessment of suppliers, evaluate and actively develop new sources in order to avoid supply interruptions and reserve spot purchases to flexibly respond to production needs. 2. Collect raw material market conditions and business conditions, so as to propose countermeasures and respond early.
Business Ethics	Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behavior	RT-EE-510a.1	40, 41, 59	-
	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption.	RT-EE-510a.2	-	0
	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations.	RT-EE-510a.3	-	0
Activity Metric	Number of units produced by product category.	RT-EE-000.A	40, 41, 59	130 units (mainly are diesel engine generators).
	Number of employees	RT-EE-000.B	-	2,500 employees

Annex 5 GRI Standards content index

Statement of use	Tatung Company has reported the information cited in this GRI content index for the period 2022.01.01~2022.12.31 with reference to the GRI Standards.
GRI 1 used	GRI: Foundation 2021
Applicable GRI Sector Standard(s)	Not Applicable. GRI has not published the Sector Standards suitable for Tatung's industry sector.

GRI Standard/ Other source	Disclosure	Page	Note
General disclosures			
GRI 2: General Disclosure 2021	2-1 Organizational details	24,25	
	2-2 Entities included in the organization's sustainability reporting	25	
	2-3 Reporting period, frequency and contact point	1	
	2-4 Restatements of information	1	
	2-5 External assurance	1, 136	
	2-6 Activities, value chain and other business relationships	24~26, 29, 44, 124	
	2-7 Employees	70	
	2-8 Workers who are not employees	82	
	2-9 Governance structure and composition	35, 36	
	2-10 Nomination and selection of the highest governance body	35	
	2-11 Chair of the highest governance body	35	
	2-12 Role of the highest governance body in overseeing the management of impacts	35, 41, 107	
	2-13 Delegation of responsibility for managing impacts	10	
	2-14 Role of the highest governance body in sustainability reporting	1, 16	
	2-15 Conflicts of interest	35	

GRI Standard/ Other source	Disclosure	Page	Note
General disclosures			
GRI 2: General Disclosure 2021	2-16 Communication of critical concerns	10	
	2-17 Collective knowledge of the highest governance body	35	
	2-18 Evaluation of the performance of the highest governance body	37	
	2-19 Remuneration policies	36	
	2-20 Process to determine remuneration	36	
	2-21 Annual total compensation ratio	-	Please refer to Tatung Company 2022 Annual Report P. 28.
	2-22 Statement on sustainable development strategy	3, 9	
	2-23 Policy commitments	9	
	2-24 Embedding policy commitments	9	
	2-25 Processes to remediate negative impacts	13~15	Tatung setup "Stakeholder section" on the official website.
	2-26 Mechanisms for seeking advice and raising concerns	13~15	Tatung setup "Stakeholder section" on the official website.
	2-27 Compliance with laws and regulations	85, 97	Please refer to Tatung Company 2022 Annual Report P. 90~92.
	2-28 Membership associations	26	
	2-29 Approach to stakeholder engagement	12~15	
2-30 Collective bargaining agreements	71		
Material Topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	16	
	3-2 List of material topics	20	

GRI Standard/ Other source	Disclosure	Page	Note
Economic performance			
GRI 3: Material Topics 2021	3-3 Management of material topics	27	
GRI 201: Economic performance	201-1 Direct economic value generated and distributed	28	
	201-2 Financial implications and other risks and opportunities due to climate change	108, 109	
	201-3 Defined benefit plan obligations and other retirement plans	77	
Market presence			
GRI 3: Material Topics 2021	3-3 Management of material topics	73	
GRI 202: Market presence	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	76	
	Disclosure 202-2 Proportion of senior management hired from the local community	70	
Corporate governance and ethical practice			
GRI 3: Material Topics 2021	3-3 Management of material topics	38, 39	
Customer privacy management			
GRI 3: Material Topics 2021	3-3 Management of material topics	56, 57	
GRI 418: Customer privacy	418-1 Substantial complaints concerning breaches of customer privacy and losses of customer data	62	
Product quality and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	49	
GRI 416: Customer health and safety	416-1 Assessment of the health and safety impacts of product and service categories	50~52	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	53	


GRI Standard/ Other source	Disclosure	Page	Note
Occupational health and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	80	
GRI 403: Management Approach	403-1 Occupational health and safety management system	82	
	403-2 Hazard identification, risk assessment, and incident investigation	83, 85	
	403-4 Worker participation, consultation, and communication on occupational health and safety	81	
	403-5 Worker training on occupational health and safety	84	
	403-6 Promotion of worker health	86, 88	
GRI 403: Topic-specific disclosures	403-8 Workers covered by an occupational health and safety management system	82	
	403-9 Work-related injuries	85	
	403-10 Work-related ill health	85	
Employment			
GRI 3: Material Topics 2021	3-3 Management of material topics	68	
GRI 401: Employment	401-1 New employee hires and employee turnover	70	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	72	
	401-3 Parental leave	72	
Labor/management relations			
GRI 3: Material Topics 2021	3-3 Management of material topics	75	
GRI 402 Labor/ management relations	402-1 Minimum notice periods regarding operational changes	78	

GRI Standard/ Other source	Disclosure	Page	Note
Labor/management relations			
GRI 3: Material Topics 2021	3-3 Management of material topics	50, 58	
GRI 417: Marketing and labeling	417-1 Requirements for product and service information and labeling	54	
	417-2 Incidents of non-compliance concerning product and service information and labeling	54	
	417-3 Incidents of non-compliance concerning marketing communications	59	
Management on energy and GHG emissions			
GRI 3: Material Topics 2021	3-3 Management of material topics	106	
GRI 302 Energy	302-1 Energy consumption within the organization	112	
	302-3 Energy intensity	116, 117	
	302-4 Reduction of energy consumption	115	
GRI 305 Emissions	305-1 Direct (Scope 1) GHG emissions	113	
	305-2 Energy indirect (Scope 2) GHG emissions	113	
	305-4 GHG emissions intensity	127	
	305-5 Reduction of GHG emissions	115	
Promotion and management on environmental friendly products			
GRI 3: Material Topics 2021	3-3 Management of material topics	119	
GRI 302 Energy	302-5 Reductions in energy requirements of products and services	120~122	

GRI Standard/ Other source	Disclosure	Page	Note
Other Sustainable Topics			
Anti-competitive behavior			
GRI 206:Anti-competitive behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	59	
Compliance (please refer to GRI 2-27)			
Supplier management			
GRI 308:Supplier environmental assessment	308-1 New suppliers that were screened using environmental criteria	44~46	
GRI 414:Supplier social assessment	414-1 New suppliers that were screened using social criteria	44~46	
Performance review and career development			
GRI 404: Training and education	404-2 Programs for upgrading employee skills and transition assistance programs	78, 79	
	404-3 Percentage of employees receiving regular performance and career development reviews	76	
Human rights, equality, and non-discriminations			
GRI 405: Diversity and equal opportunity	405-1 Diversity of governance bodies and employees	35, 70	
	405-2 Ratio and basic salary and remuneration of women to men	76	
GRI 406: Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	69	
Freedom of association and collective bargaining			
GRI 407:Freedom of association and collective bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	71	
Child labor, forced or compulsory labor			
GRI 408: Child labor	408-1 Operations and suppliers at significant risk for incidents of child labor	72	
GRI 409: Forced or compulsory labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	72	

GRI Standard/ Other source	Disclosure	Page	Note
Other Sustainable Topics			
Management on wastes			
GRI 306: Waste	306-3 Waste generated	101, 102	
	306-5 Waste directed to disposal	101, 102	
Management on water and resources			
GRI 301: Materials	301-1 Materials used by weight or volume	98	
	301-3 Reclaimed products and their packaging materials	103	
GRI 303: Water and effluents	303-3 Water withdrawal	98	
Management on water and air pollutants			
GRI 305: Emissions	305-7 NO _x , SO _x , and other significant air emissions	100	
GRI 303: Water and effluents	303-4 Water discharge	99	

Annex 6 Assurance statements



Assurance Statement Tatung Company Sustainability Report

TUV NORD Taiwan Co., Ltd. (hereinafter referred to as TUV NORD) was commissioned by Tatung Company (hereinafter referred to as Tatung Company) to perform the 2023 Sustainability Report Verification (hereinafter referred to as Sustainability Report) in accordance with the AA1000 Assurance Standard Version 3 and the GRI Sustainability Reporting Standards (GRI Standards) and related assurance standards.

The Scope of Statement and Assurance Standards


- 1) The scope of assurance is consistent with the scope of disclosure in Tatung Company "2023 Tatung Sustainability Report", which covers the period from 1 January 2022 to 31 December 2022.
- 2) Verification of Tatung Company compliance with the AA1000 Principles of Accountability in accordance with the AA1000 Assurance Standard, Third Edition, Application Type 2. This includes verification of the reliability of the information/data disclosed in the report.
- 3) Sustainability Accounting Standards Board (SASB) Electrical and Electronic Equipment sector sustainability accounting metrics.

Intended Users
The intended users of this statement are the stakeholders of Tatung Company.

Assurance Type and Level
In accordance with the requirements of the AA1000 Assurance Standard Version 3, Type 2, High of Assurance Level.

Opinion Statement
Tatung Company refers to the GRI sustainability reporting and AA1000 accountability principles of inclusivity, materiality, responsiveness and impact. The sustainability report presents the commitment of top management, the needs and expectations of stakeholders. To achieve sustainability performance indicators by stakeholders' engagement.
We assure that Tatung Company complies with the SASB Electrical and Electronic Equipment industry sustainability accounting standards to disclose relevant metrics

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Methodology

Our verification services are planned and performed in accordance with the above mentioned assurance standards and the TUV NORD Sustainability Report Verification Agreement for verification of sustainability reports.
Our verification includes the following activities.

- * Collect objective evidence of relevant performance metrics, as mentioned in the report.
- * Cross comparison between internal and external information they did.
- * Assurance of expectations of local or national regulations; international standards as set forth in public opinion and/or expert opinion are relevant to such general considerations.
- * Document review records and report content assessment in the context of GRI criteria application requirements.
- * Interviews with managers and related staff on issues of concern to the company's stakeholders.
- * Interviews with personnel involved in sustainability management, information gathering and report preparation.
- * Review significant organizational developments and review internal and external audit findings.
- * Review AA1000 (2018) Principles of Accountability and other compliance requirements.
- * Review the process and methodology of data assurance and reliability.

Conclusion
The results of the AA1000 accountability standard for inclusivity, materiality, responsiveness and impact in the report are set out below.

Inclusivity
Tatung company identifies stakeholders and their concerns through the questionnaire (real contact/communicate and internet interview) method, and decides materiality through stakeholder discussions (7 stakeholder was decided), sustainability committees and experts. Tatung company select and determine 11 material topics from 25 topics they concern, and follow up the identification process to decide the material topics based on their concern of internal impacts and stakeholder's focus.

Materiality
Tatung company refers to the GRI Guidelines and comply with SASB Electrical and Electronic Equipment sector sustainability Indicators disclosure related metrics, to fully disclose the company's material risks and opportunities, taking into account the extent of impact on the company and prioritize the materiality of the report.

Page 2 of 4

Responsiveness

Tatung company Sustainability Report clearly describes the relationship between sustainability and organizational strategy and the performance metrics corresponding to the materiality and their achievement status, and adequately addresses the main issues of concern to stakeholders.

Impact

The Tatung company sustainability report fully identifies materiality that reflect the significant economic, environmental, and social impacts on the organization. The company has established a robust process to monitor and measure the impact and establish short-, medium-, and long-term strategic planning through corporate governance.

Reliability and quality.

The data and information in the report are sampling verified, and the accuracy of the sampling data is reliable.

GRI

Sustainability Reporting Standards

Tatung company sustainability report refers to the GRI 1 to GRI 3 universal Standards and the GRI 201 Series, GRI 301 Series and GRI 401 Series topic standards, and meet the requirements for disclosure.

Limitations

The financial report of Tatung company were certified by KPMG, the accounting firm appointed by the company.
The boundary of carbon emission verification report only includes the Head office, Tayuan Plant, Taoyuan Wires and Cables Plant, Meter Factory, Taoyuan 1st plant and SanHsia Factory.
The data of carbon emission verification for each site was verified by different third party (Head Office-DNV; Tayuan Plant -MIRDC; Taoyuan Wires and Cables Plant, Meter Factory and Taoyuan 1st plant-TUV Rheinland; SanHsia Factory-SGS).

Independent Statements and Competence

TUV NORD Group is a leader in the supervision, testing and certification. It operates businesses and provides services in more than 70 countries around the world. The services include management systems and product certification; quality, environmental safety, social and moral audits and training; corporate sustainability report assurance.

TUV NORD and Tatung company are mutually independent organizations, and there is no conflict of interest with Tatung company or any of its affiliates or interested parties when performing the verification of the sustainability report. Regarding the sustainability report of Tatung company, TUV NORD is based on the Tatung company verification agreement, and does not assume any legal or other responsibilities. Tatung company is responsible for responding to any questions that intended users concerned.

The verification team is composed of experienced chief reviewers such as ISO 9001, ISO 14001, ISO 14064-1, ISO 45001, SA 8000, ISO 50001, ISO 27001 etc., and has received the CSAP verification practice qualification certification of AA1000 AS v3 accountability training. The verification team is based on his qualifications, extensive knowledge and experience in the industry provide professional advice in this assignment.

Jack Yeh
General Manager



Date of Issuance: 2023.06.05
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