


2018
Tatung
CSR Report



／ The first PV solar system installed at landfill in Taiwan – Fudekeng Restoration Park, Taipei City

About this report

We follow GRI Standards (Core Option) and AA1000 AS: 2008 to compose "2018 Tatung Corporate Social Responsibility Report". 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 contents of this report cover Tatung's activities from the headquarter, Tayuan Plant, Taoyuan Wires and Cables Plant, Taoyuan 1st Plant, and San-Hsia Factory. Part of TCPC' s information (sales activity and consumer data management) is also included.

Restatements of information

Due to the factories completed greenhouse gas emission verifications for year 2016 by the end of 2017, thus the energy consumption data and greenhouse gas emission data for 2016 are restated in this report. The detail information is disclosed in Chapter 6.2.

Reporting cycle and reporting period

Tatung Corporate Social Responsibility Report is published by the end of June annually. Unless otherwise stated, the data and activities in this report are gathered from 2017.1.1~2017.12.31.

Previous reports

2018 Tatung Corporate Social Responsibility Report is our 17th non-financial report since 2002. The previous report was published in June 2017. All the reports are available on: <http://www.tatung.com/Content-EN/csr-report.asp>.

Data measurement techniques

The numbers in economic performances were calculated with IFRSs (cited from Annual Report and presented in NTD). The numbers in social and quality performances were gathered by related departments in the company. The numbers (presented in international indicators) in environmental performances were provided by BUs and reviewed/corrected by ESD.

External assurance

The contents of this report were verified by TÜV Asia Pacific Ltd. Taiwan Branch (TUV NORD) based on AA1000AS: 2008 (Type 2, high level assurance) and GRI Standards. The assurance statement is enclosed in Annex 4.

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The English version is translated from Chinese version. If there are any conflicts or any differences in the interpretation between these two versions, the Chinese version shall prevail. Tatung has done the best to ensure the accuracy of this report. If there is any content in this report different to the content provided by the related department of Tatung, The provided content shall prevail.

UN proposed Sustainable Development Goals (SDGs) in 2015 to act as a roadmap towards to sustainable development for the next 15 years. One of the goals, Climate Action, indicates all nations should take immediate measures to counter the effects brought by climate change. Meanwhile, Climate change has also been identified as the top 1 risk in "The Global Risk Report 2018" released at World Economic Forum, WEF, in January, 2018. The impact of climate change upon nations, corporations, or even individuals will come as an unavoidable challenge for all. Tatung has always shouldered environmental protection, including energy saving, carbon emission reduction, and water conservation, as part of our corporate responsibilities by manufacturing eco-friendly products and providing solutions to environmental issues. As a matter of fact, we have been working on the solar power system for more than 5 years, completing over 70 mega Watts in capacity. Meanwhile, as the pioneering manufacturer of smart grid in Taiwan, we have developed the first AMI system in the country. From this year on, we will go further to become a large-scale solar power system company where we design and construct micro-grid systems, smart surveillance systems, energy saving systems, etc. All these developments display our vision for the challenges as well as opportunities that come with climate change because we have been tapping talents for developing technology, systems, and products in relation to environmental protection as we turn these challenges into profitable opportunities.

Centennial Tatung – Smart and Sustainable



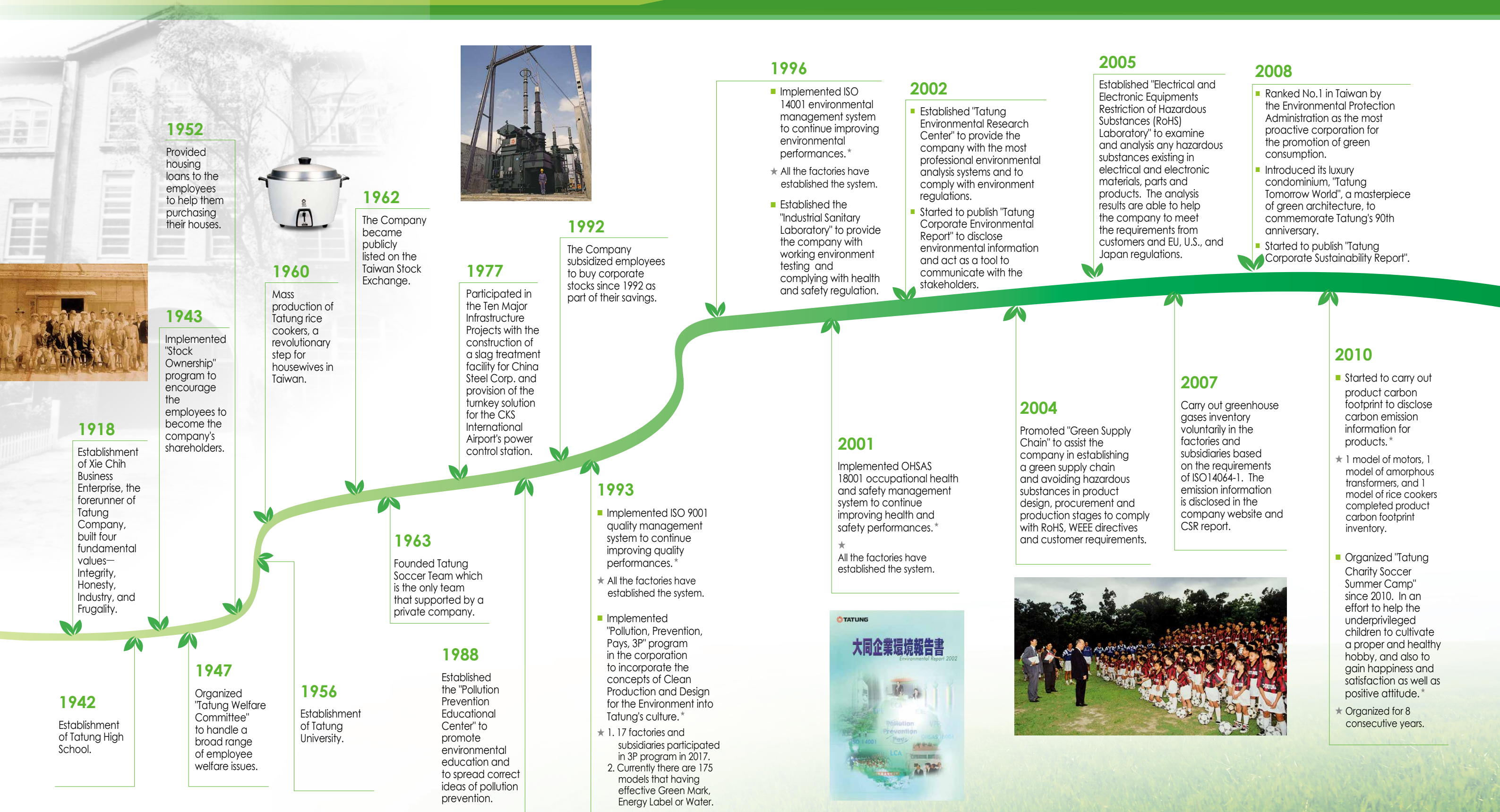
Chairman

Wen-yen Kuo Liu

Tatung will have its centennial anniversary in November, 2018. In retrospect, Tatung has been playing a significant role in every stage of Taiwan's development to the benefits of the country's economic development. The founder of the company Lin Shan Chih started his career in civil engineering, accomplishing more than 600 public constructions in his life. Our late President Lin Ting Sheng successfully expanded the business scope to home appliances, industrial appliances, electronics, and other business investments to serve the needs of consumers and the country as a whole. Moreover, our former president Lin Wei Shan went further to incorporate information technology, mechanical and electrical engineering, and photoelectric engineering (for example, panels and solar cells) into the business.

The centenary of Tatung marks the company's historical significance in the past and for the future as well. The views of the community and investors have also reached new level in corporate environmental sustainable development and governance. Tatung will turn into a leading business group in the fields of green energy and smart energy systems. Therefore, Tatung will be devoted to amalgamating environmental sustainability and corporate management apart from manufacturing best quality products and services. In terms of further deepening corporate governance, we formed a board of directors that more than half of the members are independent directors and external directors last year. We also formed "Corporate Governance Committee" in March this year and will continue to uphold the core values of "Integrity, Honesty, Industry, and Frugality" to enhance corporate governance in the hope that we will obtain "EPS" (Earnings Per Share) for shareholders and manage "ESG" (Environmental, Social, Corporate Governance) well for the eco-friendly environment, the company's sustainability, and the corporate responsibilities. We have witnessed a good page in the company's development and we will continue to recruit staff and partners who share the same values with us to work together in order to strengthen our operating results so as to arrive at more profit for our shareholders and to maintain the company's sustainable development and growth.

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1942
Establishment of Tatung High School.

1947
Organized "Tatung Welfare Committee" to handle a broad range of employee welfare issues.

1943
Implemented "Stock Ownership" program to encourage the employees to become the company's shareholders.

1952
Provided housing loans to the employees to help them purchasing their houses.

1956
Establishment of Tatung University.

1960
Mass production of Tatung rice cookers, a revolutionary step for housewives in Taiwan.



1963
Founded Tatung Soccer Team which is the only team that supported by a private company.

1962
The Company became publicly listed on the Taiwan Stock Exchange.

1988
Established the "Pollution Prevention Educational Center" to promote environmental education and to spread correct ideas of pollution prevention.

1977
Participated in the Ten Major Infrastructure Projects with the construction of a slag treatment facility for China Steel Corp. and provision of the turnkey solution for the CKS International Airport's power control station.



1992
The Company subsidized employees to buy corporate stocks since 1992 as part of their savings.

1993

- Implemented ISO 9001 quality management system to continue improving quality performances.*
- All the factories have established the system.
- Implemented "Pollution, Prevention, Pays, 3P" program in the corporation to incorporate the concepts of Clean Production and Design for the Environment into Tatung's culture.*
- 17 factories and subsidiaries participated in 3P program in 2017.
- Currently there are 175 models that having effective Green Mark, Energy Label or Water.



2001
 Implemented OHSAS 18001 occupational health and safety management system to continue improving health and safety performances.*
 All the factories have established the system.

1996

- Implemented ISO 14001 environmental management system to continue improving environmental performances.*
- All the factories have established the system.
- Established the "Industrial Sanitary Laboratory" to provide the company with working environment testing and complying with health and safety regulation.

2004
 Promoted "Green Supply Chain" to assist the company in establishing a green supply chain and avoiding hazardous substances in product design, procurement and production stages to comply with RoHS, WEEE directives and customer requirements.



2002

- Established "Tatung Environmental Research Center" to provide the company with the most professional environmental analysis systems and to comply with environment regulations.
- Started to publish "Tatung Corporate Environmental Report" to disclose environmental information and act as a tool to communicate with the stakeholders.

2007
 Carry out greenhouse gases inventory voluntarily in the factories and subsidiaries based on the requirements of ISO14064-1. The emission information is disclosed in the company website and CSR report.

2005
 Established "Electrical and Electronic Equipments Restriction of Hazardous Substances (RoHS) Laboratory" to examine and analysis any hazardous substances existing in electrical and electronic materials, parts and products. The analysis results are able to help the company to meet the requirements from customers and EU, U.S., and Japan regulations.

2010

- Started to carry out product carbon footprint to disclose carbon emission information for products.*
- 1 model of motors, 1 model of amorphous transformers, and 1 model of rice cookers completed product carbon footprint inventory.
- Organized "Tatung Charity Soccer Summer Camp" since 2010. In an effort to help the underprivileged children to cultivate a proper and healthy hobby, and also to gain happiness and satisfaction as well as positive attitude.*
- Organized for 8 consecutive years.

2008

- Ranked No.1 in Taiwan by the Environmental Protection Administration as the most proactive corporation for the promotion of green consumption.
- Introduced its luxury condominium, "Tatung Tomorrow World", a masterpiece of green architecture, to commemorate Tatung's 90th anniversary.
- Started to publish "Tatung Corporate Sustainability Report".

2012

Won the bid of Hualien-Taitung Railway Electrification Project by the Ministry of Transportation and Communications taking part in the national momentous infrastructure project for the green transportation of the East.*

★ Won the 2016 Excellence in Engineering Project Award by the Chinese Institute of Engineers.

2014

■ Co-organizing "Smart City Summit and Expo" to promote Tatung's unique total solution for smart energy saving system.

★ Participated for 4 consecutive years.

■ Acquired the certificate of registration of ISO / IEC 27001 by British Standards Institution for the information security management system of both Tatung and eTungGo, Tatung's online shop.

■ Established the social responsibility policies and the social responsibility practice principles.*

2016

The Company engaged in a multiple academia-industrial cooperation project with the Soochow University marking a new milestone for the Company's cross-campus cooperation.



Economic and governance dimension:

Social dimension:

Environmental dimension:

- Sales revenues..... NTD\$ 17.483 billions
- EPS..... 0.03 dollars
- Awards..... 13 awards
- Percentages of external/independent directors in Board of Directors..... 56%
- Governance..... Revised "Tatung Corporate Governance Best Practice Principles", "Tatung Corporate Ethical Principles", and "Tatung Corporate Social Responsibility Best Practice Principles".
- Ratio between company's basic salary and legal salary 1.27 ~ 1.64 : 1
- Percentages of managers from local in high level management 100%
- Disclosure on non-financial information..... Publishes CSR report for 16 consecutive years.



- No. of discrimination, forced, or compulsory labor incident.....0
- Percentage of local employees..... 94.82%
- Salary ratio between female and male employees..... 0.88 ~ 0.9:1
- Percentage of employees who are labor union members..... 79.35%
- Average education/training hours... 8.32 hours
- Return to work percentage for..... Male : 33%, Female : 80%
- Correction percentage of "Occupational Accident Prevention Pays" program..... 98%
- No. of non-competitive behavior incident.... 0
- No. of product that violated product safety regulation..... 0
- No. of incident that violated advertisement/promotion regulation..... 0
- Customer satisfactory..... 95.30%
- No. of complaint about information..... 0

2011

New Energy BU won Taiwan Power Company's first bid of Low Voltage AMI Pilot Project, a revolutionary milestone for the intelligent management system of electricity usage for households in Taiwan.

2013

Won the bid for New Taipei City's Green Campus Project, in which solar panel system and intelligent energy management system are to be installed in 16 selected schools in New Taipei City.*

★ By the end of 2017, Tatung has installed 70MW of solar power system in Taiwan which is able to cut off 41,000 tons of CO₂e.

2015

■ Establishing eTungGo, Tatung's online shop, to involve in e-commerce business.

■ Started to purchase Green Power issued by Bureau of Energy in order to support renewable energy policy in Taiwan since 2015.*

★ By the end of 2017, Tatung has purchased 1,391,100 kw-hr of Green Power which is able to cut off 735 tons of CO₂e.

■ Implemented ISO 50001 energy management system to continue improving energy performances.*

★ San-Hsia Factory, Taoyuan Wires and Cables Plant, and Tayuan Plant have established the system.

■ Started to publish "Tatung Corporate Social Responsibility Report".*

★ Won Taiwan Corporate Sustainability Report Awards for year 2008, 2013-2017.

2017

■ Formed a board of directors that more than half of the members are independent directors and external directors to further enhance corporate governance.

■ Established "Tatung Shan Chih Education Foundation" (temporarily translated), aiming at cultivating professional technology talents.

- The factories that have implemented ISO 14001: 2015..... Tayuan Plant, Taoyuan Wires and Cables Plant, and San-Hsia Factory
- Correction percentage of 3P program..... 96.67%
- Electricity reduced..... 2.35 million kw-hr
- Amount of GHG emission reduced..... 1,024.85 tons CO₂e
- The percentage of product which achieved energy intensity goal..... 56%
- Amount of industrial waste reduced..... 13.49% less than in 2016
- Waste recycling percentage 75.45%
- No. of green product which were certified..... Green Mark: 4 models
Energy Label: 74 models
Water Label: 9 models
Carbon Footprint Label: 1 model
- No. of incident that violated environmental regulation 1 incident and fined NTD\$ 30,000

Chapter 1

Identification of the 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 financial performances, corporate governance and social participation in annual report, but also discloses the outcomes of social responsibility practices on company's official website¹. Tatung finds out the blind spots and gains valuable opinions by communicating with the stakeholders via various channels.

Note 1 : <http://www.tatung.com>

1.1 Identification of the stakeholders

Based on AA1000 standard and GRI Standards, Tatung CSR Reporting Group (members are from the top level departments in the headquarters and the factories) identified the stakeholders by past operation experiences and based on the principle that any organizations or persons impacted by the operation of the company or any organization or persons having impacts to the company. In this report Tatung identified 7 stakeholder groups such as shareholders, customers, employees, local communities and parties, authorities, suppliers and consumers.

1.2 Engagement with the stakeholders

Tatung takes great concern on stakeholders' opinions. We have direct engagement channels for all stakeholders to collect their concerned topics in order to continue improve our CSR performances.

▶▶ Table 1.2-1 List of stakeholders and the communication channels

Stakeholder groups	Meaning to Tatung	Communication channels and frequencies
Shareholders	The investors who support Tatung.	-Shareholders' meeting / Once per year -Irregular shareholders' meetings, direct phone line (+886-2-25925252 ext. 3258/3259), shareholder e-mail / Irregular -Disclosure of financial information on official website and MOPS (market observation post system) / Every month
Customers	The companies having business with Tatung.	Customer service, PM / Irregular
Employees	The most valuable assets. With their innovated ideas and experiences, Tatung is capable to counter any challenges.	-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 / Once per 3 months -Labor-management meeting / Once per quarterly
Local communities and parties	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.	-Direct phone lines / Irregular -Social charity/donation activities / Irregular

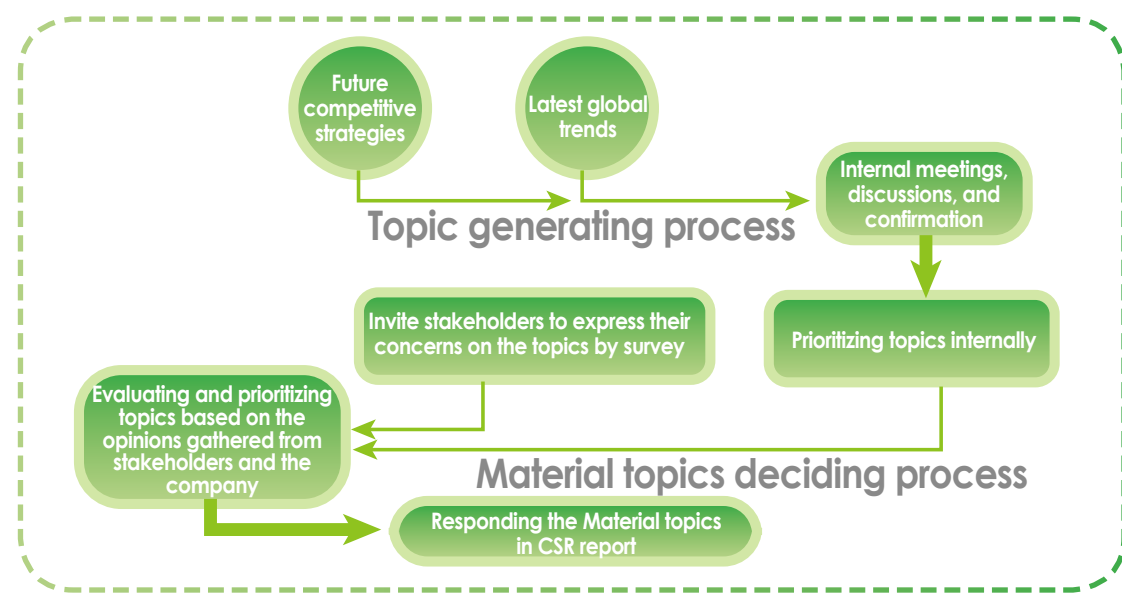
Stakeholder groups	Meaning to Tatung	Communication channels and frequencies
Authorities	Instructors of Tatung. Following the government policies and complying with regulations is the basic principle of Tatung.	- Onsite audits / Irregular - Hearings, seminars / Irregular
Suppliers	Suppliers are partners that Tatung has grown up with. With their high quality materials, products, and services, Tatung successfully expanded the business year by year.	-Supplier complaint mailbox supplier@tatung.com / Irregular -Supplier evaluation, annually re-evaluation / Once per year -Supplier assessment / Once per month
Consumers	Supporters of Tatung products. For the past 60 years, Tatung has accompanied countless households in their growing family time.	TCPC phone lines (+886-800052666), Tatung 3C Stores, official websites, etungo online shopping website / Irregular -Satisfactory survey / Upon shopping

▶▶ Table 1.2-2 The concerned topics by the stakeholders and Tatung's responses

Stakeholder groups	Concerned topics	Tatung's responses	Chapters
Shareholders	Governance and financial performances	1. Strengthening the brand image. 2. Focusing on the overall solution of green energy, energy creation and energy conservation. 3. Activating assets. 4. Adjusting the investment portfolio. 5. Focusing on corporate governance and internal control.	2.2 · 2.3 · 3.2
Customers	Product quality	Establishing ISO 9001, enhances supplier quality management, products that pass related verifications.	4.2
Employees	Labor rights, welfares	Complying with labor and health and safety regulations.	5.3 · 5.4
Local communities and parties	Pollutant emissions, interaction with local communities	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.	5.5 · 6.3
Authorities	Compliance	Carrying out internal control and internal audit to ensure conformity.	3.2 · 6.1
Suppliers	The quality of parts and products, the requirements regarding to hazardous substances	Establishing ISO 9001, enhances supplier quality management, products that pass related verifications.	4.1 · 4.2
Consumers	Product safety and labeling, personal information management	1. Establishing feedback and anti-recurrence mechanisms. 2. Continue to manage customer information in accordance to regulations.	4.2 · 4.3

1.3 Identification of material topics

Tatung concluded 27 possible topics that may have impacts to the stakeholders and to the company based on the operation experiences, future competitive strategies, and the latest global trends on sustainability such as GRI Standards indicators and UN SDGs (Sustainable Development Goals). The topics are listed on Table 1.3-1.

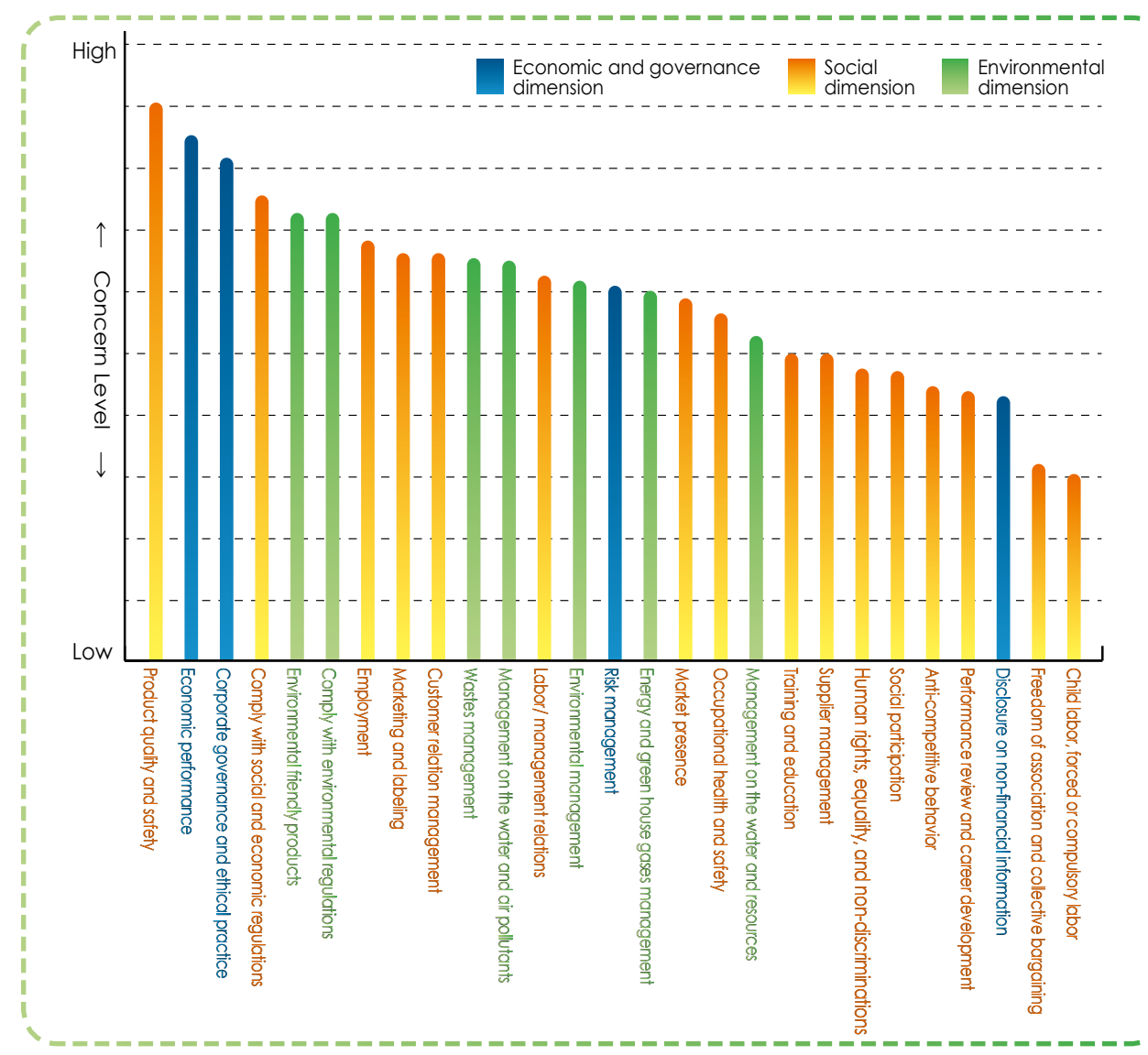


▲ Figure 1.3-1 Material topics identifying process

▶▶ Table 1.3-1 Tatung's sustainable topics

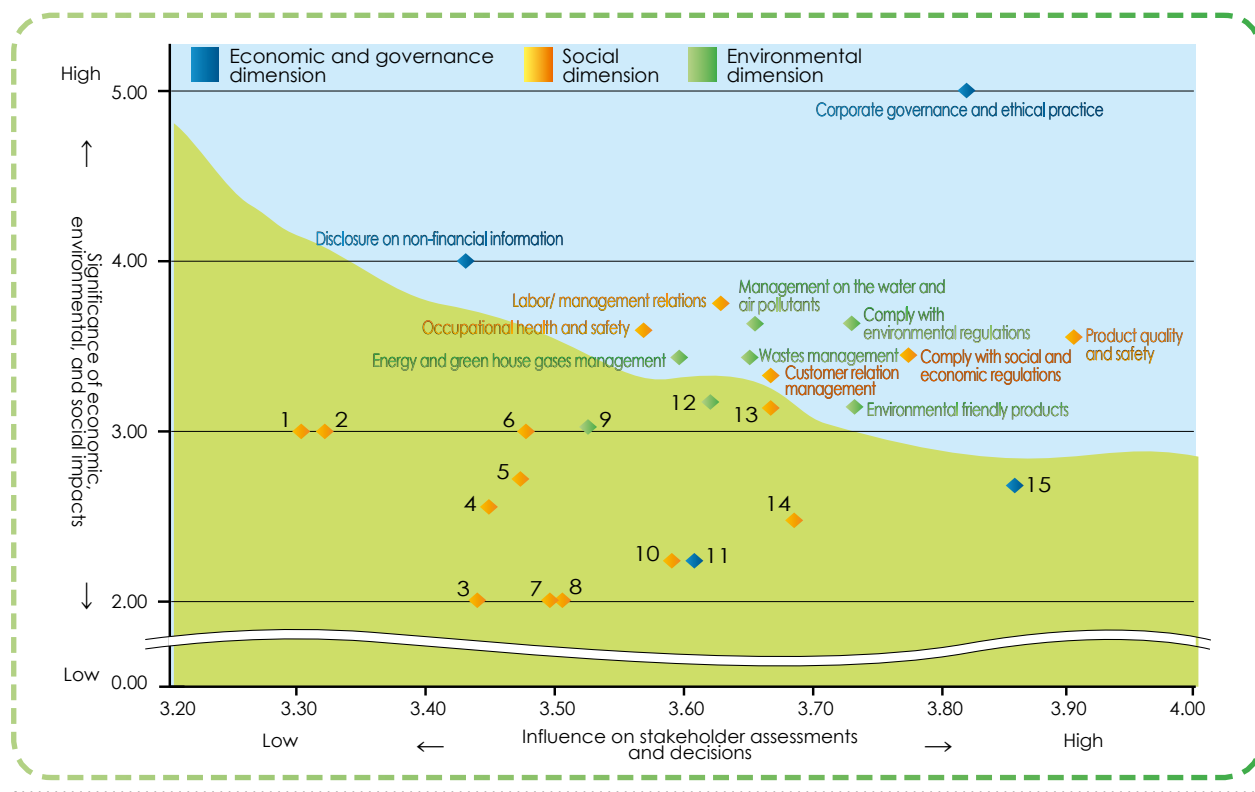
Economic and governance dimension	Social dimension		Environment dimension
Economic performance	Comply with social and economic regulations	Human rights, equality, and non-discriminations	Energy and green house gases management
Corporate governance and ethical practice	Supplier management	Freedom of association and collective bargaining	Environmental management
Risk management	Employment	Child labor, forced or compulsory labor	Management on the water and air pollutants
Disclosure on non-financial information	Performance review and career development	Social participation	Wastes management
Market presence	Labor/management relations	Product quality and safety	Management on the water and resources
Anti-competitive behavior	Occupational health and safety	Marketing and labeling	Environmental friendly products
	Training and education	Customer relation management	Comply with environmental regulations

In order to receive opinions from wide range of stakeholders, Tatung invited stakeholders to fill in surveys which included the 27 topics mentioned above during 2017.12.22~2018.1.12. In addition, there were also some opinions received from online survey on the company's official website. The data collected was analyzed and the most concerned topics by the stakeholders were ranked in Figure 1.3-2.



▲ Figure 1.3-2 The ranking of concerned topics by the stakeholders

During the identification process, CSR Reporting Group evaluated the probability, the influence, and the level of impacts that brought by the topics and graded them (grade 1~5). At the same time, the grades from inside and outside the company were evaluated and discussed by CSR Reporting Group and the combination grading (12 and above) for the topics that located on blue color region in Figure 1.3-3 were identified as the material topics.



▲ Figure 1.3-3 Visual representation of material topics

Economic and governance dimension		Other topics		Social dimension		Environmental dimension	
No.		No.		No.		No.	
4	Anti-competitive behavior	1	Child labor, forced or compulsory labor	7	Training and education	9	Management on the water and resources
10	Market presence	2	Freedom of association and collective bargaining	8	Supplier management	12	Environmental management
11	Risk management	3	Performance review and career development	13	Marketing and labeling		
15	Economic performance	5	Social participation	14	Employment		
		6	Human rights, equality, and non-discriminations				

This year, we identified 12 material topics from total 27 topics. They are "Corporate governance and ethical practice", "Disclosure on non-financial information", "Product quality and safety", "Comply with social and economic regulations", "Customer relation management", "Labor/management relations", "Occupational health and safety", "Comply with environmental regulations", "Environmental friendly products", "Management on the water and air pollutants", "Wastes management", and "Energy and green house gases management". From Table 1.3-2, we can see that the material topics have shifted from labor related topics to environmental topics in 2018. This indicates that our efforts put into labor rights management in 2017 have earned the trust from the employees and the stakeholders. Nevertheless, as the air quality is getting worse and the stress of energy shortage is getting higher in recent years, the public is paying a great concern on air pollution and energy issues. The detailed management measures and performances in regarding to these 12 material topics will be disclosed in next chapters. Table 1.3-3 shows the relevancy of the material topics amongst our value chain.

▶▶ Table 1.3-2 Comparison of material topics for year 2017 and 2018

2017		2018	
Corporate governance	Labors right	Corporate governance and ethical practice	Occupational health and safety
Forced labor	Welfare	Disclosure on non-financial information	Comply with environmental regulations
Recruitment	Marketing communications	Product quality and safety	Environmental friendly products
Education and career development	Product labeling	Comply with social and economic regulations	Management on the water and air pollutants
Occupational health and safety	Product quality and safety	Customer relation management	Wastes management
Labor/management relations	Global warming	Labor/management relations	Energy and green house gases management

▶▶ Table 1.3-3 The boundaries of material topics

Dimensions	Material topics	Tatung Co.	Significant subsidiaries ¹	Subsidiaries	DMA pages	GRI indicators	UN SDGs
Economic and governance	Corporate governance and ethical practice	■	■	△	15、17、23	Not Applicable	Not Applicable
	Disclosure on non-financial information	■	■	△	25、26	Not Applicable	
Social	Product quality and safety	■	■	△	31、33	GRI 416-1、416-2	Not Applicable
	Comply with social and economic regulations	■	■	△	23、42	GRI 419-1	Not Applicable
	Customer relation management	■	■	△	38	GRI 418-1	Not Applicable
	Labor/management relations	■	■	△	45	GRI 402-1	
	Occupational health and safety	■	■	△	51、52、53	GRI 403-1、403-2	
Environment	Comply with environmental regulations	■	■	△	23、61	GRI 307-1	Not Applicable
	Environmental friendly products	■	■	△	72、73	GRI 302-5	Not Applicable
	Management on the water and air pollutants	■	■	△	68、69	GRI 305-7、306-3、306-5	
	Energy and green house gases management	■	■	△	63、65、66	GRI 302-1、302-3、302-4、305-1、305-2、305-5	
	Wastes management	■	■	△	70	GRI 306-2	

Note: ■ represents that the information is disclosed in this report.



△ represents that the relevant management measures are applied to the subsidiaries, however the related information is unable to retrieve.

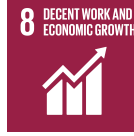



Note 1: Represents CPT, GET, and Elite Groups. Their information in regarding to these material topics is disclosed in their CSR reports and/or their official websites.

1.4 UN Sustainable Development Goals

UN announced Sustainable Development Goals (SDGs) in September 2015 to be a roadmap to sustainable development for the next 15 years. Corporations are playing 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 "Responsible consumption and production", "Reduced inequalities", "Decent work and economic growth", "Affordable and clean energy", "Clean water and sanitation", and "Climate action" into our sustainable strategies. In the material topics identified this year, "Management on the water and air pollutants", "Environmental friendly products", "Occupational health and safety", "Product quality and safety", "Wastes management", and "Energy and green house gases management" are also consistent with goals mentioned above. The measures taken for SDGs are listed on Table 1.4-1.

▶▶ Table 1.4-1 The measures taken for UN SDGs

SDGs	Description	Measures
 6 CLEAN WATER AND SANITATION	Ensure access to water and sanitation for all	<ul style="list-style-type: none"> ▶ 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.
 7 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable and modern energy for all	<ul style="list-style-type: none"> ★ Maintain well function of the waste water treatment facilities in the factories to ensure the quality of the effluents are complied with the standards.
	<ul style="list-style-type: none"> ▶ 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. 	<ul style="list-style-type: none"> ★ Expanding solar power system and aim to achieve 100MWp capacity by the end of 2018. ★ All motors are met with IE3 standard and working hard to develop IE4 motors. ★ Raising energy efficiency on the products and continually applying for Energy Label, Green Mark, and Water Label. ★ Providing consumers Tatung Smart HEMS which offers users total management of home energy consumption with appliance control, energy consumption monitoring, and self-monitoring functions.

SDGs	Description	Measures
 8 DECENT WORK AND ECONOMIC GROWTH	Promote inclusive and sustainable economic growth, employment and decent work for all	<ul style="list-style-type: none"> ▶ 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.
 10 REDUCED INEQUALITIES	Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> ▶ 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.
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> ▶ 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.
 13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> ▶ 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.
		<ul style="list-style-type: none"> ★ Ensuring the salary of employees is complied with the regulation or better. ★ Conducting "Working condition monitoring" and running health and safety management systems like OHSAS 18001 and CNS 15506. ★ Complying with human rights regulations, supporting gender equality, and banning discrimination of any form are set in the clauses of "Tatung Corporate Social Responsibility Best-Practice Principles". ★ Recruiting only on capability. ★ Complying with RoHS and REACH regulations to ensure a green supply chain. ★ Implementing waste recycling in the factories and aiming the recycling rate higher than 75%. ★ Paying "Recycling and Cleaning Fee" to the government agency (Recycling Fund Management Board) to carry out countryside waste recycling affairs. ★ Recycling wasted large home appliances, batteries, and CDs in Tatung 3C Stores. ★ Publishing Tatung CSR Report in June every year to disclose company's sustainable information. ★ Carrying out green house gases inventory every year based on ISO 14064-1. ★ Announcing energy saving target – the products' energy intensity will be 6% lower in 2018 when comparing to 2013. ★ Having environmental education courses opened to the employees, and GHG management course to the specialties.

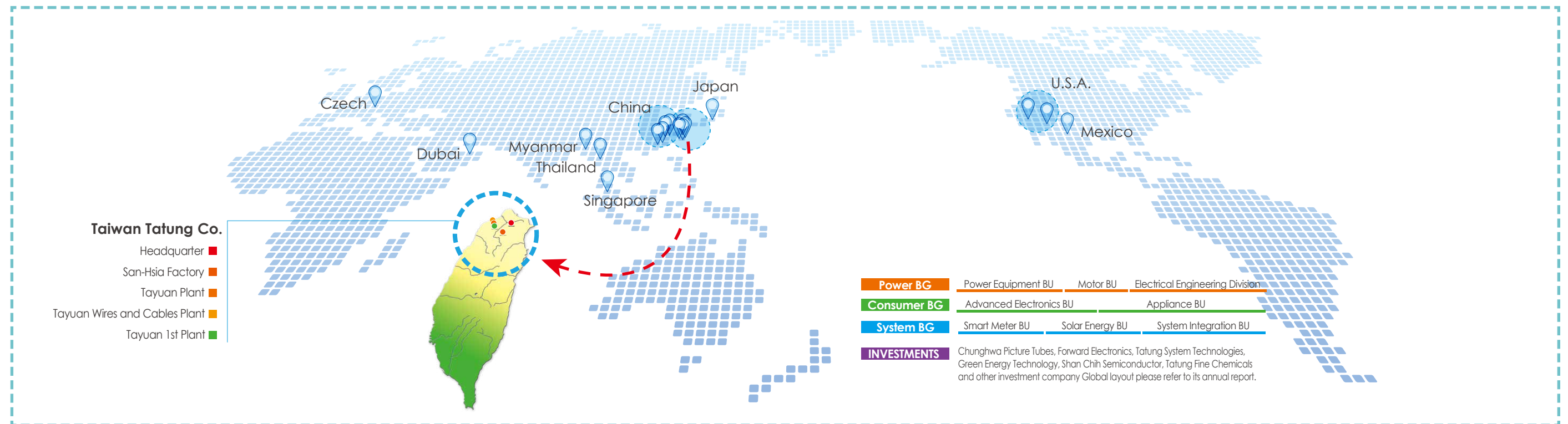
2.1 Company profile

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 is dedicated to manufacturing energy-saving products, systems and services with three business groups working on smart grids, smart communities and smart households to produce a number of energy-saving and highly efficient electronic products, household appliances, high-efficiency smart motors, power supply facilities and automatic control products. They are fully integrated with information and communication systems as well as well-rounded and instant services in relation to their products and solutions.

Our smart grids rely upon our system solutions and power business groups for the supply of smart electricity meters, communication modules, concentrators, FTU/FRTU, high-efficiency and energy-saving motors and transformers and switch/control gears, etc. We also provide such fully integrated system solutions and technological services as AMI communication and system control stations, advanced power distribution automation, smart transformer stations and power plants.

Insofar as our smart community is concerned, our business groups of system solutions have integrated solar power systems, energy-saving systems, other recyclable micro-grid systems, the SHMS system (for household energy saving, security, and health care), and the SBMS system (for corporate smart buildings to manage energy saving) into our well-rounded solutions and technological services.

▶▶ Figure 2.1-2 Tatung Co. global network



For smart homes, we have integrated the Company's manufactured appliances and system solutions into an advanced solution for smart home applications which can be used on cell phones or tablets. Together with our cloud services, in order to provide an energy-saving, convenient, safe and healthy smart life we offer smart, energy-saving and environment-friendly household appliances, IP cameras, surveillance systems, smart gateways, energy-saving sensors, environmental sensors, etc.

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 Chunghwa Picture Tubes (2475), Forward Electronics (8085), Shan Chih Semiconductor (3579), Green Energy Technology (3519), Tatung Fine Chemicals (4738: Emerging stock market), Elitegroup Computer Systems (2331), and Tatung System Technologies (8099). Please refer to Annex 1 for the list of consolidated entities.



▲ Figure 2.1-1 Information of Tatung Co.

Tatung received many awards and certifications on operations and products in 2017 (Table 2.1-3). Tatung also endorses initiatives in regarding care disadvantaged groups and employee's health (Table 2.1-4). All these acknowledgements from all sides are certainly the drive behind the growth of Tatung.

▶▶ Table 2.1-1 Membership status in the associations

Association/organization	Member	Managing role ¹	Association/organization	Member	Managing role ¹
The Third Wednesday Club	■		Taiwan Environmental Engineering Association	■	
Chinese International Economic Cooperation Association	■		Taiwan Smart Grid Industry Association	■	
Chinese National Association of Industry and Commerce, Taiwan	■		Industrial Safety and Health Association of the R.O.C.	■	
CNS Certification Mark Association, R.O.C.	■		Taiwan Digital Television Committee	■	
Information Service Industry Association of R.O.C.	■		Chinese Institute of Engineers	■	
ROC-USA Business Council	■		Taiwan Society of Heating, Refrigerating and Air-Conditioning Engineers	■	
Industrial Association of Taipei City	■	■	Electric-Electronic & Environmental Technology Development Association of R.O.C.	■	■
Taipei Electrical Commercial Association	■		SINOCON Industrial Standards Foundation	■	
Taiwan Telematics Industry Association	■		Importers and Exporters Association of Taipei	■	
Taiwan Wind Energy Association	■		Taiwan Electrical Contractors Association	■	
Taiwan Electrical and Electronic Manufacturers' Association	■	■	Taiwan Electric Wire & Cable Industries Association	■	
Taiwan Refrigeration and Air-Conditioning Engineering Association R.O.C.	■		Taiwan Association of Machinery Industry	■	■
Monte Jade Science & Technology Association of Taiwan	■		Taiwan Water Pipe Engineering Industries Association	■	
Taiwan Institute for Climate Change and Energy	■				
Taiwan Motor Industry Association	■				

Note 1: Managing role includes director and supervisor.

▶▶ Table 2.1-2 The main domestic subsidiaries of Tatung

Optoelectronics	* Chunghwa Picture Tubes, Ltd. * Forward Electronics Co., Ltd.
Energy Solutions Business	* Shan Chih Semiconductor Co., Ltd. * Green Energy Technology Inc. Tatung Forever Energy Co., Ltd. Tung Yang Energy Co., Ltd.
Retail Channel Business	Tatung Consumer Products (Taiwan) Co., Ltd.
Electronics & Information Business	* Tatung System Technologies Inc. Central Research Technology Co., Ltd.
Industrial Appliance Business and System	Tatung SM-Cyclo Co., Ltd.
Chemical Engineering Business	* Tatung Fine Chemicals Co., Ltd.
Asset Development Business	Shan Chih Asset Development Co., Ltd.
Others	Chunghwa Electronics Development Co., Ltd. Shan Chih Investment Co., Ltd. Tatung Medical & Healthcare Technologies Co., Ltd. Tatung Die Casting Co., Ltd. Chih Sheng Investment Co., Ltd.

Note: * Listed/OTC and Emerging companies.

▶▶ Table 2.1-3 Awards received in 2017

Award	Description
Taiwan Excellence Award 2017	Silver Award: Fusion Cooker (TSB-3016EA). Excellence Award: Multi-Functional Cooker (TAC-06HT), Tatung Smart Appliance, Harvest Series WPI Motor (5~75HP 2P / 5~300HP 4P / 10~100HP 6P), Water-cooled Package (TC-30LNXF), Cooking Pot (TEK-1016EA), Tatung Smart Partial Discharge Analyzer (OOPDT-2), Cooling Air Recovery Air Source Heat Pump (THAF-8HK1A / TFP-8HK1), Tatung Cooker Recipes APP.
Energy Conserving Award by Bureau of Energy	The headquarter
Energy Saving Model by Bureau of Energy	The headquarter
Taiwan Corporate Sustainability Award – Corporate Sustainability Report Silver Award	2017 Tatung Corporate Social Responsibility Report
Health and Safety Model by Industrial Safety and Health Association of the R.O.C.	-



▶▶ Table 2.1-4 Initiatives endorsed by Tatung Co.

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

▶▶ Table 2.2-1 Financial income and expense of Tatung Co.

Item	2013	2014	2015	2016	2017
Operating revenue	24,087,818	21,295,466	18,151,104	17,259,632	17,482,835
Realized gross profit	2,394,002	1,846,739	1,581,503	2,404,376	2,164,903
Personnel expenses ¹	2,810,058	2,700,133	2,518,948	2,403,307	2,379,086
Income from operations	(257,408)	(874,725)	(966,334)	(51,462)	(177,326)
Non-operating income and expenses	(1,490,473)	1,209,308	(2,107,282)	(2,363,313)	214,721
Income tax benefit	136,473	28,956	(1,399)	70,830	36,675
Net loss attribute to equity attributable to owners of parents	(1,611,408)	363,539	(3,075,015)	(2,343,945)	74,070
Earnings per share (NT\$)	(0.70)	0.16	(1.35)	(1.03)	0.03
Dividends per share (NT\$)	0	0	0	0	0

Note 1: Personnel expenses include salaries, staff labor and health insurance, pension, and others.

2.2 Financial performances

In 2017, owing to the stable recovery of major economies in the world, while Tatung continues to engage in corporate transformations and operational advancement, the operation of the subsidiaries have improved significantly, overall business operating results have turned profitable. 2017 Tatung standalone revenue was NT\$17.48 billion, operating loss was NT\$0.17 billion, together with non-operating income from investments, the net profit after tax was NT\$74 million which resulted in a capital gain of NT\$0.03 per share.

Tatung's operating profit had risen by 1.29% in 2017 compare to 2016. Regardless of the declination in Consumer BG as its home appliance business in mature markets, the System BG and the Power BG gained revenue growth with smart meter, solar power and cable projects, thus, the individual revenue had risen than that of the last year. With respect to the investment businesses, CPT had turned loss into profit compared to year 2016, GET's reduction of losses had recognized, ECS had also turned losses caused by bad debt into profit, and the reduction of loss or the rise of profit of several other investment businesses have also recognized. Therefore the profits increased compared to year 2016 which led to NT\$1 billion net profit in investments in 2017.

Tatung operates normally on a daily basis and accepts no financial support from the government. For more detailed financial performances, please refer to "Tatung 2017 Annual Report" which can be downloaded at: <http://www.tatung.com/Content/annual-report.asp>

2.3 Services and products

Tatung holds three business groups. To sustain strong and long-term growth, Tatung focuses particularly on the development of advanced technologies and global network of operation. With her overseas branches expanding into 12 countries, Tatung is in a solid position to deliver products more efficiently and render customer services more effectively. Global warming caused by climate change has brought risks to the operation of the business, but also created opportunities. In view of energy saving and carbon reduction has become the subject of global attention; Tatung is dedicated to manufacturing energy-saving products, systems and services with three business groups working on smart grids, smart communities and smart households to produce a number of energy-saving and highly efficient electronic products, household appliances, high-efficiency smart motors, power supply facilities and automatic control products. They are fully integrated with information and communication systems as well as well-rounded and instant services in relation to their products and solutions (please see Annex II for product information). Tatung's future development priorities as follows:

Consumer Business Group

In order to improve customer experience and enhance appliance product value, we autonomously succeeded in integrating the R&D of Smart Home Devices and Smart Home Cloud services, such as AI rice cooker and various kinds of home appliances, all the smart products services are provided through Smart Home Cloud services, customers can easily control the operation of equipment remotely by the functions of scheduling, situation, and power management. Therefore Tatung and the foreign affiliates have strived to pursue the overseas markets including America, Japan, and Southeast Asia. We're looking forward to watching Consumer BG continue to grow in revenue from global sales.

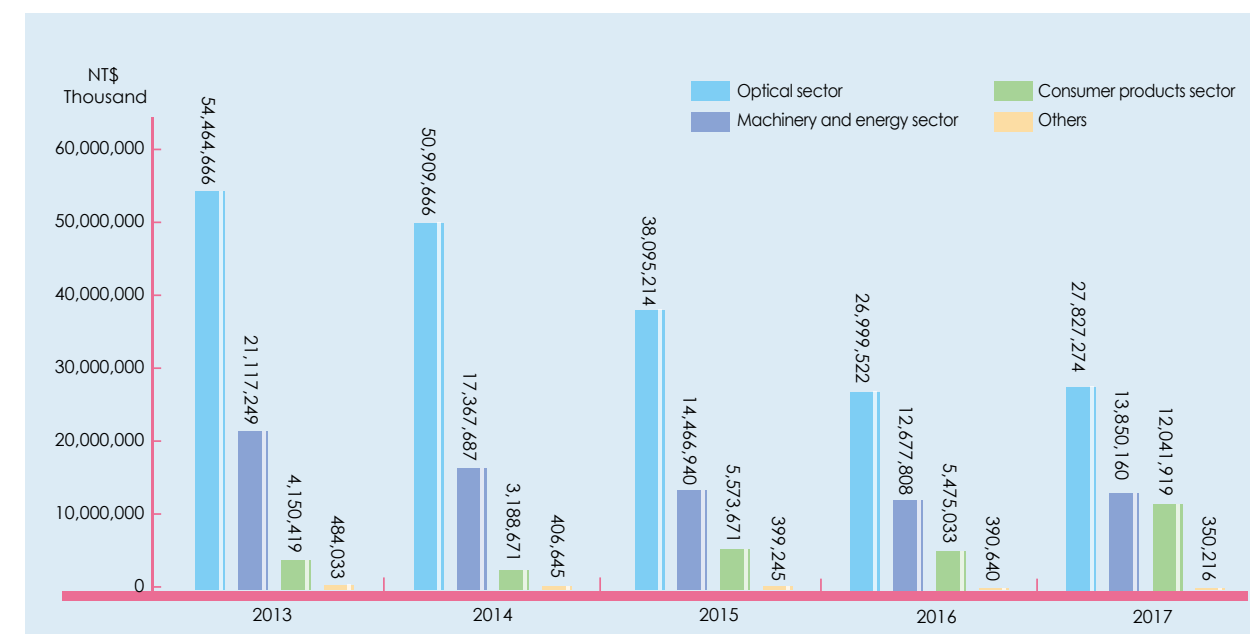
System Business Group

Tatung will advance its development of solar energy generating systems from small sized rooftop panel into large ground-based or water-based power plants. We have continuously obtained the land needed for the power plant in Yu-guang special district, Qigu, Tainan, and we expect to obtain the related licenses and can start construction on the development by the end of 2018; in early 2019, the construction will be completed and start to generate electricity. To conform to the expansion of large scale solar and wind power constructions in Taiwan, we will provide the construction plans for full range of large transformer stations to meet business needs, and in the future, we will make good use of our equipment and electromechanical integration capabilities to gain access to power plant business opportunities in operational and maintenance products. In 2017, Tatung Smart Meter had obtained the government contracts while it continues to expand in foreign markets such as Japan and Thailand. With respect to Smart Microgrid, by integrating solar photovoltaic power generation systems, energy storage, smart meters, and distributed grids, we provide the most complete smart energy solutions and services. We are confident that we will become the leading company in smart energy management in Taiwan, and we expect that AI and system businesses to be an important measure of the profitability of the company.

Power Business Group

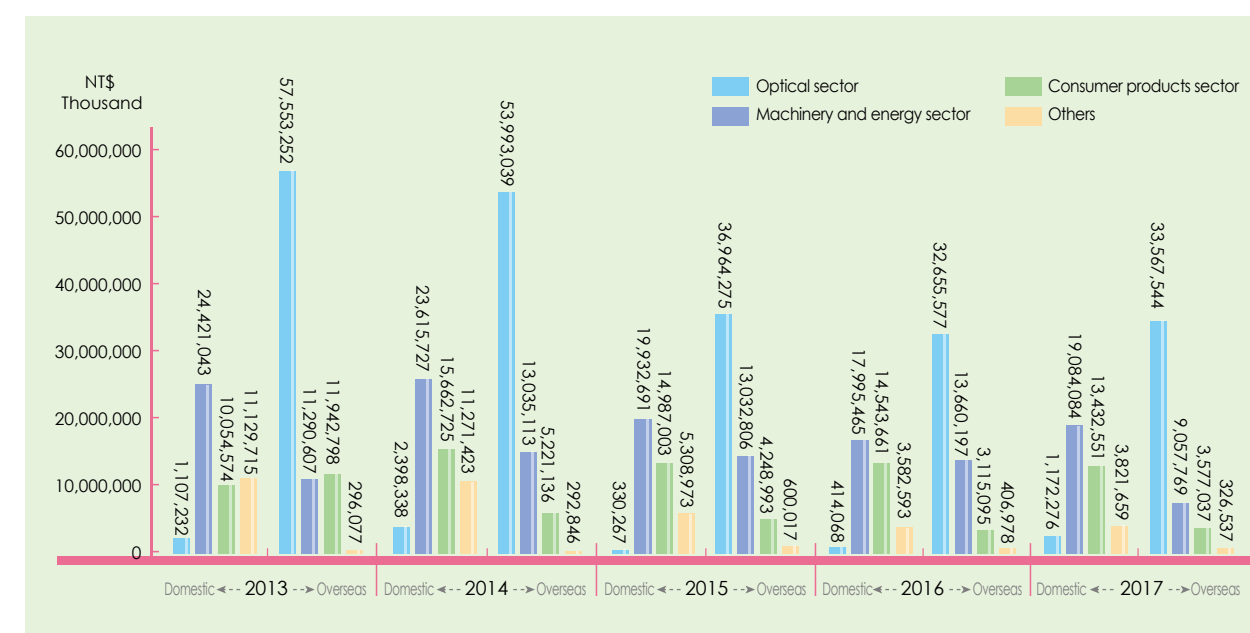
In 2017, the Power BG continued its adjusted strategy to develop smart, energy-saving and highly efficient products. Based on the IE3 technology and incorporated with various special application needs, we developed ultra-high efficiency motors such as explosion-proof motors, TSMS, and TiMS, which can be applied in either cable or wireless IoT data transmission. In addition, after a long-term verification, our transformer products were accredited with KEMA certification in April 2018, which will promote the sales in the international market. Meanwhile, we adjusted the configuration of production line and appropriately replaced old equipment to enhance the cost competitiveness of transformers.

The production values and sells information are shown on Figure 2.3-1 and Figure 2.3-2.



Note: Data from consolidate report

▲ Figure 2.3-1 Tatung's production values



Note: Data from consolidate report

▲ Figure 2.3-2 Tatung's domestic and overseas sales values

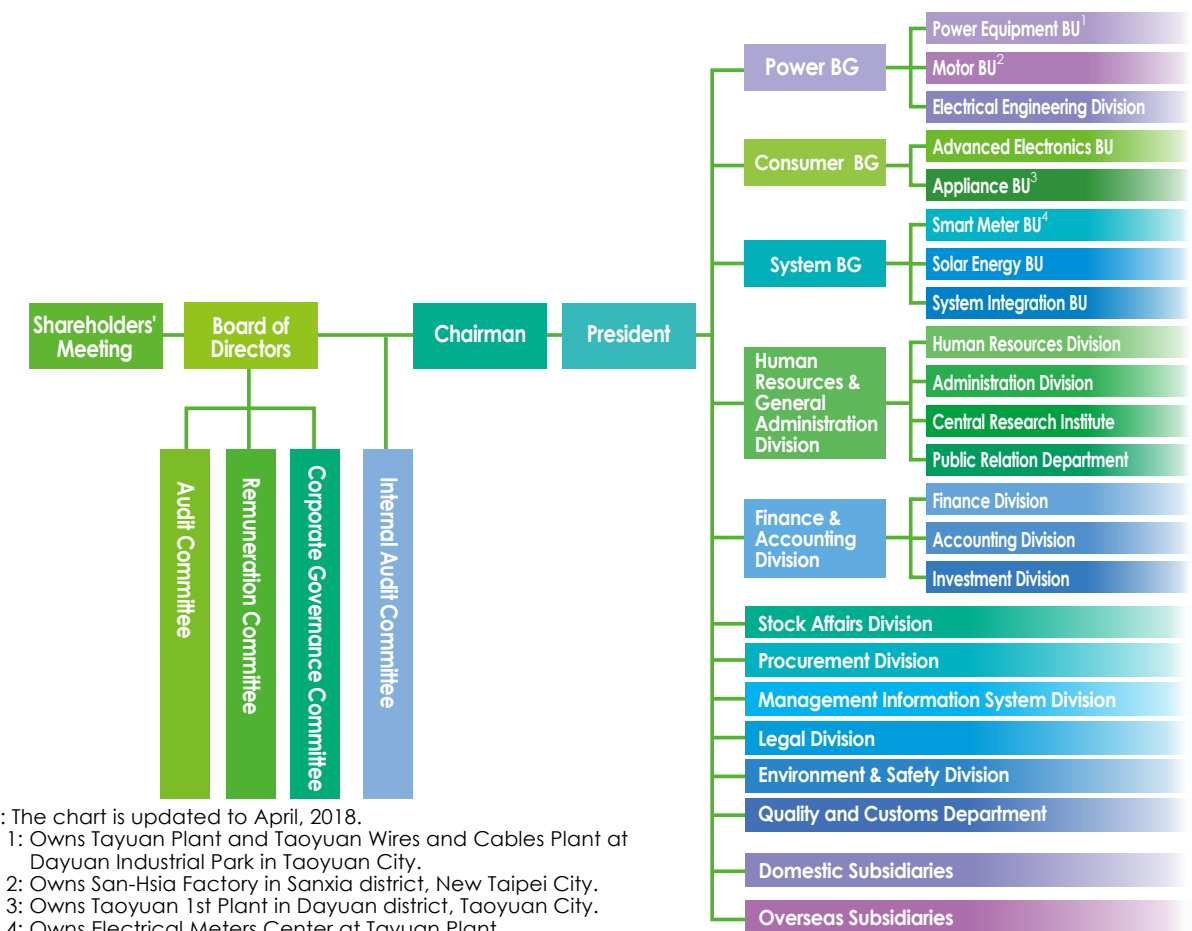
Target and performances

Governance	
Short-term target	1. Organize Corporate Governance Committee in 2018. 2. Draft principles regarding to corporate governance and modify them when receiving new request from authorities.
Mid-term target	All the operations follow related governance principles and indicators in Corporate Governance Evaluation.
Long-term target	Managers and employees of Tatung follow ethical principle to avoid breaching regulations and ensuring company's sustainable operation and performance, as well as concerns about social issues and practices corporate social responsibility.
Performance	Amending "Corporate Governance Best Practice Principles", "Corporate Social Responsibility Best Practice Principles", and "Corporate Ethical Management Best Practice Principles".

Disclosure on non-financial information	
Short-term target	Follow GRI Standards to publish CSR Report from 2019.
Mid-long term target	Publish CSR report every year.
Performance	Published 2017 Tatung Corporate Social Responsibility Report in June 2017 (for the 16th consecutive year) and disclose it on Tatung official website and MOPS.

3.1 Corporate structure

The governance structure of Tatung is shown on Figure 3.1-1. The top manager is Chairman & General manager Wen-yen Kuo Lin. Apart from the administrative divisions, Tatung is also consisted with Power BG, Consumer BG, System BG, and domestic/overseas subsidiaries.



Note: The chart is updated to April, 2018.
 Note 1: Owns Tayuan Plant and Taoyuan Wires and Cables Plant at Dayuan Industrial Park in Taoyuan City.
 Note 2: Owns San-Hsia Factory in Sanxia district, New Taipei City.
 Note 3: Owns Taoyuan 1st Plant in Dayuan district, Taoyuan City.
 Note 4: Owns Electrical Meters Center at Tayuan Plant.

▲ Figure 3.1-1 Tatung operation structure

3.2 Governance

Good corporate governance and ethical management are the keystones for a corporate to achieve sustainable development. Since 1918, Tatung has taken "Integrity, Honesty, Industry, Frugality" as her corporate values. In addition to complying with the regulations, continuing to observe the pulse of global trends, and striving to build a sound corporate governance structure. In recent years, Tatung has faced severe challenges in operation. Other than continuing organizational reform, focusing on operations and integrating group resources, Tatung also reviewed and revised corporate governance procedures to improve and implement more stable supervision and management to effectively handle the environmental, economic and social impacts, and improve the operational efficiency of corporate governance and ethical management.

Tatung 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 "Tatung 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.

Tatung corporate code of ethics

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 developed "Tatung corporate code of ethics" and agreed by the board of directors.

Tatung corporate ethical 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 "Tatung corporate ethical principles". The principles prohibit director, supervisor, manager, 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.

Shareholders' meeting

The shareholders' meeting is consisted with all shareholders. The annual shareholders' meeting is held regularly and the extraordinary shareholders' meeting is held irregularly according to relevant regulations. In order to improve the information disclosure and fully communicate with the shareholders, during the shareholders' meeting each case will be voted each by each. In order to provide shareholders a more convenient way to exercise their rights, Tatung has implemented the electronic voting system for the first time since the 2007 shareholders' meeting. As of 2017, the number of electronic voting attendances in the shareholder's meeting has reached 40.63%.

Tatung has Spokesman and Stock Affairs Division which is responsible for gathering/disclosing company's information and responding to shareholders. Tatung also setup company's official site in both Chinese and English to disclose the related governance news and company activities and to act as a communication channel between the company and shareholders'. Regarding to the dispute arising from the elimination of the candidate list of directors proposed by the market before the 2017 shareholders meeting, Tatung fully complied with the provisions of the Company Act to conduct a review of the nomination of directors. There was no such thing as abuse power to review like media reported. Tatung also published material information on 2017.9.18: "The relevant litigation regarding to director nomination has been tried by the local court and the high court. On 2017.5.4, the High Court has clearly stated: "Tatung Company adopts the same standard for formal review. It is necessary to maintain the fairness of the election of directors and has a public interest. "It is believed that Tatung Company has indeed taken a formal review to confirm that the nomination documents required by the company law are lacking."

Note 1: Contact window for shareholders
<http://www.tatung.com/home/contactus>

Board of directors

The highest governance body in Tatung is board of directors. After the re-election of directors in 2017, Tatung has five directors made up from three independent directors and two external directors, forming a board of directors organized by a majority of independent directors and external directors. The information of the board is listed on Table 3.2-1. All the directors have professional qualifications in many fields and continuously to take trainings to enhance their ability to run a company (Table 3.2-2). In 2017, the board held 9 meetings and the major resolutions are listed on Table 3.2-4. In addition, when there is event of conflicts of interest during board of directors' meeting, Tatung follows related regulations to resolve it. The board made amendment of the company's compensation/remuneration mechanism for independent directors in 2017, therefore three independent directors were avoided from the discussing and voting due to conflict of interest reason.

In accordance with the resolutions made by the board of directors on March 15th, 2018, Tatung has established the regulations for assessing the performance by the board of directors and the other functional committees of Tatung. Accordingly, the board of directors and other functional committees shall each conduct, at least once a year, an internal performance evaluation. Meanwhile, at least once every two years, the board performance evaluation shall be conducted by an external, independent, professional institution or a panel of external experts and scholars. Internal and external board performance evaluations shall be submitted to the board of directors three months before the first board meeting in the following year. Tatung will establish the procedures for the compensation of directors in accordance with the following: the articles and operating rules of the incorporation, the above-mentioned regulations and the related regulations set up by functional committees of Tatung. Their performance evaluation and reasonable compensation need to be supervised by related functional committees and the board of directors. Meanwhile, the adopted compensation system for directors is, at any time, subject to change as a result from Tatung's operational performance and changes made in related regulations.

▶▶ Table 3.2-1 List of board of directors and functional committees

Name	Nationality or corporate seat	Title	Gender	Audit committee	Compensation committee	Job title assumed in the Company and any other company
Wen-Yen K. Lin	Republic of China (Taiwan)	Chairman	Female	-	-	President of Tatung Company, Chairman of Tatung Information (Singapore) Pte. Ltd., Chairman of Tatung Mexico S.A. de C.V., Chairman of Tatung Czech s.r.o., Chairman of Elitegroup Computer Systems Co., Ltd.
Tatung University (Representative I-hua Chang)	Republic of China (Taiwan)	Director	Male	-	-	Chairman & President of Shan Chih Asset Development Co., Ltd., Director of Tatung Industry Company, Director of Cheng Sheng Broadcasting Corp., Director of Chunghwa Electronics Development Co., Ltd., Chairman & President of Chih Sheng Realty Co., Ltd., Director of Tatung Consumer Products (Taiwan) Co., Ltd., Director of Kuender Co., Ltd.
Shou-Huang Chen	Republic of China (Taiwan)	Director	Male	-	-	Managing Director & Attorney at-law, Peace & Grace International Attorneys at Law.
Sheng-Wen Tscsi	Republic of China (Taiwan)	Director	Male	-	-	Practicing Accountant Fortune & Co., CPAs.
Lung-Ta Lee	Republic of China (Taiwan)	Director	Male	-	-	Director & President of Shan Chih Semiconductor Co., Ltd., Director of Tatung Fine Chemicals Co., Ltd., Director of Green Energy Technology Inc., Director of Greater Power Ltd., Chairman & President of Chih De Investment Co., Ltd., Chairman of Ultra Energy Holdings Ltd., Chairman of Ultra Energy (Weifang) Technology Co., Ltd., Chairman of Shang Chih International Chemical Industry Co., Ltd., Chairman of Huaian Tatung Advanced Technology Materials Co., Ltd., Chairman of Wujiang Shanghua Material Technology Co., Ltd., Chairman of Wujiang Shang Huah Plastic Co., Ltd., Chairman of Dongguan Tongli Trading Co., Ltd., Director of Chih Sheng Investment Co., Ltd., Director of Chunghwa Electronics Development Co., Ltd., Director of Gintung Energy Co., Ltd.
Peng-Fei Su	Republic of China (Taiwan)	Director	Male	⊙	⊙	Senior Vice General Manager in Investment Department, Cheng Ye Assets Management Co., Ltd., Independent Director, San Chih Semiconductor Co., Ltd.
Tzong-Der Liou	Republic of China (Taiwan)	Director	Male	⊙	⊙	Distinguished Professor, College of Law, National Chengchi University, Director, JinWen University of Science & Technology, Chairman, Teacher Grievances Committee of Ministry of Education.
Chi-Ming Wu	Republic of China (Taiwan)	Director	Male	⊙	⊙	Associate Professor, Department of Finance, National Chengchi University, Independent Director, TSC Auto ID Technology Co., Ltd.

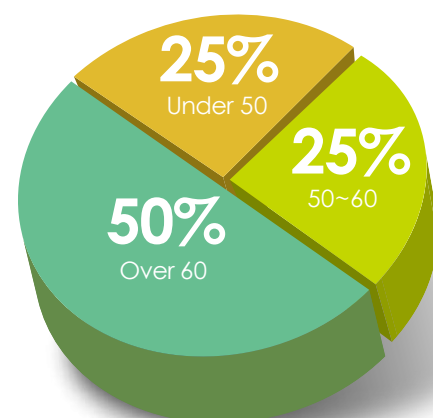
Note: Chairman Wei-Shan Lin resigned and the board elected director Wen-Yen K. Lin to take up chairmanship on February 1, 2018.

▶▶ Table 3.2-2 The professional knowledge and skills of the board of directors

Name / Title	Basic requirements and values		Professional background	Professional knowledge and skills							
	Gender	Nationality		Educational background	Ability to make operational judgments	Ability to perform accounting and financial analysis.	Ability to conduct management administration	Ability to conduct crisis management	Knowledge of the industry	An international market perspective.	Ability to lead
Wen-Yen K. Lin Chairman	Female	R.O.C.	Master of Economics, Maryland University	✓	✓	✓	✓	✓	✓	✓	✓
Representative of Tatung University / I-Hua Chang Director	Male	R.O.C.	Bachelor of Mechanical Engineering, Tatung University	✓	✓	✓	✓	✓	✓	✓	✓
Shou-Huang Chen Director	Male	R.O.C.	Doctor of Philosophy, LL.D Institute of the Law of the Sea National Taiwan Ocean University	✓	✓	✓	✓	✓	✓	✓	✓
Sheng-Wen Tsai Director	Male	R.O.C.	Bachelor of Accounting Fu-Jen University	✓	✓	✓	✓	✓	✓	✓	✓
Lung-Ta Lee Director	Male	R.O.C.	Ph.D. of Chemical Engineering, Tatung University	✓	✓	✓	✓	✓	✓	✓	✓
Peng-Fei Su Independent Director	Male	R.O.C.	Administration, National Chengchi University	✓	✓	✓	✓	✓	✓	✓	✓
Tzong-Der Liou Independent Director	Male	R.O.C.	Ph. D. of Law Nagoya University, Japan	✓	✓	✓	✓	✓	✓	✓	✓
Chi-Ming Wu Independent Director	Male	R.O.C.	Ph.D. in Finance, University of Mississippi, U.S.A.	✓	✓	✓	✓	✓	✓	✓	✓

▶▶ Table 3.2-3 Status of the board of directors' meeting

Name	Attendance in person	Attendance by proxy	Attendance rate (%)	Notes
Wei-Shan Lin	9	0	100	Resigned on February 1, 2018 (Chairman & Director)
Wen-Yen K. Lin	9	0	100	
Tatung University / I-Hua Chang	9	0	100	
Shou-Huang Chen	4	0	80	Elected on May 11, 2017
Sheng-Wen Tsai	5	0	100	Elected on May 11, 2017
Lung-Ta Lee	9	0	100	
Wei-Tung Lin	9	0	100	Resigned on March 10, 2017
Tatung University / Huo-Yen Chen	9	0	100	Terminated on May 11, 2017
Peng-Fei Su	9	0	100	
Tzong-Der Liou	2	0	100	
Chi-Ming Wu	4	0	100	



◀ Figure 3.2-1 Age distribution of the board of directors

▶▶ Table 3.2-4 Major resolutions of the board of directors

Date	Major resolutions
2017/2/17	The Board of Directors resolved to convene the 2017 Regular Shareholder's Meeting.
2017/3/9	The Board resolved to issue new common shares for cash in private placement (or issue new shares in public)---the shares) issued no more than 600,000,000 shares.
2017/3/29	The Board of Directors' resolved no dividend distribution in year 2017. The Reviews of 2017 "Director / Independent Director" nominees by Tatung Board of Directors.
2017/5/11	Election of new Chairman.
2017/8/8	Tatung Co. releases its Board resolution that resolved the acquisition of shares of Green Energy Technology Inc. through a Private Placement.
2017/9/19	Report the Board resolution of setting up a new company to operate solar system projects. Report the Board resolution of capital increase to Tatung Forever Energy Co., Ltd.
2017/11/14	Tatung Co. on behalf of Chunghwa Picture Tubes Ltd. for endorsements / Guarantees.
2017/12/21	The Board resolved to issue new common shares for cash in public offering.
	The Board approved to invest and install Tainan Chi-Gu solar plant project.
	Supplementary information on the Board resolution of Tatung Co. that resolved the acquisition of shares of Green Energy Technology Inc. via a Private Placement.
	The Board resolved to acquisition of shares of Tatung Vietnam Co., Ltd.
	The Board resolved to acquisition of private placement common stock of CPT from Tatung Global Strategy Investment and Trading (BVI) Inc.
	Tatung Co. waive receivables of Tatung Global Strategy Investment and Trading (BVI) Inc.
	The Company's assignment of creditor's rights of Tatung Infocomm Co., Ltd.

Internal audit committee

Tatung has Internal Audit Committee (which is responsible to Board of Directors) to review and assess the qualitative aspects of financial reports, the registered accounting firm's selection, independence and qualifications, the effectiveness of the systems of internal control system.

Audit Committee

The board of directors also has Audit Committee which is responsible for oversight of the Company Act, Securities and Exchange Act, and such other related laws and regulations. Table 3.2-5 shows the status for the attendance of Audit Committee members.

▶▶ Table 3.2-5 Status for the attendance of Audit Committee members

Name & Title	Attendance in person	Attendance by proxy	Attendance rate (%)
Convenor, Peng-Fei Su	10	0	100
Committee, Tzong-Der Liou	10	0	100
Committee, Chi-Ming Wu	10	0	100

Remuneration committee

The Remuneration committee is responsible for approving the Remuneration Committee Charter for intensifying corporate governance and consolidating the director and executive remuneration programs. Table 3.2-6 shows the status for the attendance of Remuneration Committee members.

The Board of Directors is authorized to determine the transportation allowance and remuneration to directors of Tatung based on their contribution to the company's operation and by taking into consideration the local and foreign standards as applied in the same industry (please refer to Table 3.2-7). Presidents and vice presidents manage the company's business on the order of the Board of Directors. The appointment, dismissal and remuneration of presidents and vice presidents shall be subject to the Company Law. Furthermore, remuneration will also be allocated from the company's earnings, if any, in accordance with Article 24 of the Company Regulations.

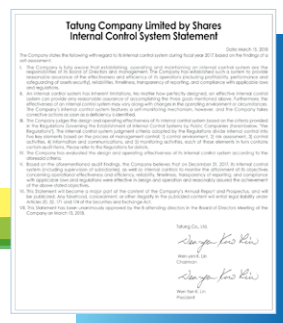
▶▶ Table 3.2-6 status for the attendance of Remuneration Committee members

Name & Title	Attendance in person	Attendance by proxy	Attendance rate (%)
Convenor, Peng-Fei Su	2	0	100
Committee, Tzong-Der Liou	2	0	100
Committee, Chi-Ming Wu	2	0	100

▶▶ Table 3.2-7 Remuneration paid to directors in 2017

Name	Remuneration		Retirement pensions		Remuneration allocated from earnings		Business execution expenses	
	Tatung	All companies included in financial statements	Tatung	All companies included in financial statements	Tatung	All companies included in financial statements	Tatung	All companies included in financial statements
Wei-Shan Lin	12,080	13,320	-	-	-	245	-	2,042
Wen-Yen K. Lin	-	7,140	-	-	-	2,245	120	1,380
Wei-Tung Lin	-	-	-	-	-	45	30	30
I-Hua Chang	-	-	-	-	-	45	120	120
Lung-Ta Lee	-	100	-	-	-	-	120	600
Huo-Yen Chen	-	-	-	-	-	-	50	50
Shou-Huang Chen	383	383	-	-	-	-	80	80
Sheng-Wen Tsai	383	383	-	-	-	-	80	80
Peng-Fei Su	3,700	4,132	-	-	-	-	-	-
Tzong-Der Liou	3,120	3,120	-	-	-	-	-	-
Chi-Ming Wu	2,900	2,900	-	-	-	-	-	-

Note: This Table is cited from 2017 Tatung Annual Report page 19-20, please refer to it for completed data.
Note 1: Director of Wei-Tung Lin had resigned on March 10, 2017. Director of Huo-Yen Chen had terminated by re-election on May 11, 2017. Director of Shou-Huang Chen and Sheng-Wen Tsai had elected on May 11, 2017. Chairman of Wei-Shan Lin had resigned on February 1, 2018.



▲ Figure 3.2-2 Tatung internal control system statement

Internal control system and internal control committee

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. Tatung follows "Regulations Governing Establishment of Internal Control Systems by Public Companies" proclaimed by Financial Supervisory Commission, dividing the business operations to Sale and receipt cycle, Purchase and payment cycle, Production cycle (environment, health and safety issue included), Labor and wage cycle, Finance cycle, Fixed asset cycle, Investment cycle, and Research and development cycle, as well as setting out the management controls for data access and other activities. Tatung monitors and controls the system and operation procedures continuously by carrying out the internal auditing and review meetings of Internal Control Committee. Such practice can enhance the internal control system and optimize the efficiency of corporate governance. Figure 3.2-2 shows Tatung internal control system statement.

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 have different audit frequencies.

In addition to internal control system, Tatung has introduced and maintained various of management systems in the factories for specific topics, such as ISO14001 (environment), OHSAS18001 (health and safety), ISO9001 (quality) 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 3.2-3 Regulation promotions on internal website

Risk management

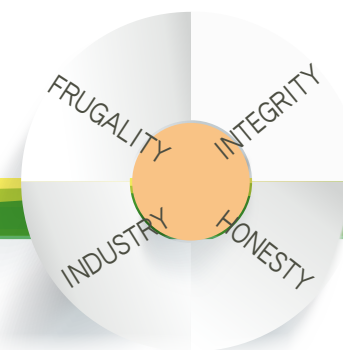
When facing on rapid changing business environment and climate change, Tatung assigns responsible departments (Table 3.2-8) to process risk assessment on significant topics. Table 3.2-9 shows Tatung's risks and counter measures.

▶▶ Table 3.2-8 Structure of risk management

Risks	Bodies in charge	Responsibilities
Strategy and operation risk	1. Board of directors. 2. High-level management (chairman, president). 3. Management of each factory and division (general manager, director, and center manager).	1. Stipulation and implementation of management policies. 2. Assessment and analysis of operation performance.
Market risk	Sales unit of each factory and division.	Business and sales promotions as well as market research and evaluation.
Financial and liquidity risk	Finance & Accounting Division.	Final accounting of cost, funds allocation and control, and hedging of interest and exchange rates.
Legal risk	Legal Division	Process of litigation and non-litigation cases

▶▶ Table 3.2-9 Risks and counter measures of Tatung

Category	Item	Countermeasures
Operation	Change in management of the company	Tatung has a strong and stable management team, and there is no risk from the change in the management of the company.
	Non-ethical behavior	<ul style="list-style-type: none"> Tatung states that the employees are prohibited to perform malpractices or accept gifts of others in regarding to their jobs on company rules, ethical corporate management best practice principles, and business ethics statement for group employees. Tatung Co. also establishes rigorous and effective accounting system and internal control system to prevent bribery and acceptance of bribes, illegal campaign contributions. Tatung has established effective accounting and internal control systems for ensuring the implementation of policies, and the internal auditors formulate annual audit plans based on the results of the risk assessment and report to the Board its audit report. Tatung has a mechanism of processing employees' complaints for employees' unethical conducts. The company maintains secrecy and inspects the reported contents as well as protects informants' rights and interest.
	Changes in technologies on the financial position and operation of the company	<ul style="list-style-type: none"> With the mass demand for energy efficiency & carbon reduction technique to cope with global warming, Tatung has developed deep technical foundation, kept putting efforts on research & development, and expanded the business of key products as well as system aggressively in smart grid to ensure its technology and market leading position in domestic electricity generation, power transmission & distribution and energy management. Tatung has strived to carry on fine tradition, and reinforced to develop high-quality green home appliances with health, environment protection, energy saving and high efficiency concepts to increase the sales performance and profit. Tatung's focus is on developing visual products, such as LCD TVs and LCD monitors, which offer bright market prospects. With the coming of age of personal high-frequency radio communication, Tatung is actively exploring opportunities in 4th generation wireless communications business.
Finance	Interest rate	<ul style="list-style-type: none"> Derivatives can be used as a hedge against interest rate fluctuations for Tatung's long-term debts. When considering mid to long-term bond issues, Tatung carefully sets its target interest rate to lower its interest rate risks as much as possible. For example, Tatung's offshore exchangeable corporate bond issue offers a fixed interest rate, while its domestic secured convertible bond offers a zero coupon rate.
	Exchange rate	Tatung has a natural hedge against currency fluctuation as its business involves imports and exports. It also utilizes derivatives to hedge the remainder of its foreign exchange position that is exposed to currency exchange risks. The management of risks involving such derivatives are set forth in Tatung's "Operational Procedures for Derivatives Trading." Tatung also has an internal control system to supervise the loss limit of foreign currency transactions.



Category	Item	Countermeasures
Legal	Changes in policies and laws	Tatung carefully monitors any changes in local and foreign policies and makes appropriate adjustments in Tatung's internal control system and operations when necessary. Tatung's R&D units and financial department continues to avail of and seek various investment incentives, such as tax credit, granted by the Ministry of Economic Affairs and other government agencies.
Market	Concentration of sales	Tatung will diversify its customer base in order to reduce the concentration of sales.
	Concentration of purchase	Tatung will arrange for alternative sources for purchase in order to reduce the concentration of purchase.
Environment/health and safety	Environment	<ul style="list-style-type: none"> Continue to run environmental management system to elevate environmental performance. Conduct "Pollution Prevention Pays" program and internal control system to prevent the violations of regulation.
	Health and safety	<ul style="list-style-type: none"> Continue to run occupational health and safety management system to elevate health and safety performance. Conduct "Disaster Prevention Pays" program and internal control system to prevent the violations of regulation. Conduct monitoring on operation site, job safety analysis and establish safety S.O.P.
Climate change	Carbon emission	Conduct GHG emission inventory and energy saving projects.
	Water resource	Promote water saving projects.

Corporate social responsibility

Policy and management

Established in 1918, the foundation of the company is built on four fundamental values – integrity, honesty, industry, and frugality. They are represented as the essence of the company's commitments to our stakeholders. Mr. T. S. Lin, Chairman Emeritus of the company further extended the precepts behind these core values to serve as the guidelines for the company's continued success and prosperity.

To be able to fulfill corporate social responsibility and contribute to the progress of economy, environment and the community, Tatung stipulated "Tatung corporate social responsibility best practice principles" to manage the economy, environment and social risks and impacts in 2014 (amended on 2018.5.15). The principles act as guidance for implementing corporate governance, sustainable development and the environment, the maintenance of social welfare, strengthening CSR disclosure. The results and performances will be reported to board of directors every year.

▶▶ Table 3.2-10 Tatung CSR responsible units

Topic	Responsible unit	Reporting issue
Corporate social responsibility	Legal Division	Tatung has reported to the board of directors the implementation of CSR for 2017 on 2018.3.15.
Environmental management	Environment & Safety Division	Tatung has reported to the board of directors the implementation of environmental management for 2017 on 2018.3.15.
Ethical management	Human Resources & General Administration Division	Tatung has reported to the board of directors the implementation of ethical management for 2017 on 2017.12.21.

Industry-education cooperation

To cultivate young engineering talent and to lend efforts to research and development through cooperation between the company and Tatung High School as well as Tatung University. Realizing the importance of education in a society with a knowledge-based economy, Tatung sponsors the schools' major projects while also contributing industrial experience to the teaching. As a responsible corporate citizen, Tatung regards its dedication to education as a manifestation of long-term commitment to social well being.

Shareholder responsibility

To pursue maximum returns for our shareholders and to maintain a stable dividend policy.

Employee harmony

To encourage self-motivation and cooperation amongst employees through the organization of profit centers to ensure fair compensation, incentives, welfare benefits, as well as to provide on-the-job training.

Customer satisfaction

To re-invest profits in pursuit of better product quality so as to create value for our customers.



Disclosure on non-financial information

In order to actively and effectively disclose company information and show the achievements in sustainable development, Tatung followed GRI (Global Reporting Initiative) framework and started to publish "Tatung Corporate Environmental Report" since 2002. Starting from 2008, the environmental report was renamed to "Tatung Corporate Sustainability Report" due to the balance of disclosed information. From 2015, with the request from the authority, we once again changed its name to "Tatung Corporate Social responsibility Report".

In order to implement the implementation of corporate social responsibility and information disclosure, we promise to issue a CSR Report after approval by the general manager in June each year to disclose Tatung's economic, social and environmental performance and serve as a tool for communication with stakeholders. Tatung also encourages her subsidiaries to issue CSR Report. Currently CPT, GET and Elite Group issue their CSR Reports every year. GRI issued a new GRI Standards in 2016, which will make the presentation of information more comprehensive and understandable, and facilitate communication with stakeholders. We originally planned from "2019 Tatung Corporate Social Responsibility Report" to use GRI Standards to disclose and verify, and after the efforts of CSR Reporting Group, it was adopted in advance in this report.



Note: Previous reports can be downloaded here: <http://www.tatung.com/Content-EN/csr-report.asp>

▲ Figure 3.2-5 Evolution of Tatung CSR report

Target and performances

Supply chain management

- Target**
1. 100% of new supplier signs back the supplier commitment letter.
 2. Incorporate CSR related topics into Supplier Introducing Procedure from 2018.

- Performance**
- In 2017, 100% of new supplier signed back the supplier commitment letter.

Product responsibility

- Short-term target**
1. Complete establishment of ISO 9001:2015 in the factories.
 2. All the products are complied with product inspection and labeling regulations.

- Performance**
- In 2017
1. All of the 4 factories have already passed ISO 9001:2015 certifications.
 2. No. of products violated product inspection and labeling regulations: 0.

- Mid-long term target**
1. Continue to run ISO 17025 in testing labs and pass certification.
 2. Continue to run ISO 9001 in the factories and pass certification.
 3. Zero defecton in quality.

Sales

- Target**
1. Aware of change in regulation and avoid violation upon sales.
 2. Maintain online shopping platform and establish auto correction measure.

- Performance**
- No. of advertisements or promotions violated related regulations: 0.

Customer management

- Target**
1. Continue to manage customer information in accordance to regulation.
 2. Satisfaction above 94% for repair service.

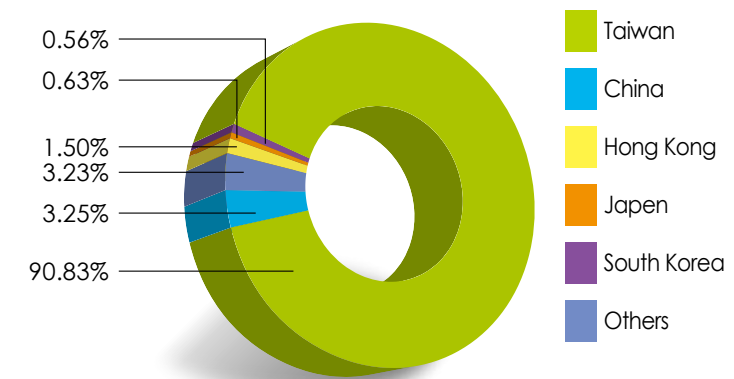
- Performance**
- In 2017:
1. No. of complaints in regarding to violating customer privacy or losing customer information: 0.
 2. Repair service satisfaction: 95.30%.

4.1 Supply chain management

Tatung believes that with good relationship with decent suppliers can make sure getting high quality parts/products to raise productivity to share the benefits to the customers around the world. Hence, Tatung conducts internal control and related management procedures to manage and introduce new suppliers. Regular auditing is conducted in BUs and subsidiaries.

Good quality, competitive price, on time delivery, and service are the first consideration 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.

In addition, Tatung requests suppliers to fulfill corporate social responsibility together by adding 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 a commitment letter, which includes health and safety, environmental protection, human rights topics. The commitment letter is a must have document to become Tatung's supplier. In 2016 and 2017, all the new suppliers have signed back the commitment letters.



▲ Figure 4.1-1 Suppliers' geographic distribution in 2017 (by numbers)

▶▶ Table 4.1-1 CSR contents in the 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.
Corporate social responsibility	Comply with Tatung's and the supplier's ethical and CSR policies.

Introduction and management on suppliers

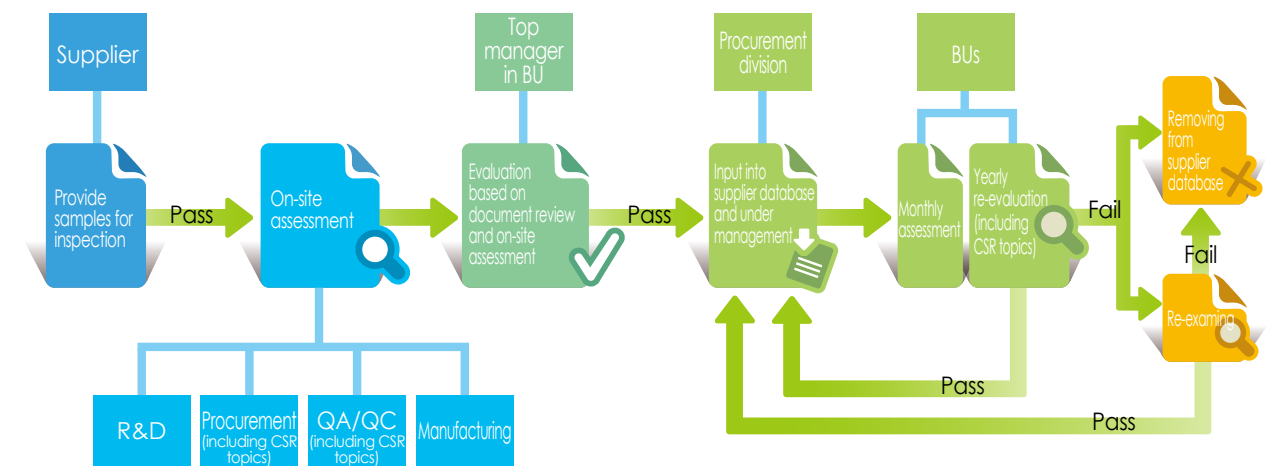
Tatung groups her suppliers into four categories; each category has its own introducing procedures and management standards. The introduction of the new supplier in Category I requires on site assessment by evaluation team. The assessment content mainly includes design, technical capabilities, quality 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 Feb, 2018, CSR related contents were incorporated into on site assessment for all BUs (it was only for Consumer BU before). 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 4.1-2. 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 who already cooperate with Tatung are implemented monthly assessment in aspect of quality, delivery, price, and service (Figure 4.1-3). Any non-conformity will be requested to correct. An annually re-evaluation is periodically implemented for main components suppliers, listed component suppliers, and outsourcing suppliers. The annually-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 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.

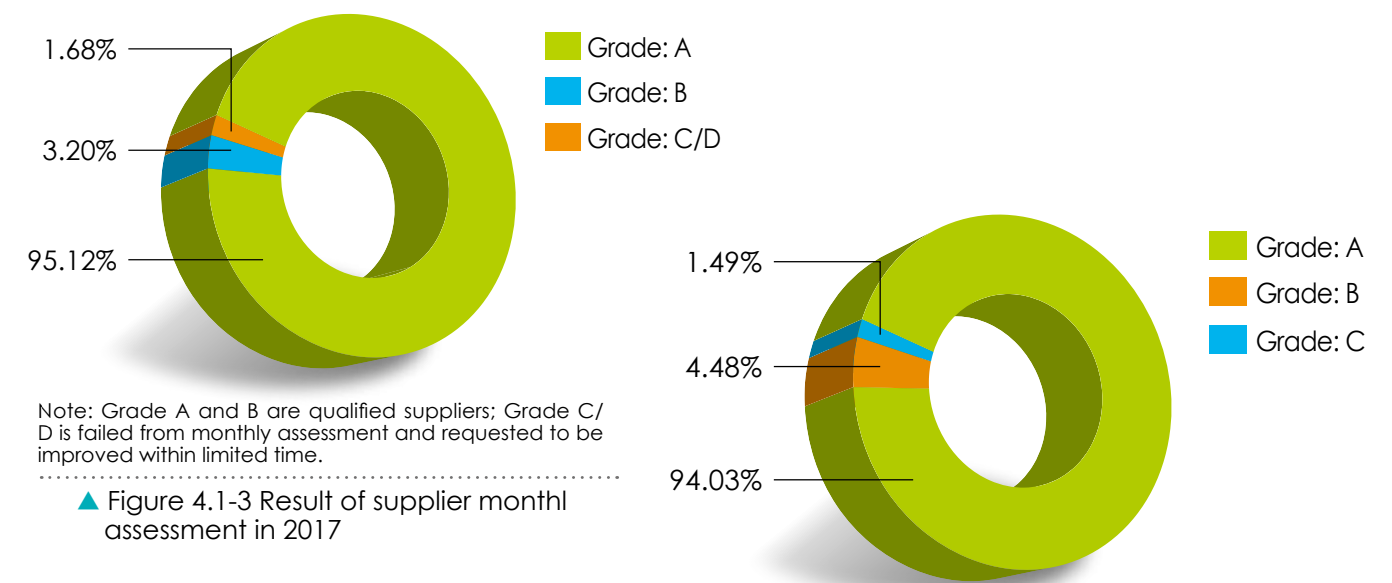
▶▶ Table 4.1-2 Category of suppliers and introducing procedures

Category	Classification criteria	Introducing procedure	Management
Category I	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.	1. On-site assessment 2. Sign procurement contract 3. Sign commitment letter	1. Monthly assessment ¹ 2. Annually re-evaluation ²
Category II	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.	1. Document review 2. Sign procurement contract 3. Sign commitment letter	Monthly assessment
Construction	Suppliers who build factory, apartment, office building, system installation, or repair project.	1. On-site assessment or document review for existed cases 2. Sign procurement contract 3. Sign commitment letter	Evaluation after the case is completed
Others	1. Suppliers who provide office appliances, hard wares, software, waste disposal, verification, etc. 2. Suppliers who provide instruments or equipments. 3. Technical maintenance service.	1. Sign procurement contract 3. Sign commitment letter	Monthly assessment

Note 1: Increase or decrease procurement amount based on the result of monthly assessment.
Note 2: Maintain business or search for second source based on the result of re-evaluation.



▲ Figure 4.1-2 Supplier introducing and managing procedure



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

▲ Figure 4.1-3 Result of supplier monthly assessment in 2017

Note 1: Grade A and B are qualified suppliers; Grade C is failed from Yearly re-evaluation. If BU managers require them to be re-examined, the failed suppliers have to be improved with limited time and to be re-examined again.
Note 2: Grade C disqualified suppliers was 1.49% in 2017. The main reason was due to those suppliers relocated to new sites and failed to pass Yearly re-evaluation.

▲ Figure 4.1-4 Result of supplier annually re-evaluation in 2017

4.2 Product responsibility

Quality management

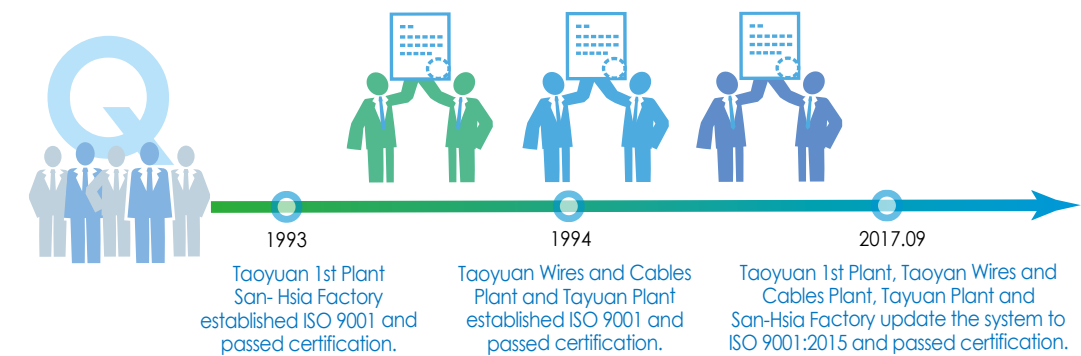
Product quality and safety is the keystone of sustainable operation for a company. By providing high quality and safe products can build the brand image, enhance competitiveness and create high-profit, low-risk business model, and achieve a win-win situation for consumers and company. Based on this philosophy, Tatung have established ISO 9001 and passed the certification (as shown in Table 4.2-1). The system can implement standardization, deviation reduction, as well as a tool to pass down the knowledge and experiences internally. In addition, they system can enhance the management capability, product quality stability, reduce product defect rate and reduce complain. The system can also enhance confidence of customers, thus expanding the market and enhancing competitiveness.

ISO published ISO 9001:2015 in September, 2015 and gave three years of time for companies to update their quality management system. Tatung put lots of effort into updating and all the factories completed the updating work and passed certification in 2017 (as shown in Figure 4.2-1).

Other than the management systems in the factories, Tatung has her own Calibration Lab and Tatung Environmental Research Center in headquarter. These two laboratories provide accurate measuring and calibration test services and hazardous substances testing service. In addition, Tatung has Transformer Testing Lab, Switchgear Testing Lab, Air Condition Facility Testing Lab, and Motor Testing Lab in the factories (as shown in Table 4.2-2) to provide the assurance of excellent quality.

▶▶ Table 4.2-1 Tatung product acquired ISO 9001

Factory	Registered product	Register date
Taoyuan 1st Plant	Window mounted air conditioners, separated type air conditioners, dehumidifiers, box shaped air conditioners, water cooling central air conditioning systems, rice cookers, electric fans.	1993.12.09
San-Hsia Factory	Generators (less than 10,560KVA), electrical motors.	1993.12.14
Tayuan Plant	Oil-immersed transformers (below and including 345KV), 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), 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, Watt-hour meters.	1994.08.03
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, telecommunication wires and cables, optical fiber cables, bare copper wire.	1994.07.23



▲ Figure 4.2-1 Status of ISO 9001

▶▶ Table 4.2-2 TAF certified laboratories in Tatung Co.

Name of laboratory and certification number	Testing item	Date of certification
Calibration Lab L0003-120207	Measuring and calibrating of products	1990.06.01
Tatung Environmental Research Center L1697-131009	Waster quantities and quality, hazardous substances of electric and electrical products	2007.10.24
Tatung Transformer Testing Lab L2306-130411	Transformer testing	2010.12.27
Air Conditioning Facility Testing Lab L2270-140417	Cooling capacity and EER of air conditioners	2011.01.20
Tatung Switchgear Testing Lab L2308-140316	Switchgear testing	2011.03.23
Tatung Motor Testing Lab L2613-120701	Motor testing	2012.07.01



ISO 9001 certificates

ISO 17025 certificates

Product safety and labeling

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 the test results have met the requirements, bulk production and sales then can be made. Table 4.2-3 lists the relevant regulation requirements, standards and verification internationally adopted by Tatung.

In addition, for the defected products from the design or manufacture stage, Tatung makes recall on BSMI official website¹, medias and TCPC website² to prevent the consumers getting 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 2017, no violation occurred against Regulations Governing Registration of Product Certification.

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

Business group	Standards, certifications, and verifications
Power BG	CNS Standards, China Compulsory Certification, Canadian Standards, American Safety Standards, ETL Verification, EU Network System Verification, Japan PSE Certification, EU RoHS Directive, EU REACH, Green Mark, etc.
System BG	ANSI International Certification, IEC International Certification, DLMS/COSEM Conformance, etc.
Consumer BG	CNS Standards, China Compulsory Certification, American Safety Standards, U.S. Federal Communications Commission for Telecommunications, Product Inspection Label from BSMI, Japanese Emissions Control Standards, Green Mark, Energy Label, Water Label, etc.

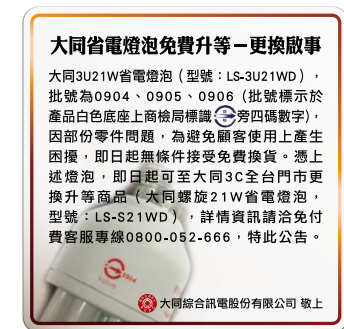
Although we have such measures to ensure the quality of products, we still have 4 types of products that need to be recalled or inspected in the past few years:

- ★ The pc board is likely to be damaged for window type air conditioner with model number TW-252DCN due to water could go into air conditioner along power cord. TCPC has made recall on official site and offered free inspection service;
- ★ Dehumidifiers (with model numbers TWD-500B, TWD-510B, TWD-511B, TWD-711B, TWD-710B, TWD-660B, TDH-200HB, TWD-1400B, and TWD-1400BL, as shown in Figure 4.2-2) are recalled since 2007 due to one defected part provided by a supplier. Such defected part will cause unexpected accident while the machine is running. Consumer who has these particular models, please make a phone call to Tatung or TCPC and the specialist will visit your place for service free of charge;
- ★ One of the fluoresced lamps (Model: LS-3U21WD) (Figure 4.2-3), batch number 0904, 0905 and, 0906, is recalled due to parts problem. All the consumers will have the defected lamp replaced with a new one when they bring the defected one to any of Tatung 3C Stores;
- ★ Two models of electric water boilers (TLK-52Y and TLK-56Y) with the production number list on Table 4.2-4, some parts has quality issue and the customers can take the boiler to TCPC to replace the part for free of charge.

Note 1: BSMI official website
<http://www.bsmi.gov.tw/wSite/xslgip/chinese/index.html>
Note 2: TCPC official website
<http://tcpc.tatung.com>



▲ Figure 4.2-2 Dehumidifiers that need to be recalled



▲ Figure 4.2-3 Fluoresced lamp that need to be recalled

▶▶ Table 4.2-4 The water boilers that need to be inspected and replaced part

Model No.	TLK-52Y	TLK-56Y
Production No.	3AY7094*****	3AY8094*****
Production No.	3AY7097*****	3AY8097*****
Production No.	3AY7098*****	3AY8098*****

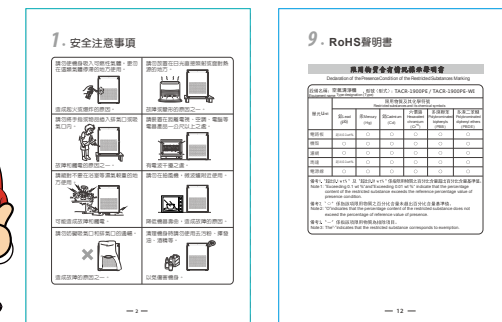
Product labeling

In order to let consumers having accurate and sufficient amount of product information (e.g., energy efficiency information), and instruct consumers using products safely and correctly, Tatung labels required information on the products or on the package or on the instruction manual. In addition, Tatung also includes the instruction guide, maintenance guide and notice in the packages (as shown on Figure 4.2-4).

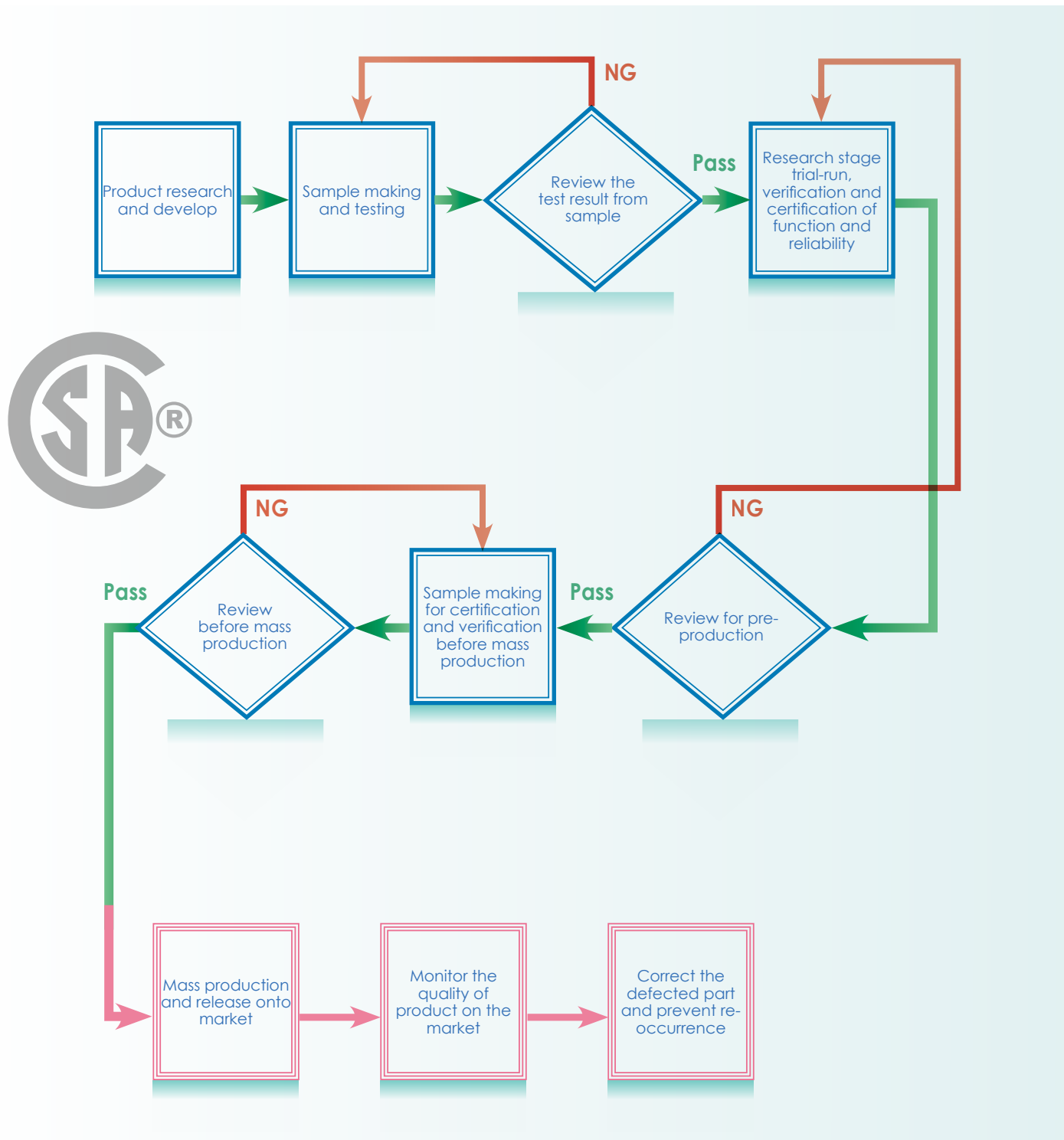
Tatung has responsible department in each BU for the management, review, and monitor of product labeling issue, as well as takes part in BSMI market survey to ensure the correct labeling. There was no incident that violating label regulation.

★ Label of sustainability on products and services ★

	Yes	No
Manufacturer, ODM/OEM, importer	*	-
Hazardous substances	*	-
Safety instruction	*	-
Disposal treatment	*	-



▲ Figure 4.2-4 Product labeling and instruction (e.g. air purifier)



4.3 Sales and customer service

Fair trade and anti-trust behavior

The commercial advertisements and promotions that made by Tatung are all complied with the regulations. There was no violation against the regulations regarding to advertisements and on sale promotion in 2017. Besides, Tatung requests her dealers to avoid malicious price competition behavior or intent to harm the image of Tatung. Tatung also encourages the employees to participate in seminars regarding to anti-trust and fair trade topics.

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 website for all the business, including TCPC, information (OA), large-size air conditioners, power equipment, smart grid business, and system solution business. Tatung entrusts her subsidiary company "TCPC" to provide a comfortable shopping environment as well as excellent after-sale services to consumers. TCPC has more than 200 3C Stores spreading from cities to countries, providing professional recommendations on purchasing house appliances and repairing services.

In addition, TCPC launched "etungo" online shopping website to provide wide variety of product in kitchen, 3C, living room and make up. Besides, Tatung runs a fan site on Facebook and LINE group to provide instant news and living tips.



etungo online shopping mall



FB for Tatung fans



FB for Tatung multi-function cooker fans

In order to provide a more convenient customer service, TCPC has online service that the consumers can access to official website¹ make 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 webpage² (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 an online feedback service³ which customers can ask questions, express their opinions and give positive feedbacks to us (Figure 4.3-3).

Note 1 : http://tcpvm01.tatung.com.tw/tatungcp/agent/cust_100.asp
 Note 1 : http://tcpvm01.tatung.com.tw/tatungcp/agent/cust_200.asp
 Note 1 : <http://www.tatung.com.tw/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

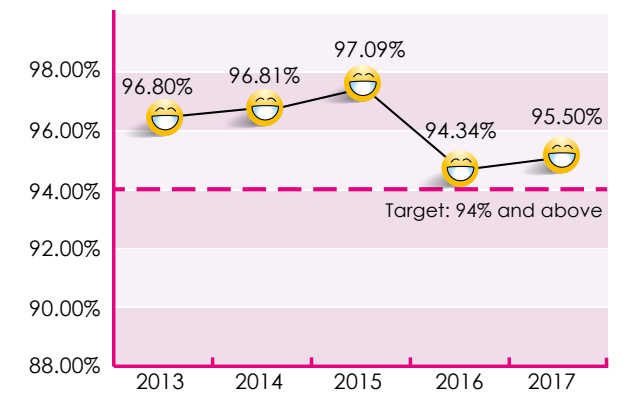


Management on customer information and satisfaction

Tatung follows regulations to protect the information that customers provided during purchasing or servicing. The information will not be delivered to other organizations without having consent from the customers. In order to enhance information security, Tatung has established associated management system and passed ISO/IEC 27001. There was no complaint about information leaking from the customers in 2017.

Tatung takes great concern about the 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 repairing experience. If the feedback is unsatisfied, Tatung will conduct a second service and make improvement. We set targets for repairing satisfaction (for consumers) to be not lower than 94%. The result was 95.3 satisfied in 2017. Tatung will continue to listen to the customers.

☆ Tatung reminds her consumers to pay attention to fraud on the official website and social network sites. ☆



▲ Figure 4.3-4 Results of customer satisfaction

Target and performances

Labor-management relations	
Target	Continue to put efforts towards the harmonious between employees and the company.
Performance	0 losses due to labor relation disputes in 2017.

Anti-corruption	
Target	Continue to against improper behavior, to prohibit improper financial transactions, and to emphasize the company's core values, performance review system in each course. At last, implement these in the work place.
Performance	0 corruption case in 2017.

Employment	
Target	Continue to comply with employment related regulations.
Performance	1. 0 discrimination case in 2017. 2. Parental leave return to work rate: Male 33% / Female 80%. Retention rate: Male 100% / Female 67%.

Education and training	
Short-term target	Make the employees to understand the company's core values, business philosophy and learn all the necessary work abilities through training courses.
Mid-term target	Make the employees to practice the key behavior on daily basis by learning from their managers.
Long-term Target	Make the employees to work hard and raise performance to help the company to achieve her targets.
Performance	Average training hours per employee in 2017: 8.32 hours.

Health and safety	
1. Maintain health and safety management systems in the factories.	
Short-term target	Maintain OHSAS 18001 and CNS 15506 management systems in the factories.
Performance	In 2017, all 4 factories pass OHSAS 18001 and/or CNS 15506 certification.
Mid-term target	Implement ISO 45001 in all 4 factories and pass certification before 2021.
2. At least 95% correction rate for the non-conformities found in Accident Prevention Pays Program.	
Performance	In 2017, the correction percentage is 98%.
3. 10% lower each year for FR and SR.	
Performance	Did not meet the target: In 2017, FR for female and SR for male were higher than in 2016.

5.1 Human rights and anti-discrimination

An equaled working environment

Tatung takes great concern on human rights. All employees, applicants and contract workers are treated with dignity, fairness and respect regardless of their race, religion, skin colors, genders, marriage status, disables, member of union, birth place, and nationalities etc. 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 "Anti-sexual harassment Regulation" 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 2017. Tatung will continue to promote anti-discrimination policy in the company to prevent discrimination.

Trainings on human right

The vision of Tatung is to fulfill the social responsibility. Tatung actively involves in social welfare activities, respects and cares for life. In addition, Tatung helps employees to clarify the values and concepts, as well as respect for dignity and human rights through common educational courses. For example, in general staff training courses we emphasis on ethics, team work, and respect. In management level training courses we emphasis on gender equality, respect different races, colors, languages, religions and so on. As for security personnel, education in regarding to respect the employees' emotion and wills is given before carrying out their duties. This is not only ensuring the employees' human rights but also making security duties go smooth.

Freedom of association

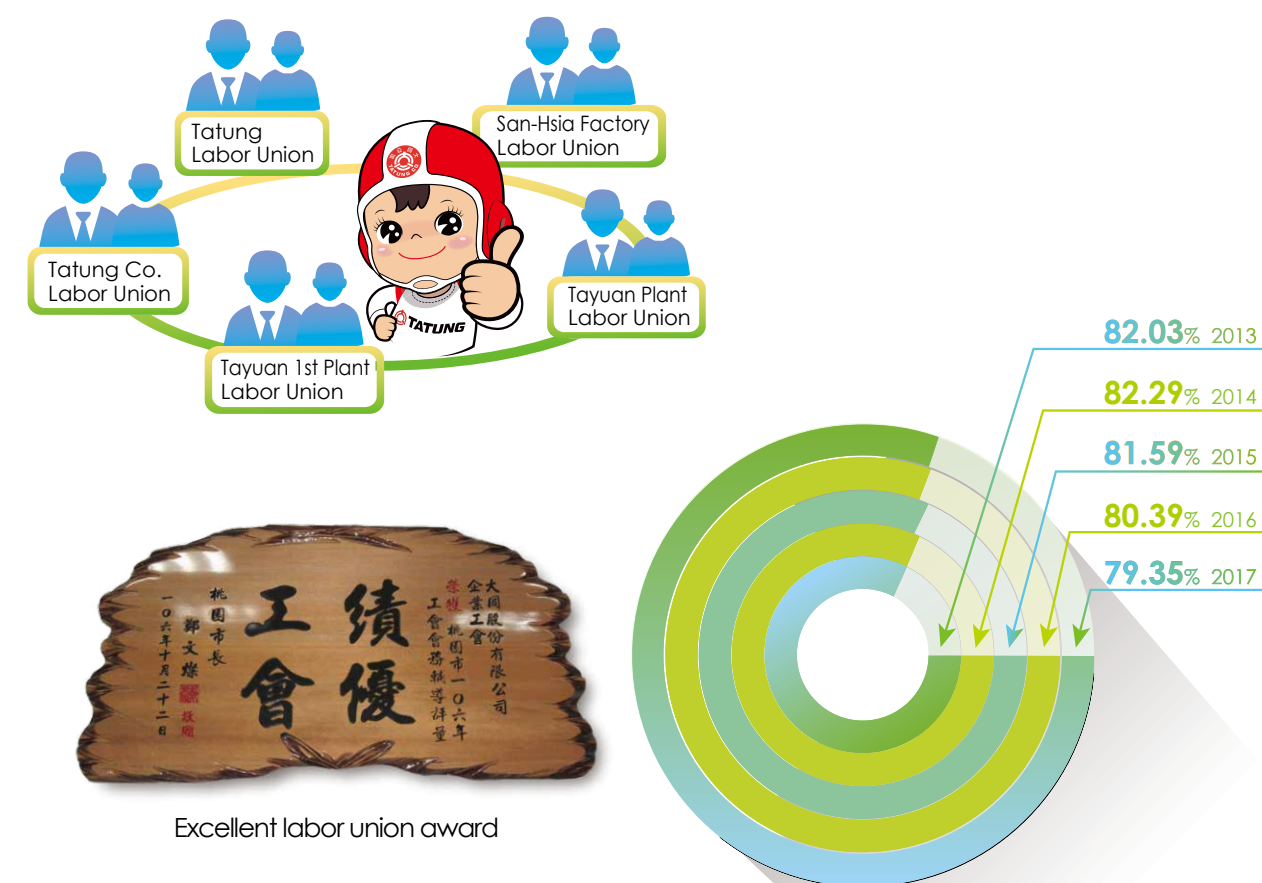
Tatung Labor Union was funded in 1959 for the purposes of taking care of labors' rights, improving labors' living standard, conducting collective bargaining, etc. Each employee has freedom choice to be the member of the union. Currently Tatung has totally 5 labor unions distributed in the HQ and factories. Tatung does not interfere with the wills of the employees to join labor unions; hence the percentages of employees joining labor unions are always over 80%. In 2017, 79.35% of employees are the members of labor unions (Figure 5.1-1).

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 force labor situation in 2017.

5.2 Employees' code of ethics

Tatung upholds the principles of "integrity, honesty, industry, and frugality" and prohibits any improper behavior and financial dealings. Tatung has established "Tatung ethical corporate management best practice principles" to prohibit every member in the company from doing non-ethic behaviors. Tatung requests the employees not to take advantages in any form at work, nor make external leakage of the technical and business content in the Company Rules. Tatung also established internal control measures such as internal control system, scheduled and unscheduled audits of the Internal Control Committee and Internal Audit Committee. The contracts signed with the suppliers are added the requirements such as shall not bribe or provide improper benefits to Tatung employees. If there is any corruption case, Tatung will pursue its legal responsibility to put an end to the corruption.



▲ Figure 5.1-1 Percentage of employees who are labor union member

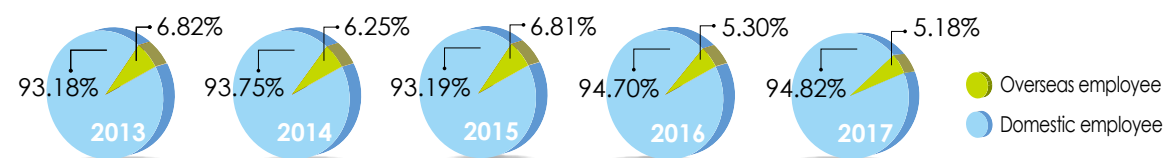
5.3 Employee composition, career development and benefits

Employee diversity

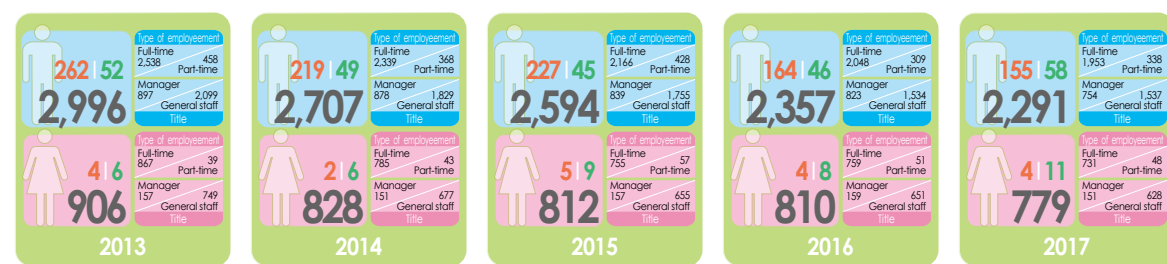
The recruitment policy of Tatung holds equality as the central concept; only capability is taken into account when recruiting an employee. Every division/factory evaluates the potential developed situation to propose a human resource budget and authorized by the president. When there is an empty position, the division/factory proposes a request to HR department based on the human resource budgets. HR department will then start to process the recruiting procedure from different channels. Every recruiting procedure is complied with the regulations. Table 5.3-1, Figure 5.3-1, Figure 5.3-2 demonstrate the employee compositions of Tatung. Tatung has more than 94% of local employees and 2.25% of disable employees which is than the requirement by the regulation.

▶▶ Table 5.3-1 Employee compositions of Tatung (by ages)

	Year	Less than 30		30s~50s		Over 50			Year	Less than 30		30s~50s		Over 50	
		Male	Female	Male	Female	Male	Female			Male	Female	Male	Female	Male	Female
No. of employees	2013	456	141	1,727	574	813	191	Percentage of new employee hires (%)	2013	3.49	1.05	4.10	1.18	0.21	0.03
	2014	362	122	1,606	530	739	176		2014	3.93	1.24	5.04	1.27	0.57	0.03
	2015	356	121	1,534	516	704	175		2015	7.90	2.70	5.96	1.61	1.91	0.29
	2016	226	118	1,280	497	641	183		2016	4.61	2.21	3.98	1.20	1.11	0.09
	2017	279	112	1,342	460	670	207		2017	5.80	1.27	4.92	1.30	0.94	0.16
No. of managers	2013	23	3	611	127	263	27	Percentage of employee leaving (%)	2013	4.20	0.56	7.38	1.69	2.51	0.67
	2014	26	0	610	123	242	28		2014	5.77	2.18	9.00	2.29	4.02	1.05
	2015	20	6	588	121	231	30		2015	6.31	2.14	7.90	2.20	4.84	0.94
	2016	15	3	555	124	253	32		2016	4.45	1.74	7.51	1.52	2.81	0.41
	2017	14	5	493	106	247	40		2017	4.72	0.85	6.25	1.50	2.54	0.75



▲ Figure 5.3-1 Percentages of domestic and overseas employees



■ No. of total employees ■ No. of overseas employees ■ No. of disabled employees

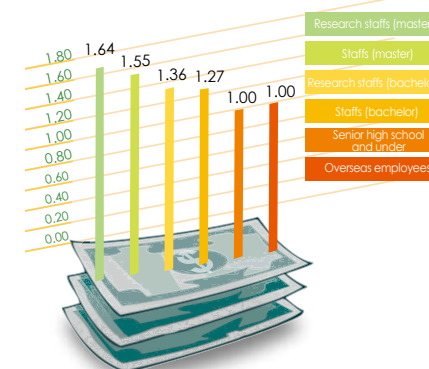
Note: The members of senior managers (deputy plant/general manager and above) are all Taiwanese. There were 10 disabled managers in 2017 (1.10%) in Tatung.

▲ Figure 5.3-2 Employee compositions of Tatung (by genders)

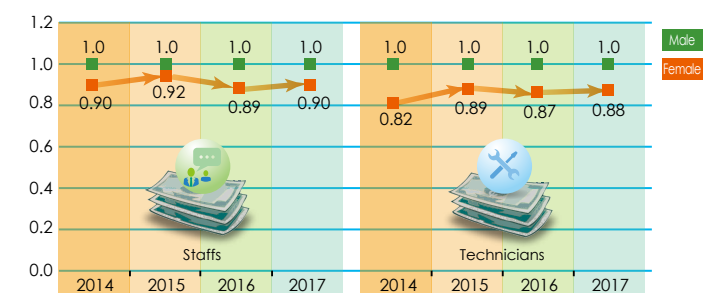
Basic salary and performance review

Due to the deterioration of the employment environment, the starting salary for freshmen is generally low in recent years. Tatung, as a deep plowing corporation for nearly a century in Taiwan, well protects the salaries and benefits for her employees. Tatung enacts her 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. Based on the concept of equality among genders, 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 technicians is 1:1; for staffs is from 1.27~1.64:1 (Figure 5.3-3) based on different job types, specialty and qualifications. The above calculation does not include allowances and/or bonuses. In average salary, the female employee to male employee is 0.88~0.90:1 in 2017 (Figure 5.3-4).

Every employee's performance is reviewed regularly based on "Performance management method". The reviewed result is used as the base for training, promoting, salary adjusting, bonus earning, and hiring. The method ensures reasonable alignment between employees' salary and labor contributed.



▲ Figure 5.3-3 Ratio between basic salary and legal salary for different employment types



▲ Figure 5.3-4 Ratio between salary for female and male employees (by employment type)

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 5.3-2.

▶▶ Table 5.3-2 Tatung parental leave statistics

	Application for parental leave		Retention rate		
	Male	Female	Male	Female	
Total number of employees that took parental leave in 2017.	10	19	Total number of employees that applied and returned to work in 2016.	3	6
Total number of employees that shall end parental leave in 2017.	6	5	Total number of employees who returned to work after parental leave ended who were still employed 12 months after their return to work in 2016.	3	4
Total number of employees who returned to work after parental leave ended in 2017. ¹	2	4	Percentage of employees who returned to work after parental leave ended who were still employed 12 months after their return to work in 2016.	100%	67%
Return to work rate	33%	80%	Note 1: Changed job due to personal career planning.		

Post-employment benefits

Tatung adopts "Defined contribution plan" and "Defined benefits plan" as her 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. Expenses under the defined contribution plan for 2017 were NTD 68,595 thousand.

For "Defined benefits plan", Tatung contributes an amount equivalent to 4% of the employees' total salaries and wages on a monthly basis in accordance to Labor Standard Act to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, Tatung assesses the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, Tatung will make up the difference in one appropriation before the end of March the following year. Pension costs recognized in profit or loss for 2017 were NTD 39,444 thousand. For detailed post-employment benefits, please refer to Tatung 2016 Annual Report page 337~339.

Note 1 : <http://www.tatung.com/Content/annual-report.asp>

Procedure for complaints and shortest notice period

Tatung has "Measure of processing employees' complaints" and other practices (Table 5.3-3) in place for the employees to complain about any dispute and provides a channel to deal with. Tatung sets the minimum notice periods (Table 5.3-4) regarding to operational changes on "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.

▶▶ Table 5.3-3 Labor-management relation measures

Management of labor relations	Measures
Channels for employees to voice dissent or communicate with management	Measure of processing employees' complaints
	Employees' mail box
	Voice out opinions in training courses
	Present proposals during Q.C. activities
	Communication during regular/special meetings between management and the labor unions

▶▶ Table 5.3-4 Losses due to labor-management disputes

Year	Losses in NTD
2013	0
2014	0
2015	0
2016	0
2017	0

▶▶ Table 5.3-5 The shortest notice period

對象	Shortest notice period
Work for 3 months~1 year	10 days
Work for 1~3 years	20 days
Work for more than 3 years	30 days

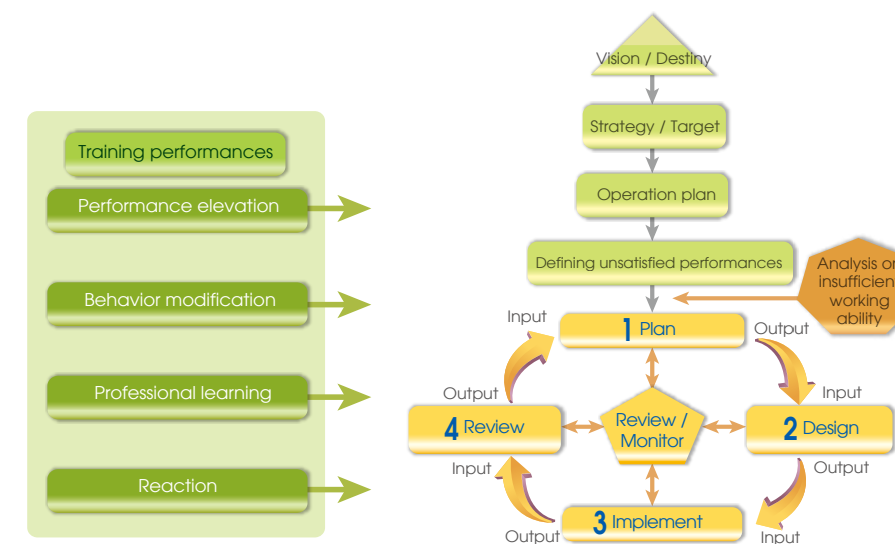
Education and career development

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 achieve sustainable development.



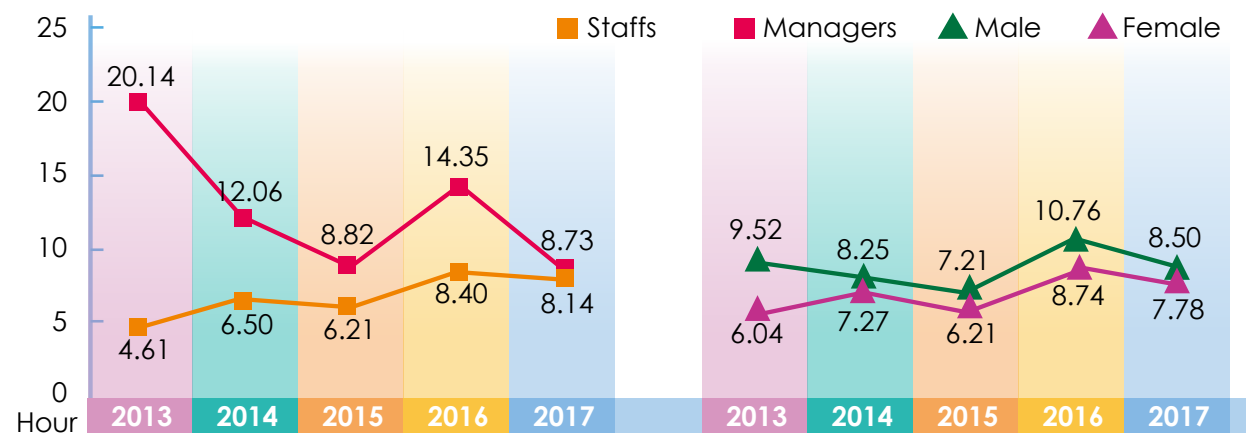
Tatung awarded with TTQS Silver Medal

Tatung plans training courses by taking company's human resource policy into account and identifies the annual capacity gap of organizational functions. The training target is to capacity building of employee management, professional skills, and performance improvement. Figure 5.3-5 shows the structure of Tatung HR development.



▲ Figure 5.3-5 Tatung strategic human resource development system

In 2017, we organized 18 general courses which covered from recruits training, environmental protection, occupational health and safety, information safety, etc. For advanced courses we organized 23 specialized courses in each field, 12 courses for managers, 29 business operating related lectures, 5 health lectures, 4 law lectures, and 2 financial lectures. In total there were 25,529 training hours and each employee was given 8.32 hours in average. The detailed training statistics are shown in Figure 5.3-6. Tatung's education and training system also won TTQS (Taiwan TrainQuali System) Silver Medal in 2017 and was invited to share our experiences at official organized seminars.



▲ Figure 5.3-6 Training hours per employee



Training class for new recruits

Mid-level manager training class



2017 Q3 Training schedule



Professional training-information safety



Professional training-question analysis

Welfares

Tatung Welfare Committee handles a broad range of employee welfare issues including: daily activities, financial assistance for education, funeral assistance, and interest free installment loans. Table 5.3-6 shows employees' welfare implemented in the factories and subsidiaries.

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.

▶▶ Table 5.3-6 Employees' welfare

Employees' welfare	Implementation
Stock ownership	Tatung 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; cash gifts for weddings and birthdays of employees and their children's birth, subsidies for employee tour.
Benefits	Employees can purchase Tatung products with interest-free installments and price discounts on groceries in corporate stores, free movies, train service on Chinese New Year.
Club activities	Tatung organizes education, recreation, physical education, languages, hiking/mountain climbing and photography clubs to provide variety of social activities after work.
Health and safety plan	Labor insurance, health insurance, group insurance, retirement pension, free annual health check-up, overseas business trip insurance.

Health promotion and disease prevention

Tatung believes that the health of the employees and their families is a valuable asset to the company. Tatung organizes numerous health speeches, seminars, health checks to let the employees understand the importance of their health and promote to their families. The concreate measures are follows:

- 1. Clean air, healthy and happy workplace environment**
Smoking has been proven to have negative effects to the health and smoking in workplace increases the risk of fire incidents. Smoking within the boundary of the companies/factories has always been prohibited. The employees, contractors, and visitors are not allowed to bring cigarettes, matches and lighters into the company. Tatung also clearly posts/marks "NO SMOKING" notice in the meeting room, at entrances and exits. The reason for Tatung doing this is to build a clean air and healthy workplace for everyone.
- 2. Welfare Committee regularly organizes the physical and cultural activities to encourage the employees having healthy living.** It also establishes aerobic fitness club to provide employees physical activities to stretch and relieve pressures in their spare time.
- 3. Health examination fair**
Tatung works with Health Center of Zhongshan District of Taipei City to organize Health examination fair on a yearly basis. The specialists from Taipei City Hospital are invited to the company to do high blood pressure, hyperlipoidemia and high blood sugar screening, oral cancer screening, and cervical smear, breast cancer screening for women. Tatung also arranges high-quality health check annually in order to find out any premature diseases and treat them in advance to protect employees' health.
- 4. Tatung organizes health promotion seminars and also publishes information about serious diseases on the company website and e-publications.** The information contains not only about the diseases but also the preventions and treatment channels.
- 5. Tatung runs first-aid/CPR courses every year to enhance employee's ability.**

▶▶ Table 5.3-7 Health promotion and disease prevention activity in 2017

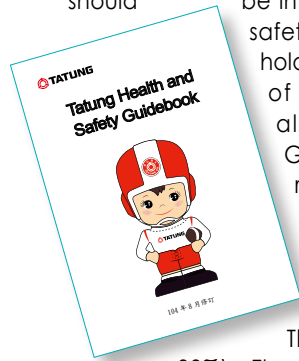
Time	Activity	Location
2017.01	Blood donation	H.Q.
2017.01	Noise tracking check	Min-Sheng Hospital
2017.01	Health seminar – metabolic syndrome	San-Hsia Factory
2017.01 ~ 12	Pressure relief massage	H.Q.
2017.02	Health seminar – hearing protection	Taoyuan Wires and Cables Plant
2017.03	Health seminar – cardiovascular protection	H.Q.
2017.03	Health seminar – Three-Hypers	Tayuan Plant
2017.03	Blood donation	Taoyuan Wires and Cables Plant
2017.03	Risk evaluation for female health protection	Taoyuan Wires and Cables Plant
2017.04	Health fair	H.Q.
2017.04	Health seminar	Taoyuan Wires and Cables Plant
2017.04 ~ 12	Risk assessment for abnormal workload triggered disease	Taoyuan Wires and Cables Plant
2017.04 ~ 12	Muscle and skeleton disease identification	Taoyuan Wires and Cables Plant
2017.05	Health seminar – cardiovascular disease and CPR	Tayuan Plant
2017.05	Pressure relief activity	Taoyuan Wires and Cables Plant
2017.05	Health seminar – stroke and diabetes	San-Hsia Factory
2017.05	CPR training	San-Hsia Factory
2017.05	Blood donation	San-Hsia Factory
2017.06	Health seminar – deep breath	H.Q.
2017.07	Health seminar – pressure relief by doing sport	H.Q.
2017.07	Blood donation	Taoyuan Wires and Cables Plant
2017.07 ~ 09	Health check	H.Q.
2017.08	Health seminar – yoga pressure relief	H.Q.
2017.08	Blood donation	H.Q.
2017.08	Health check	Tayuan Plant
2017.09	CPR and AED training	Taoyuan 1st Plant
2017.09	Health seminar – Three-Hypers	Taoyuan 1st Plant
2017.09	Health check and special health check	San-Hsia Factory
2017.10	Health check	Taoyuan 1st Plant
2017.10	Health seminar – metabolic syndrome	Tayuan Plant
2017.11	CPR and AED training	H.Q.
2017.11	Health seminar – importance of health check	H.Q.
2017.11	Influenza vaccination	H.Q.
2017.11	Influenza vaccination	Tayuan Plant
2017.11	Pressure relief activity	Taoyuan Wires and Cables Plant
2017.11	Blood donation	San-Hsia Factory
2017.11	Influenza vaccination	San-Hsia Factory
2017.11 ~ 2018.01	Health check	H.Q.
2017.12	CPR and AED training	H.Q.
2017.12	Health seminar – healthy diet	Tayuan Plant
2017.12	Health check and special health check	Taoyuan Wires and Cables Plant
2017.12	Health seminar – gastrointestinal disease	San-Hsia Factory



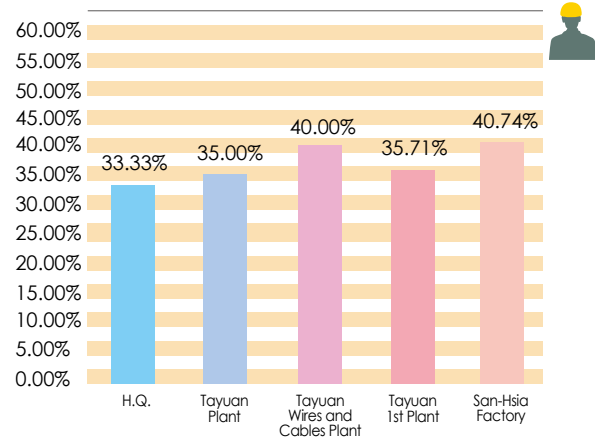
5.4 Health, safety, and disaster free

In the case that recognition of dangerous materials is unsatisfactory, or that safety management has not been satisfactorily accomplished in the factories, there may be effects of varying degree to the health and safety work, and as a result, causing frequent disasters. This will not only threaten the safety of employees, but also the safety of the publics, as well as adversely impact the surrounding environment. Therefore, Tatung stipulates that the company should

be in accordance with relevant health and safety regulations in "Company Rules" and holds employees' health examination (free of charge to the employees). Tatung also issues "Tatung Health and Safety Guidebook" to employees in order to raise their awareness regarding to occupational risks.



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. 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.



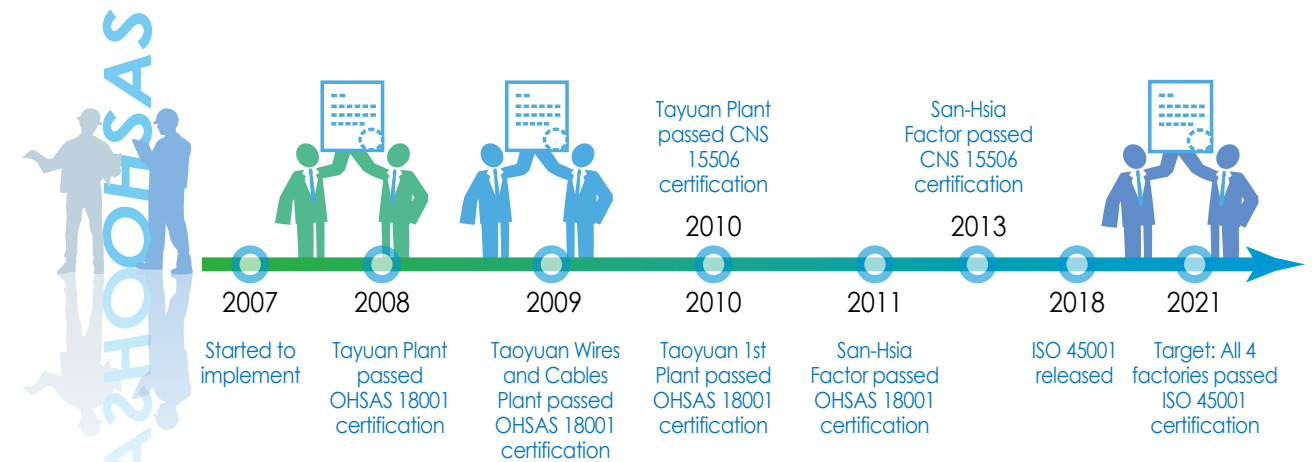
▲ Figure 5.4-1 Percentage of labor representatives in Health and Safety Committees

Occupational health and safety management

Focusing on the issue of health and safety is one of the long standing policies in Tatung. With a regulated system and culture based strategy, Tatung has aggressively participated in education training, regulation consulting, and risk assessing, and has established the procedures to improve the issues of health and safety, as well as setting objectives and reforming projects. These are accomplished through the execution of reform projects and periodical assessments, as well as reviewed by to management, and aided in the continued improvement of health and safety performances, and hence assist Tatung to achieve the goal of a disaster free working environment. International Standard Organization (ISO) published ISO 45001 Health and Safety Management System in 2018. We are now managing to transform current OHSAS 18001 to ISO 45001 in the factories. The goal has been set to pass the certification by 2021. Figure 5.4-2 shows the status of occupational health and safety management systems and goals in Tatung.

Other than relying on the management systems, Tatung also carries out "Occupational Accident Prevention Pays" program every year and works hard to achieve the final target "disaster free 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 ESD 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.



▲ Figure 5.4-2 Status of occupational health and safety management systems and goals

Forty-four incidents against company rules were found (subsidiaries not included) in 2017's Occupational Accident Prevention Pays on-site audit. The incidents were major focused on lacking proper preventative measures for electric shock and lack of protection cover for machinery equipments. By the end of 2017, 43 incidents were corrected (98%) which met our target. For that had not been corrected, we will follow up the correction status. In this year's Occupational Accident Prevention Pays program, we will focus on regulation compliance, implementation of working environment monitoring, and confined space prevention to protect employees' health and safety.



Occupational Accident Prevention Pays on-site audit (1)



Occupational Accident Prevention Pays on-site audit (2)

Health and safety training and regulation promoting

In order to raise the awareness of occupational health and safety among the employees and to comply with current regulations, Tatung opens "Health and Safety Training Class" for new recruits, general employees, and managers in headquarter. The training classes introduce the related health and safety regulations such as "Occupational Safety and Health Act" and demonstrate the prevention of the occupational disasters.

The factories and subsidiaries also organize training courses for the needs of the business operations such as VOCs & Designated Chemicals class, Job Safety Analysis class, Fork lifters and Stationary Cranes training class, etc.

As for regulation promotion, Tatung organizes "Tatung Corporate OHS Seminar" every year. The seminar was held in March 2017 and the topic was introducing labor health protection act amendment.

In addition, Tatung complies with "Labor's Working Condition Monitoring Methods" and sets working environment monitoring and conducts monitoring. The results from monitoring are available to the employees. Tatung also educates the employees the potential hazards in the working environment and the necessary prevention measures.



TATUNG Corporate OHS Seminar



Health and safety notice board in the factories

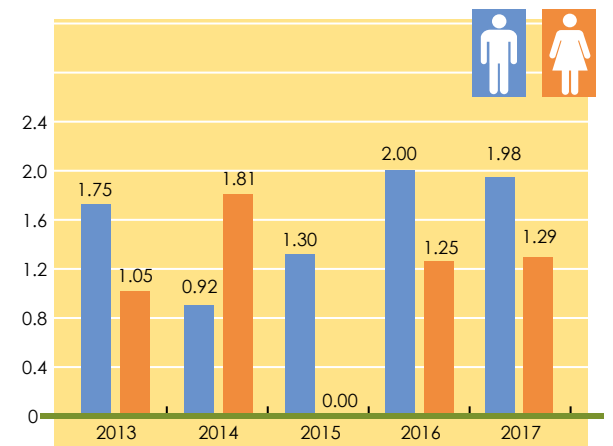
▶▶ Table 5.4-1 Health and safety training results and targets

Training item	2015	2016	2017	2018
	No. of participants	No. of participants	No. of participants	Targeting No. of participants
Health and Safety Training Class (new recruits)	256	168	256	200
Health and Safety Training Class (general employees)	687	773	796	800
Health and Safety Training Class (managers)	213	41	191	180
Emergency training class	41	436	927	1,030
Fire fighting class	365	172	132	100
Stationary Cranes training class (over 3 tons)	48	403	24	80
Forklifters training class (over 1 tons)	55	192	53	70
Health and Safety Training Class (construction contractors)	26	31	15	20
First-aid training	-	94	89	50

Health and safety performances

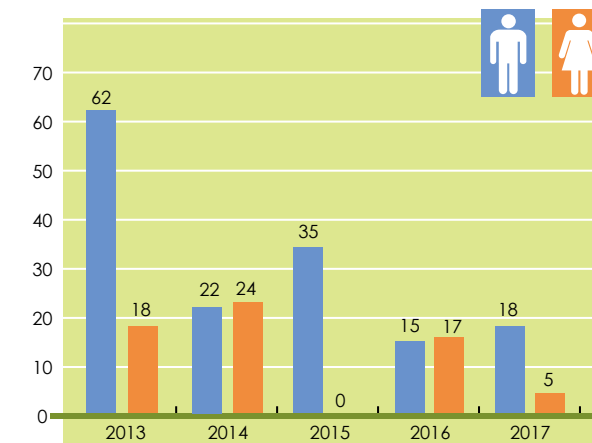
Tatung continues to establish safety culture, reduce occupational disaster risk and provide a safe working environment. When an occupational disaster is occurred, root-cause analysis will be conducted and counter-measures will be implemented to prevent such case happening again. There was no occupational disease case and death incident in 2017. From Figure 5.4-3 and Figure 5.4-4, FR for male in 2017 is higher than in 2016, but FR for female in 2017 is slightly higher than in 2016. As for SR in 2017, male is slightly higher and female is greatly lower in 2016 which indicates that the degree of severity is relatively minor. As for AR, there is no significant change between 2017 and 2016.

Tatung has set a target to lower 10% for FR and SR each year. From the statistics in the past 5 years, Tatung did not meet the target. The main reason was the employees in the factories having injury due to the factories relocated production lines and office areas, so the employees were not familiar with the new environment. We have enhanced the promotion of safety awareness in the factories and requested supervisors on-site to audit more frequently to reduce the accidents.



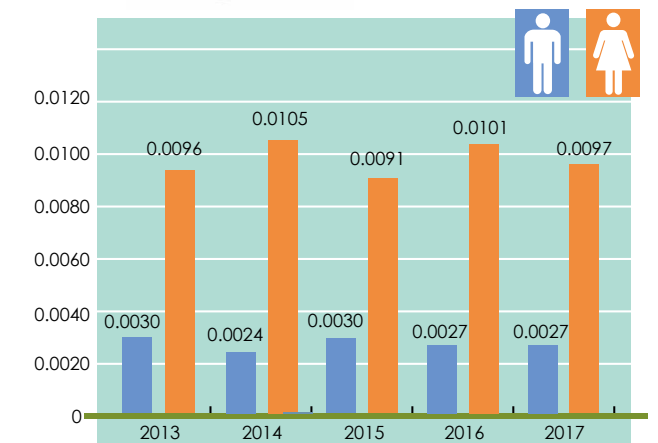
Note: FR is one of the indicators selected by MOL for occupational disaster statistic purpose. The formula is (No. of disability/Total working hours) x 1,000,000

▲ Figure 5.4-3 Trend of FR



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

▲ Figure 5.4-4 Trend of SR



Note: The formula for AR is (Total days of incapacity of any kind/Total days scheduled to be worked)

▲ Figure 5.4-5 Trend of AR

5.5 Participation and benefits to the society

Participation in infrastructure projects, serving the country through industry

Tatung always actively gets involved in government's infrastructure projects with the spirits of serving the country through industry and fulfilling corporate social responsibility. In recent years, we support government's policy to develop solar PV systems and have provided the solar PV system plan and professional technology of installation to promote renewable energy all out. Up to now, Tatung has successfully finished PV solar systems in kinds of place, such as residential area, community, factory, dormitory, and commercial building. We are offering the solutions of rooftop, ground mounted and floating types. Since 2018, Tatung has stepped into the new territory of large-scale round-mounted PV power plant. Major achievements of solar PV systems in 2017 were Fudekeng restoration park, Houzhuang landfill rehabilitation sites, Taoyuan City farm ponds floating PV solar system, Tainan City Water Resources Bureau, Solar Tree in Taoyuan Agriculture Expo, New Taipei City fruit and vegetable market, Benzhou sewage treatment plant, Hsinchu County Stadium, etc. The total capacity installed in 2017 was 27MWp which is able to generate 25,000,000 kW-hr electricity and cut off 13,000 tons of carbon dioxide. Tatung will continue to uphold "Green Energy Tatung" development strategy and continue to participate in the renewable energy industry for making an effort to the country.

Integration of education and industry for fostering of talents

The founder of Tatung ended his private business in 1942 and donated his assets to create the "Integrated Research and Development" school and company which is the former of current Tatung High School and Tatung University. The spirit of operating the education in Tatung shows that the company is an annex company factory of the schools and provides the intern opportunities for students to practice their theories learnt from the lectures. In 2017, we established Tatung-Shanchi Education Foundation which aims to care for

the society, promote the development of humanities and science and technology education, and cultivate professional scientific talents.

Tatung charity soccer summer camp

In an effort to help the underprivileged children to cultivate a proper and healthy hobby, Tatung started to run "Tatung Charity Soccer Summer Camp" since 2010 and invited orphanages and welfare groups around Taiwan to experience the joy of playing football. The main purpose of organizing "Tatung Charity Summer Soccer Camp" is hoping every child can gain happiness and satisfaction as well as positive attitude. In 2017, Tatung invited 300 children from 8 welfare groups. Children were taught skill and knowledge of soccer in the field by Tatung's professional team.

Supporting in traditions and arts

In support of preserving and innovation of traditional arts, Tatung invited Taiwan indigenous paper carving master to design Tatung Boy small lanterns of 12 Chinese zodiac. As a token of celebrating the Year of Chicken in 2017, the small lanterns served as a promotion gift for Tatung 3C to its customer. In support of traditional folk arts, Tatung invited indigenous lantern master to make Tatung Boy creative lanterns to display in the 2017 Taiwan Lantern Festival in Yunlin and Nantou Lantern Festival. Tatung Boy participated in the 2017 New Taipei City International Environmental Arts Festival and Tianmu Marketplace Development Association 2017 Happy Halloween in Tianmu to raise public awareness for community characteristics development. In 2017, Tatung also supported native performing arts groups by cooperating with children's theatre to jointly compose a brand-new play "Tatung Boy Loves the Earth", a children's drama performed to over 6,000 students in 7 primary schools nationwide. The play was infused with the concepts of energy-saving, healthy living, and environmental protection giving rise to a significant habit change amongst students.



Target and performances

Environmental management

Target Correction rate over 95% for the non-conformities from 3P Program.

Performance Correction rate was 96.67% in 2017.

Target Update ISO 14001 to new version by the end of 2018.

Performance In 2017, Taoyuan Plant, Taoyuan Wires and Cables Plant, and San-Hsia Factory updated their management system to ISO 14001:2015 and passed certification.

Energy and GHG management

1. Energy intensity of represented products in 2018 will be 6% less than in 2013.

Target 2016 - 3% less, 2017 - 4.5% less, 2018 - 6% less

Performance In 2017, 56% of major products met the target.

2. Establish ISO 50001

Short-term target Factories have ISO 50001 pass re-certification every year.

Performance 3 factories passed re-certification in 2017.

Mid-long term target Taoyuan 1st Plant establishes ISO 50001 and passes certification.

3. Carry out GHG inventory in accordance to with ISO 14064-1

Short-term target Complete ISO 14064-1 GHG inventory every year in Taoyuan Wires and Cables Plant, Taoyuan 1st Plant, and San-Hsia Factory.

Performance In 2017, Taoyuan Wires and Cables Plant, Taoyuan 1st Plant, and San-Hsia Factory completed GHG inventories for year 2016 and verified by the third parties.

Mid-long term target Implement ISO 14064-1 in Taoyuan Plant and headquarter.

Waste reduction management

Target Reduce the amount of wastes by 5% every year.

Performance 13.49% waste reduction in 2017.

Pollutant management

Short-term target Complete the installation of a RTO facility in Taoyuan Plant by the end of 2018.

Mid-long term target Effluent and air emission are below national standards.

Performance In 2017, the effluent and air emission were below national standards.

Green product management

1. Continue to seek for solar PV system cases.

Target Aiming to install 100MWp capacity by the end of 2018.

Performance By the end of 2017, the total installed capacity was 70MWp which is 27MWp more than the end of 2016.

2. Continue to research and design environmental friendly, energy saving, water saving products.

Short-term target Continue to apply for Green Mark, Energy Label, and Water Label.

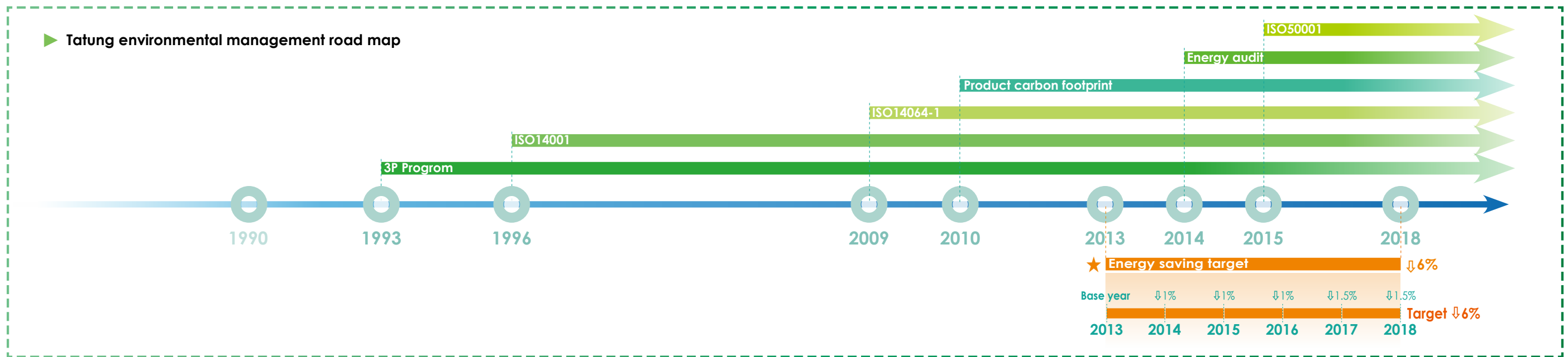
Performance New applied Energy Label – 74 models, Green Mark – 4 models, Water Label – 9 model in 2017.

Mid-long term target Research and design IE4 industrial use motors.

Compliance

Target Numbers of violation against regulation are less than previous year.

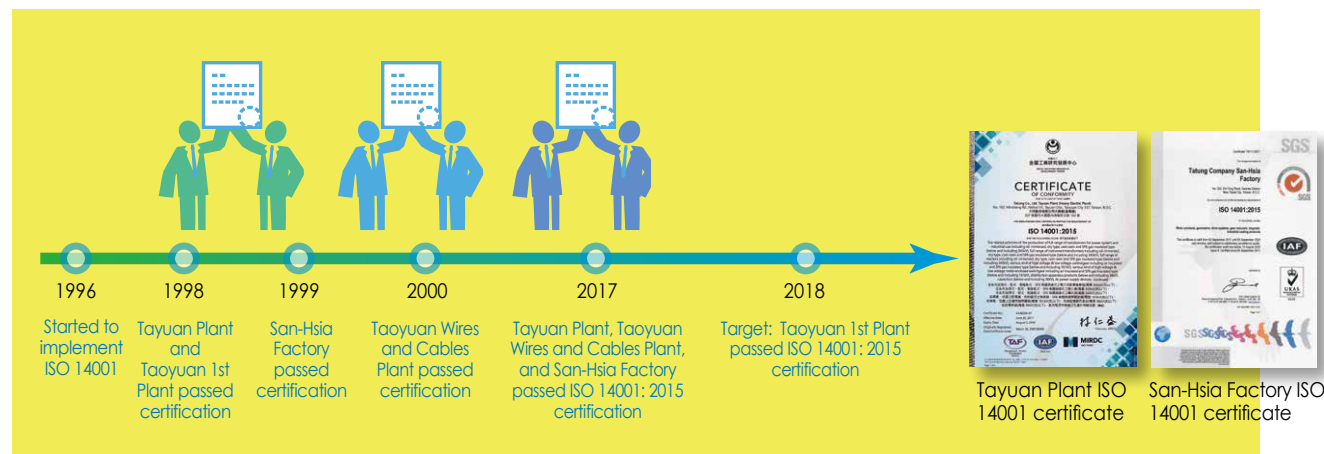
Performance 1 violation in 2017 which is fewer than 2016.



6.1 Environment management

ISO 14001 environmental management system

Tatung believes that by implementing ISO14001 is able to continue improve environmental performances, and improve 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. ISO published ISO 14001:2015 in 2015, we have updated the management system to 2015 version for Tayuan Plant, Taoyuan Wires and Cables Plant, and San-Hsia Factory in 2017. We are targeting to complete to update work for Taoyuan 1st Plant in 2018. Table 6.1-1 shows the factories which have been certified with ISO14001 certification.



▲ Figure 6.1-1 ISO14001 certification status

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. Currently 17 factories and subsidiaries are participated, please refer to Annex 3 for more information. The elements of 3P program are listed as follows:

	Measures	Descriptions	Performance
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.	Amount of industrial wastes reduced 13.49% and 75.45% of wastes were reused in 2017.
Product 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.	New applied Energy Label – 74 models, Green Mark – 4 models, Water Label – 9 model in 2017.
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.	17 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 96.67% in 2017.

When there any incidents 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 incidents which can not be corrected by the end of year, we will track them and make them to be corrected next year. In 2017, 90 incidents (without subsidiaries) were requested to be corrected and 87 were completed by the end of 2017. The correction rate was 96.67% and met target.



Conformity and significant spill

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 spite of environmental management system and internal audit have been implemented in the company, there was 1 incident which breached the regulations in 2017. Taoyuan Wires and Cables Plant was fined NTD\$30,000 due to violating Water Pollution Control Act. The violation was corrected in accordance to the regulation and accepted by the authority. We will further strengthen management in the factories and enhance compliance education to the staffs and the managers. In addition, we will continue to conduct internal audit and 3P Program evaluation to prevent such incidents happened again. Besides, there was not significant spill in 2017.

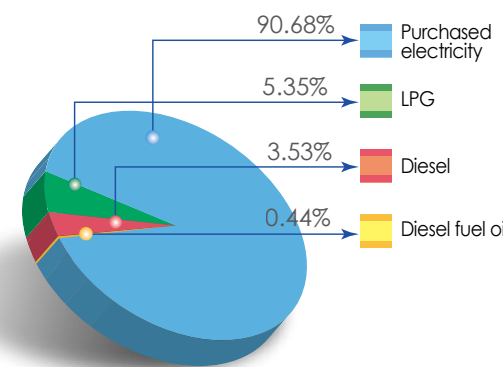


▲ Figure 6.1-2 Conformance measures in Tatung

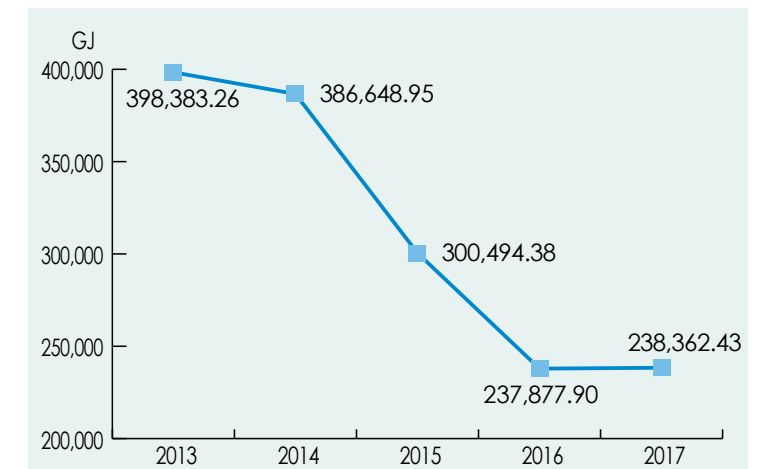
6.2 Energy consumption and GHG management

Energy consumption

There are two types of energies that Tatung consumes – direct energy and indirect energy. Direct energy sources are from diesel fuel oil, LPG, and diesel. Indirect energy source is purchased electricity from Taiwan Power Company. The amount of energy consumption in 2017 is shown on Table 6.2-1, Figure 6.2-1 and Figure 6.2-2. The most consumed energy in 2017 was purchased electricity and the amount was 216,152.20 GJ (90.68%) which equaled to 60,042.28 kkw-hr; followed by LPG with 12,753.06 GJ (5.35%) which equaled to 252.69 tons. The total amount of energy consumption in 2017 was 484.53 GJ more than in 2016, which was 0.2% increasing.



▲ Figure 6.2-1 Energy consumption breakdown in 2017 (by category)



▲ Figure 6.2-2 Trend of energy consumption

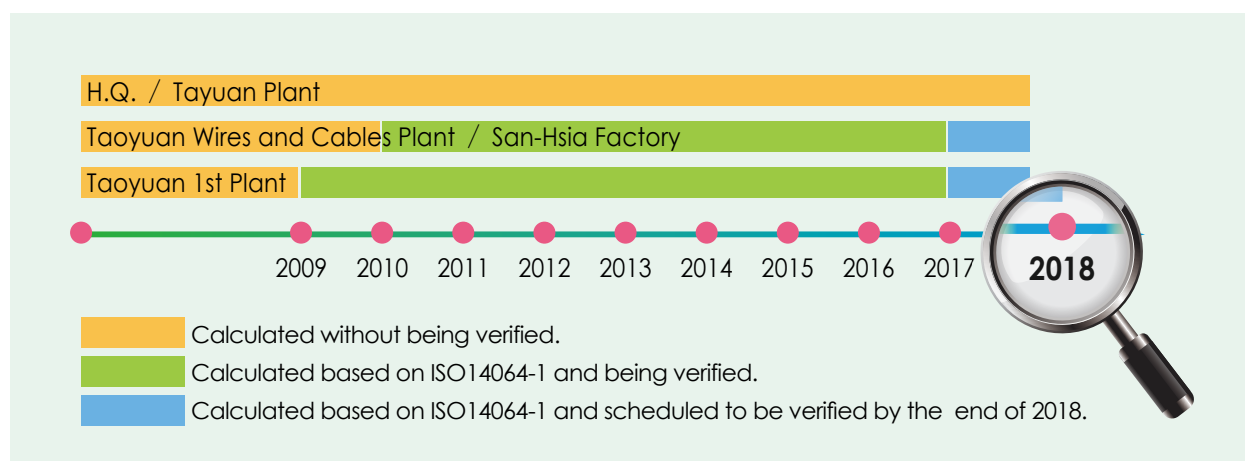
▶▶ Table 6.2-1 Tatung energy consumption in the past 5 years

	2013	2014	2015	2016	2017
Diesel fuel oil	5,181.47	3,655.14	3,454.31	441.83	1,044.33
LPG	22,727.29	21,323.74	17,599.02	14,003.49	12,753.06
Diesel	7,445.85	7,927.32	7,487.31	7,597.62	8,412.84
Purchased electricity	363,028.65	353,742.74	271,953.74	215,834.96	216,152.20
Total	398,383.26	386,648.95	300,494.38	237,899.90	238,362.43

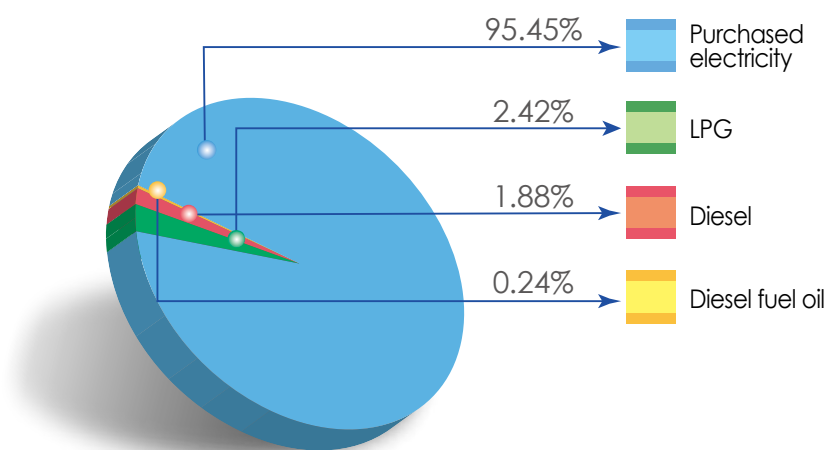
Note: The data from San-Hsia Factory, Taoyuan Wires and Cables Plant, Taoyuan 1st Plant in 2013~2016 was collected based on ISO14064-1 and have been certified. Therefore, the numbers in 2016 were re-edited when compared to last year's version. The data in 2017 was collected based on ISO14064-1 but have not been certified yet. The data from H.Q. and Tayuan Plant was collected from power bills and receipts.

Greenhouse gas emission

Greenhouse gas emitted by human activities have already caused global warming and led to the threat on the sustainable development. Corporations actively to reduce the greenhouse gas emissions are not only to show a responsible image to the public but also able to reduce the operation costs from running the business. In order to investigate the amount of GHG emission thoroughly and comply with the regulation, Tatung actively implements ISO14064-1 greenhouse gas management system into the factories. So far, San-Hsia Factory, Taoyuan Wires and Cables Plant, and Taoyuan 1st Plant carry out GHG inventory and get verified by third parties based on reasonable level of assurance. Figure 6.2-3 shows the factories have done GHG inventory. For the purpose of enhancing the ability to do greenhouse gas inventory in the factories, Tatung runs ISO14064-1 Internal Verification Class every year. We are expecting to have more well-trained employees through these classes and they are able to do the greenhouse gas inventory well and pass the verification by the third party in the future.

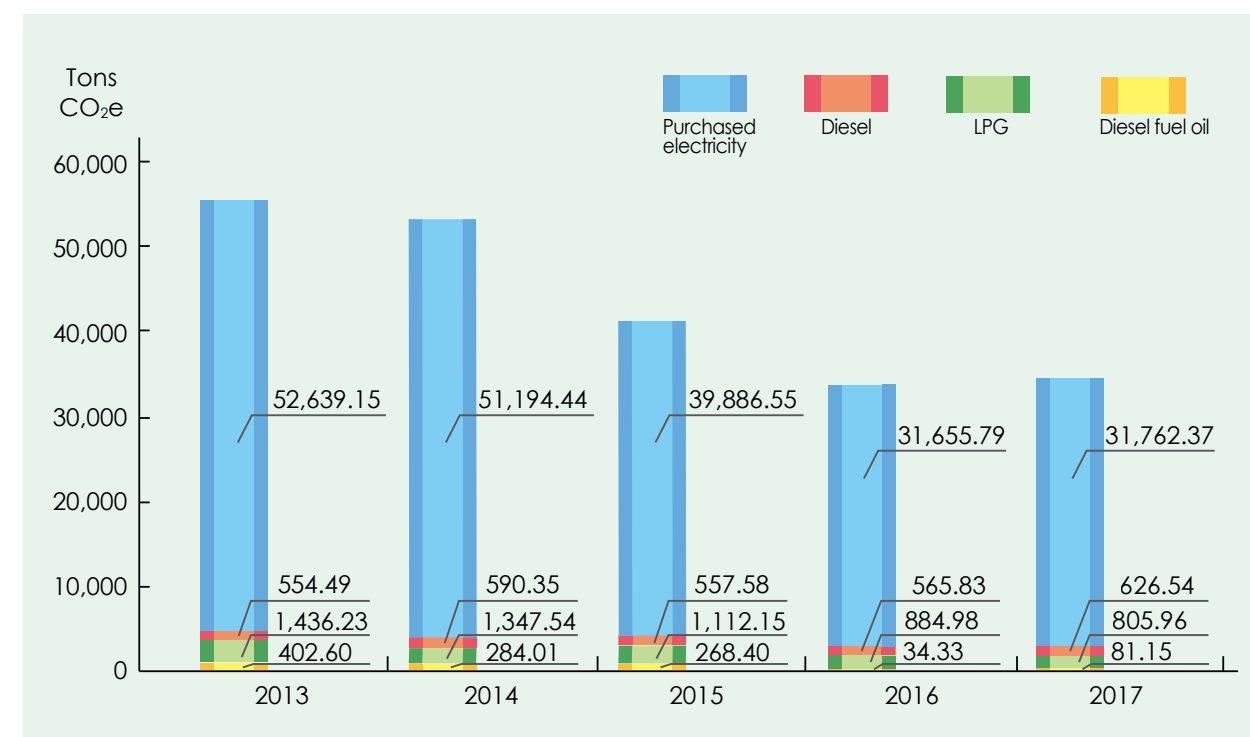


▲ Figure 6.2-3 Tatung GHG inventory and verification status



▲ Figure 6.2-5 GHG emission percentage by source in 2017

Due to Tayuan Plant and H.Q. are still undergoing the establishment of ISO14064-1, the GHG emissions (scope 3 is not included) disclosed in this report are calculated as follows: the amount of energy sources disclosed in previous paragraph multiplied by each emission factor. The total GHG emission amount in 2017 was 33,276.02 tons CO₂e (Figure 6.2-4) which was 135.08 tons CO₂e (0.41%) more than in 2016. The largest emission source was purchased electricity (scope 2) which took 95.45%. The second largest portion was LPG which only took 2.42% (Figure 6.2-5).



Note 1: The data from San-Hsia Factory, Taoyuan Wires and Cables Plant, Taoyuan 1st Plant in 2013-2016 were collected based on ISO14064-1 and were verified by third parties. Hence in this report, the numbers for 2016 were restated when compared to last report. The data in 2017 was collected based on ISO14064-1 but was not verified yet. The data from H.Q. and Tayuan Plant was collected from power bills and receipts.

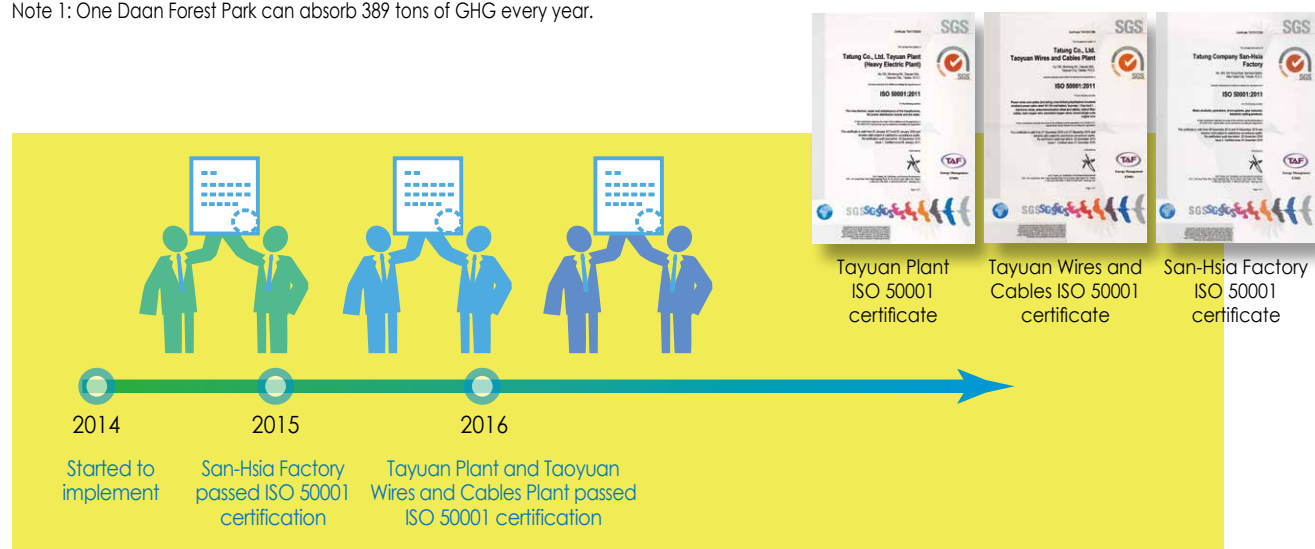
Note 2: The greenhouse gases are CO₂, CH₄, N₂O. The GWP for 2013-2015 is based on IPCC 1995, the GWP for 2016 and 2017 is based on IPCC 2007.

▲ Figure 6.2-4 Amount of GHG emissions

Energy saving and GHG reduction

Global warming greatly increases the frequency of extreme weather events and directly causes impacts to the operation of a business. In order to fulfill corporate social responsibility and reduce operating costs, Tatung sets short and medium term goals which are based on energy intensity per product and the baseline year is 2013. The goals are: Short term – reduce 3% in 2016, Medium term – reduce 6% in 2018. To achieve the goals, Tatung implements ISO 50001 Energy Management System 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 and passed certification. Please refer to Figure 6.2-6 for more details. In addition, we conduct annual energy audit and report the energy consumption information to the government as well as implements energy saving projects in H.Q. and the factories. In 2017, Tatung reduced about 2.35 million kwh of purchased electricity consumption via 4 dimensions (Table 6.2-2) which equaled to 1,241 tons of GHG emission reduction (3.2 Daan Forest Park's carbon reduction amount¹). Figure 6.2-7 shows carbon reduction results for the past 5 years.

Note 1: One Daan Forest Park can absorb 389 tons of GHG every year.

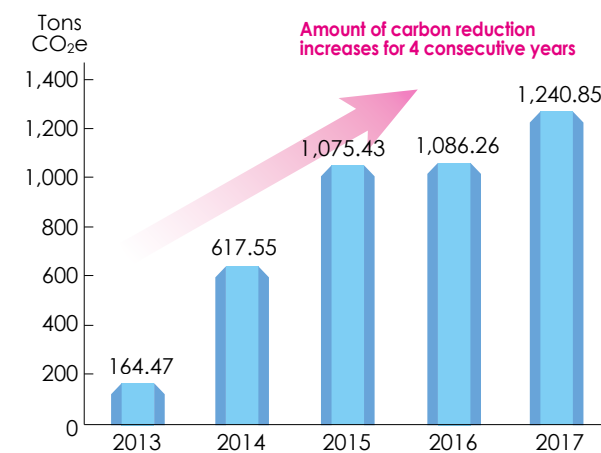


▲ Figure 6.2-6 Status of Tatung's ISO 50001

▶▶ Table 6.2-2 Tatung energy saving projects and results

Energy saving projects	Amount of electricity saved (kw-hr)	GHG reduction(tonCO ₂ e) ¹
Utilized manufacturing process to reduce operation time.	392,646	207.71
Replaced with high energy efficient and energy saving equipments	1,626,825	860.59
Centralized operation areas and shut down unnecessary air conditioners and lightings.	147,091	77.81
Increased the frequency of maintenance for majored energy using equipments and installed curtains to avoid leakage of cooled air.	179,097	94.74
Total	2,345,659	1,240.85

Note: 1 kw-hr of electricity emits 0.529 kg CO₂e.



▲ Figure 6.2-7 Amount of carbon emission reduction

In 2017, there were 5 major products achieving the goal of 4.5% reduction in energy intensity. The completion rate was 55.56%, please refer to Table 6.2-3 for more details. The main reasons for those failed to achieve the goal were producing large size products which increased power consumption; the product testing time and method were more strict than previous years due to customer's quality requirements, and the factory added RTO air pollution treatment facility so the fuel consumption was increased.

For the major products failed to achieve energy intensity goal, we will replace the old energy-using equipment. For example, Taoyuan 1st Plant plans to replace one 100HP traditional air compressor with a high energy efficiency air compressor with inverter. Taoyuan Wires and Cables Plant plans to replace one old production equipment with a high energy efficiency production equipment, and Tayuan Plant plans to replace on diesel fuel oil drying furnace to LPG drying furnace and install the automatic power breaker for the power consumption equipments above 5HP. In addition, we will introduce an external professional team this year to conduct energy-saving counseling, assist in the efficiency diagnosis of the in-plant equipments, establish baseline, engineering planning, and performance verification in order to improve production efficiency and reduce energy use. Each division will conduct the second phase of the project, "Significant Energy Equipment Monitoring and Management" to reduce energy consumption. The energy conservation team (formed by H.Q. and the plants energy managers) will also conduct the power consumption monitoring area (SEU) monitoring plan by using power analysis equipment to establish a historical database of electricity consumption in order to identify the future energy-saving potentials.

▶▶ Table 6.2-3 Status of energy intensity goal for major products

Major products	2014 (↓1%)	2015 (↓2%)	2016 (↓3%)	2017 (↓4.5%)
Motors/generators	◎	X	X	X
Multi-function cookers	X	X	X	X
Domestic air conditioners	◎	◎	◎	◎
Commercial air conditioners	◎	◎	◎	◎
Transformers/switch gears	X	X	X	X
Mechanical meters	X	◎	◎	◎
Lan cables	X	◎	◎	◎
Power cables	X	◎	◎	◎
Wires	X	◎	◎	X

Note: The baseline year is 2013. ◎ represents it meet the goal, X represents it does not meet the goal.



Carbon Footprint Label and Certificate for Multi-function Cookers(TAC-10L-SR)

Disclosure on product carbon information

As global warming issue becomes more and more concerned, we have actively disclose greenhouse gases emission information on company's official website, CSR Report, and Market Observation Post System website. We also begin to disclose carbon information on products and hope to provide more detailed information to consumers and customers for the purpose to select products with less environmental impacts.

In the past few years, we have completed product carbon footprint for a motor and a transformer. We also assisted CPT to complete product carbon footprint for a vehicle panel and GET for a silicon wafer. We also issued PCRs (product category rule) for AC motors, electric cookers (15-044 V. 2.0) and electronic cookers (15-045 V. 2.0) for industry to use. In order to help consumers to understand their daily carbon emission amount, we started to conduct carbon footprint for household appliances. At first we picked Tatung's signature product "Multi-function Cooker" (Model No.: TAC-10L-SR) to carry out product carbon footprint and issued Carbon Label by EPA in 2017. In the future, we will continue to conduct product carbon footprint to disclose the product carbon information and make effort to conserve energy and reduce GHG.

▶▶ Table 6.2-4 Status of Tatung's product carbon footprint

Year	Product	Product carbon footprint	Carbon Label	PCR issued by Tatung
2010	NEMA Premium AC Motor 3HP 4P	✓	-	AC Motors
2012	Poly-silicon wafer / 200µm ¹	✓	-	-
2012	Vehicle panel ²	✓	-	-
2016	Oil-immersed amorphous core transformer	✓	-	-
2017	(3φ 60Hz-2000kVA-420/242-6600V)	✓	✓	<ul style="list-style-type: none"> ■ Electric cookers (15-044 V. 2.0) ■ Electronic cookers (15-045 V. 2.0)

Note 1: Assisted GET to complete carbon footprint inventory.
Note 2: Assisted CPT to complete carbon footprint inventory.

6.3 Resources consumption and pollutants management

Consumption and management on main materials

Tatung puts quality, price, supply days, and after sale service into account when selecting a supplier. In order to ensure a good quality, Tatung requires suppliers to provide new resources. Table 6.3-1 shows the consumption amount of main materials and the percentage from local purchase.

▶▶ Table 6.3-1 Amount of main materials and the percentage from local purchase

Main materials	Amount of consumption	Local purchase percentage
Steel (silicon steel included)	7,247 tons	61%
Copper	17,620 tons	5%
Aluminum	493 tons	85%
Insulation oil	767 kL	98%

Note: Tatung produces hundreds of different products. Some of them are OEM/ODM made. Therefore, in this report only discloses the amount of the above 4 fundamental materials.

Consumption and management of water resource

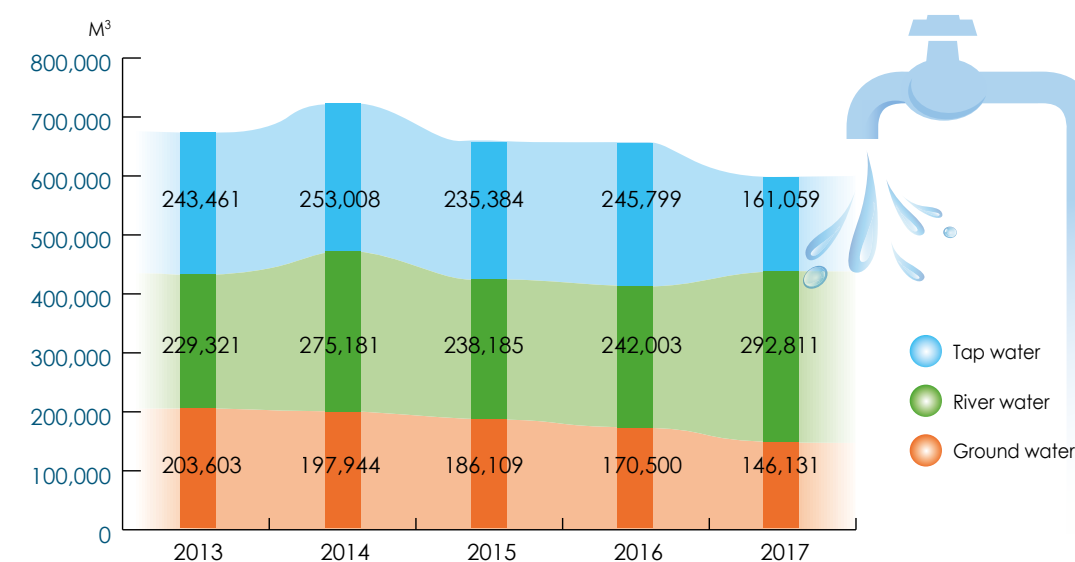
The sources of water for Tatung are from tap water, ground water, and river water. Tatung consumed 600,001M³ (Figure 6.3-1) of water in 2017 which was 58,301M³ less than the consumption in 2016. The main reason was part of manufacturing process being transferred to other company. In 2017, 16.31% of waste water was recycled (equaled to 97,861M³). We will continue to conduct water conserving project in order to reduce water consumption.

As for the waste water management, all the factories and subsidiaries have granted government approved "water pollution prevention measures" and "permit for effluent", as well as setup waste water treatment facilities based on the prevention measures. All the waste water 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. In addition, the factories are located in industrial area and/or industrial zone where do not have bio-sensitive sites nearby. Therefore the effluent from Tatung will not have significant impacts to the biodiversity of the recipient water bodies. The detailed effluent information is disclosed on Table 6.3-2.

▶▶ Table 6.3-2 Waste water treatment and effluent description in 2017

Factory	Treatment method	Average COD concentration (mg/L)	Average SS concentration (mg/L)	Amount of effluent (M ³)	Recipient water body	Effluent reused by others
San-Hsia Factory	Factory owned waste water treatment plant in accordance to the requirement by the regulation	40.26	23.17	5,324	Heng River	None
Tayuan Plant		11.78	8.97	1,841	New Street River	
Taoyuan Wires and Cables Plant		9.40	4.21	51,893	New Street River	
Taoyuan 1st Plant		11.39	3.00	7,680	Tianxinzhi River	
Total				66,738		

Note 1: The data is from EPA's declaration system.
Note 2: Effluent standard COD: 100, SS: 30.

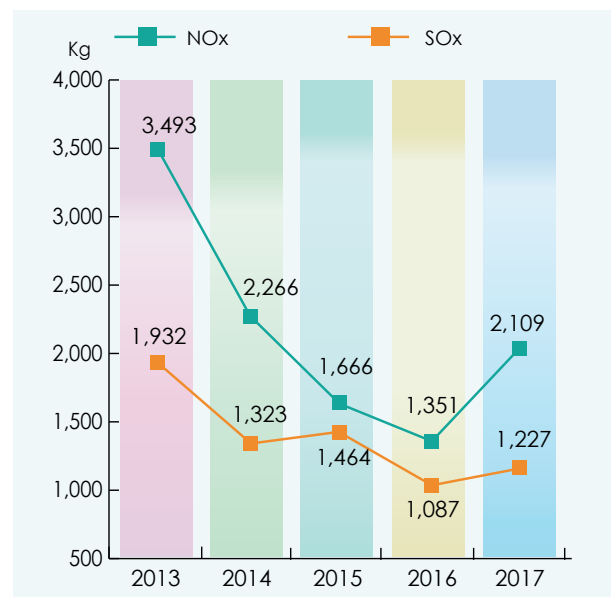


▲ Figure 6.3-1 Tatung water consumption by sources

Air pollutant emissions and management

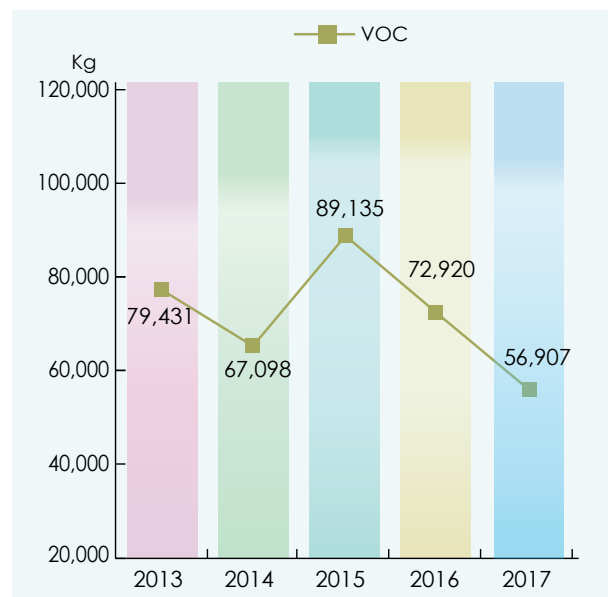
Tatung sets up and operates air pollutant treatment facilities in the factories in accordance to the regulation. Pollutant concentration is regularly tested and met the standard. In addition to meet emission standards, we are committed to optimize the air quality around the factories. In the past few years, we have adopted RTO and other pollutant removal facility with higher removal efficiency, and we plan to add a set of RTO to Tayuan Plant in 2018. In San-Hsia Factory we will change the part of treatment process from activated carbon adsorption to the existed RTO to reduce the impact on the surrounding environment.

The main air pollutants from the factories are NOx, SOx, and VOC. Tatung declares the amount of emissions and pays air pollution control fee to the authority. From Figure 6.3-2 and Figure 6.3-3 we can see the emissions of VOC have reduced gradually for the past 5 years. The emissions for NOx and Sox were slightly increased in 2017. The reason could be more fuels were consumed by RTO.



Note: Data is from EPA declaration system

▲ Figure 6.3-2 Air pollutant emission (NOx, SOx)



Note: Data is from EPA declaration system

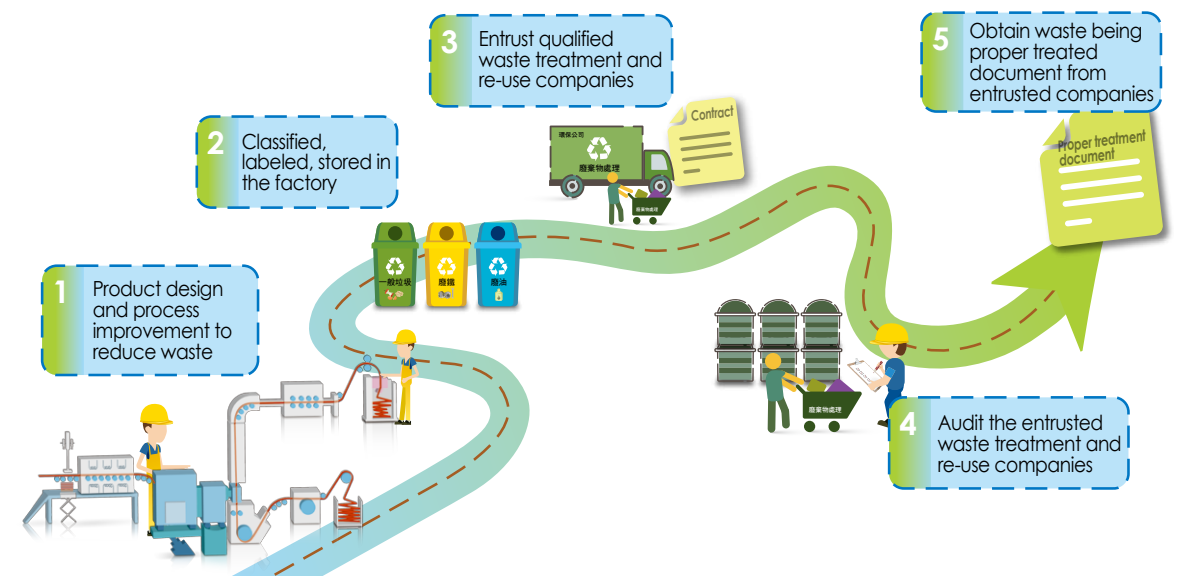
▲ Figure 6.3-3 Air pollutant emission (VOCs)



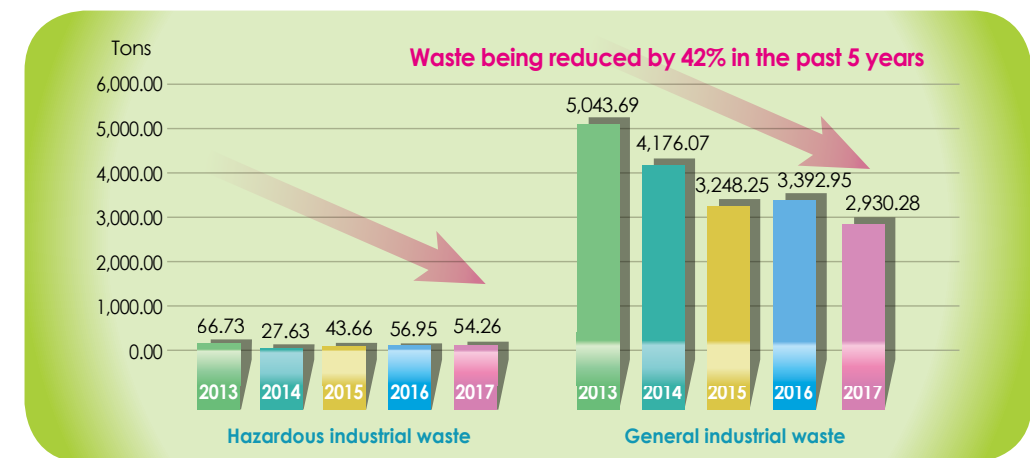
RTO in Tayuan Plant (under construction)

Waste reduction and management

Tatung's waste reduction concept is mostly from product design and process improvement to reduce the amount of industrial waste. The waste produced is properly classified and stored according to relevant regulations, and finally commissioned by domestic qualified treatment companies or reuse companies. Tatung will audit the entrusted companies from time to time to ensure that the waste is properly cleaned up.



In 2017, Tatung produced 2,984.54 tons of industrial waste, of which 2,930.28 tons were general industrial waste and 54.26 tons were hazardous industrial waste (Figure 6.3-4). Compared with the previous year, the amount of waste produced in 2017 was 13.49% less which reached our waste reduction target of 5% per year. In the past 5 years, the amount of waste has been reduced by 42%.



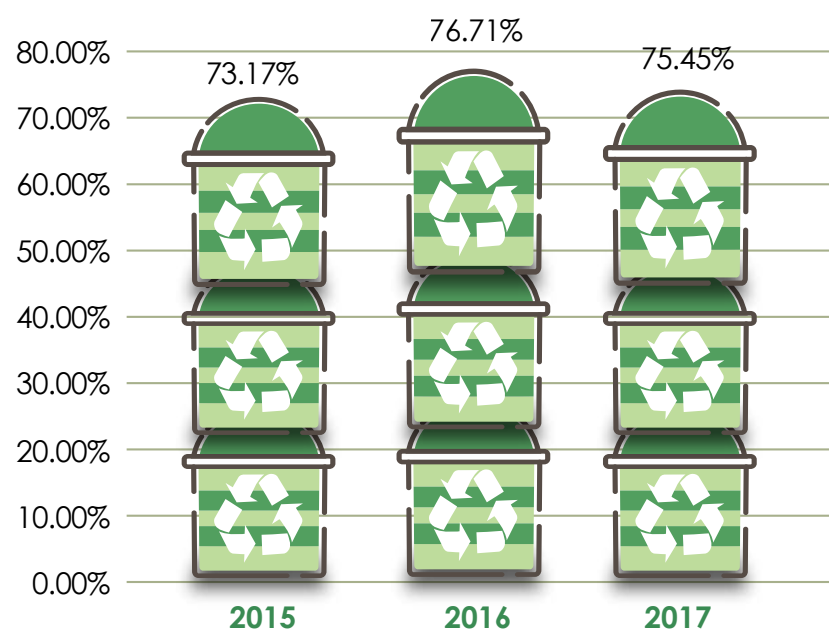
▲ Figure 6.3-4 Amount of industrial wastes

Table 6.3-3 shows the methods used for waste treatment in 2017. The factories also have been working hard to recycle and/or reuse the wastes in order to minimize the impact to the environment. In 2017, 2,251.90 tons of wastes were reused (75.45% of total wastes). The reuse rates in the past 3 years were all above 70%.

▶▶ Table 6.3-3 Waste treatment methods and amount in 2017

Treatment method	Reuse	Incinerate	Solidify	Landfill	Physical	Chemical	Total
General industrial waste (tons)	Total	526.84	31.88	85.20	34.47	0.00	2,930.28
Hazardous industrial waste (tons)	0	46.68	7.07	0	0	0.51	54.26
Treatment method percentages (by weight)	75.45%	19.22%	1.31%	2.85%	1.15%	0.02%	100.00%

Note: The data is cited from EPA's waste declaration system or entrusted documents.



▲ Figure 6.3-5 Waste reuse rates in the past 3 years

6.4 Green products for a better earth

Establishing solar PV systems to minimize air pollution and greenhouse gases

"Green Energy Tatung" is Tatung's development strategy. We plan to promote PV solar projects with steady paces and continue to innovate in combination with smart technology and have achieved leading performance in PV solar system industry. We have successfully finished PV solar systems in kinds of place, such as residential area, community, factory, dormitory, and commercial building. We are offering the solutions of rooftop, ground-mounted and floating types. The major achievements in 2017 were Houzhuang landfill rehabilitation sites PV solar system, Taoyuan farm ponds floating PV solar system. By the end of 2017, we have completed 70MWp of PV solar systems in accumulatively. The systems can generate 77,000,000 kwh of electricity each year and cut off 41,000 tons¹ CO₂e which equals to 105 Daan Forest Park's² carbon absorbing capability.

Looking forward to the future, Tatung will adhere to the sustainable development strategy and actively promote the energy transformation of non-nuclear homes in line with the government's green energy policy. The goal is to complete 100MWp solar PV systems accumulatively in 2018. We are aiming to lead the solar power industry to reciprocate and innovate through various industry cooperation and to expand setup area for PV solar systems. We will provide more opportunities for cooperation in the solar energy industry. For more details about Tatung PV solar projects, please browse: <http://www.tatung.com.tw/solution/detail/16>

Note 1: 1 kw-hr electricity emits 0.529 kg CO₂e.

Note 2: One Daan Forest Park absorbs 389 tons of CO₂ per year.



PV solar system at Taoyuan Agriculture EXPO



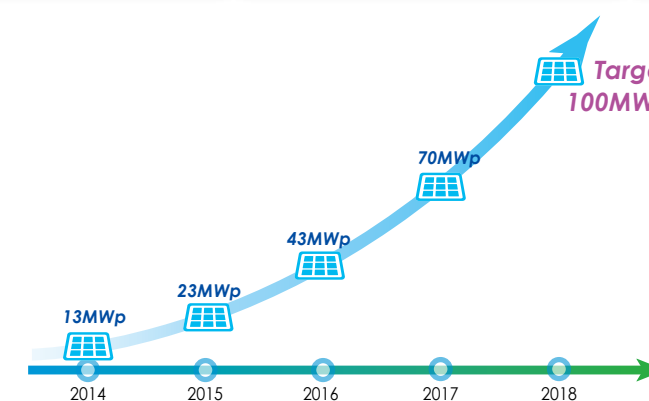
PV solar system at Houzhuang landfill rehabilitation sites



PV solar system at Benzhou sewage treatment plant



PV solar system at Hsinchu County Stadium



▲ Total PV solar systems installed and our target

Devote in developing environmental friendly products

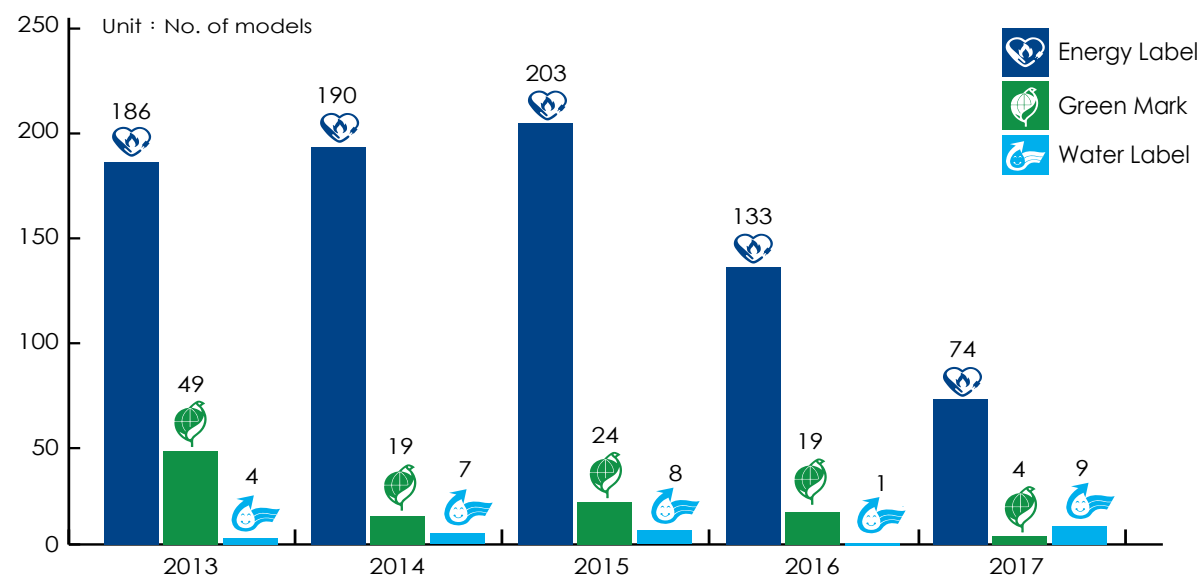
Tatung tirelessly dedicates to the development of green products and many of them have been awarded with "Green Mark", "Energy Label", and "Water Label". There were 4 models awarded with Green Mark, 74 models awarded with Energy Label, 9 models awarded with Water Label in 2017. Please refer to Table 6.4-1 and Figure 6.4-1 for more details. As for toxic free products, Tatung has followed EU RoHS directive and REACH regulation, through supply chain management and manufacturing management to ensure there is no hazardous substance in the products shipped to EU.

▶▶ Table 6.4-1 Lists of green products

Products	Green Mark ¹	Energy Label ²	Water Label
Electric fans	—	⊙	—
Refrigerators	⊙	⊙	—
Washing machines	—	⊙	⊙ (all series)
Monitors	—	⊙	—
Water dispensers (warm/hot water)	—	⊙	—
Electric ovens	—	⊙	—
Dehumidifiers	—	⊙	—
Domestic air conditioners	⊙	⊙	—
Amorphous cast-resin dry type transformers	⊙	—	—

Note 1: Taiwan EPA established "Green Mark" program in order to encourage manufacturers to reduce pollution emissions, consumption of energies and resources during the life cycle of a product as well as to awake the consumers to choose resource saving, low pollution, recyclable products. The products with "Green Mark" represent the environmental performances ranked from top 20-30% in their product category.

Note 2: Bureau of Energy, Ministry of Economic Affairs, Taiwan initiated the voluntary "Energy Label" program. The products with "Energy Label" indicate that the energy efficiency of the product is 10-50% higher than national energy efficiency standard.



▲ Figure 6.4-1 Numbers of Green Mark, Energy Label, and Water Label awarded

On the other hand, Tatung takes "energy saving and carbon reduction" as her corporate social responsibility, and focuses on improving the energy efficiency of her products. Motors are the driving force of industrial production processes which consume the highest proportion of electricity consumption and are widely used in various equipments. In order to achieve the goal of global energy saving and carbon reduction, IEC announced 'IE4' efficiency standard in 2014. Therefore, the popularization of "high efficiency motor" is regarded as an important force for global motor energy conservation. Tatung, as a global motor leader, although has developed IE4 motors, but most of them are PM permanent magnet motors or SRM reluctance motors. The new motors can not be replaced directly because of the different installation sizes of the old IE1, IE2, and IE3 motors and extra controllers have to be installed to peripheral devices. Therefore, Tatung cooperates with ITRI in 2017, hoping to combine the research and development capabilities of ITRI with the excellent motor producing foundation of Tatung for many years to develop "digital design and manufacturing technology" for the development of IE4 ultra-high efficiency motor with sharing and interchangeable ability. The outcome allows equipment manufacturers to completely replace old and inefficient motors with ultra-high efficiency motors, maximizing the power saving effect in Taiwan and reducing the risk of power shortage.



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 country-wide waste recycling affairs. Based on the statistics¹ in 2016, the average recycling rate for electric and electronic devices was 58.91%, the average recycling rate for information devices is 30.91%. In addition, as a corporate who has her own retailing system, Tatung works together with TCPC to set up battery and fluorescent lamp recycling box at each Tatung 3C Store to recycle consumers' wasted batteries and fluorescent lamps, as well as consumers' large wasted house appliances upon request when purchasing. By doing this, the wastes can be fully recycled under the control of regulation and avoided damage to the environment. Apart from paying the fees and fulfilling producer responsibility, Tatung also works hard to use more recyclable materials through design and manufacturing stages and actively to apply for Green Mark. In regarding to the packaging materials of household appliances and consumer products, Tatung believes that the packaging materials are fully recycled. The reason behind this is the recycling channels in Taiwan are well established and residences 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. Tatung commits herself to continue designing and producing more energy efficient and environmental friendly products to be consistent with her vision.

Note 1: The official website of Recycling Fund Management Board
<https://recycle.epa.gov.tw/epa/ShowPage2.aspx?key=6&sno=1010&subsno=293&subsubno=252>



Publishing wasted household appliances recycling information on etungo online shopping site.



Publishing wasted household appliances recycling information on products fliers.



Annex 1 Subsidiaries notes to consolidated financial statements

The consolidated entities are listed as follows

Investor	Subsidiary	Main businesses	December 31,		Investor	Subsidiary	Main businesses	December 31,	
			2017	2016				2017	2016
The Company	Tatung Electric (Singapore) Pte. Ltd.	Professional investment holding	100.00%	100.00%	The Company, Chunghwa Electronics Investment Co., Ltd., Green Energy Technology Inc., Chih Sheng Realty Co., Ltd. and Tatung Global Strategy Investment and Trading (BVI) Inc.	Chunghwa Picture Tubes, Ltd. ("CPT")	Manufacture, research and sale of picture tubes and TFT-LCD products	41.25%	41.25%
The Company	Tatung Co. of America Inc.	Sales and service of IT and household electronics products in the US	50.00%	50.00%	The Company, Shan-Chih Investment Co., Ltd. and Shan-Chih Asset Development Co.	Tatung System Technologies Inc. ("TSTT")	Software and hardware service and system integration	54.40%	54.40%
The Company	Tatung Mexico S.A de C.V. ("TMX")	Manufacture of electronic products	100.00%	100.00%	The Company, CPT, SCSC and Chunghwa Electronics Investment Co., Ltd.	Forward Electronics Co., Ltd. ("FD")	Manufacture and sale of electronics	40.75%	40.75%
The Company	Tatung Science and Technology, Inc.	Sale and purchase of IT products	100.00%	100.00%	The Company	Taiwan Telecommunication Industry Company Ltd.	Telecommunication devices.	100.00%	100.00%
The Company	Tatung Electric Company of America, Inc.	Manufacture and sales of motor products in the U.S.	100.00%	100.00%	The Company and Chunghwa Electronics Investment Co., Ltd.	San-Chih Semiconductor Co., Ltd. ("SCSC")	Manufacture and sales of semiconductors and chips	58.20%	58.20%
The Company	Tatung Netherlands B.V.	Sales of electronic products	100.00%	100.00%	The Company, SCSC, SCAD, Shan Chih Investment Co., Ltd., and Chih Sheng Investment Co., Ltd.	Green Energy Technology Inc. ("GET")	Manufacture of electrical parts and retail sales and wholesale of electrical materials	39.04%	36.22%
The Company	TATUNG CZECH s.r.o	Manufacture of IT products	100.00%	100.00%	The Company	Central Research Technology Co.	EMCIRF testing and certification services	100.00%	100.00%
The Company	Tatung Medical Healthcare Technologies Co., Ltd.	Design and sales of medical instruments.	95.33%	95.08%	The Company	Tatung Consumer Products (Taiwan) Co., Ltd.	Sales of home appliances and digital computer products	99.10%	99.10%
The Company	Toes Opto-Mechatronics Co.	Manufacture of data storage and process equipment	85.00%	85.00%	The Company	Tatung SM-Cycle Co.	Manufacture of speed reducers, speed aviators	85.33%	85.33%
The Company	Tatung Vietnam Co., Ltd.	Manufacture and sales of home appliances	100.00%	100.00%	The Company, Chunghwa Electronics Investment Co., Ltd. and Chih-Sheng Investment Co., Ltd.	Tatung Fine Chemicals Co., Ltd. ("TFC")	Industrial coatings, electrocution coatings resistor coatings, photo-catalyst, inkjet ink	54.63%	54.63%
The Company	Tatung Electric Technology (VN) Co., Ltd.	Manufacture and sales of wire and cable	100.00%	100.00%	The Company	Shan-Chih Asset Development Co. ("SCAD")	Development and leasing of real estate	100.00%	100.00%
The Company	Chih Sheng Investment Co., Ltd.	Professional investment holding	100.00%	100.00%	The Company, SCAD and Chih Sheng Investment Co., Ltd.	Chunghwa Electronics Investment Co., Ltd.	Professional investment holding	100.00%	99.86%
The Company and Chunghwa Electronics Investment Co., Ltd.	Shan Chih Investment Co., Ltd.	Professional investment holding	100.00%	100.00%	The Company	Tatung DIE Casting Co.	Manufacturing and sales of casting mold	51.00%	51.00%
The Company	Tatung Global Strategy Investment and trading (BVI) Inc.	Professional investment holding	-	100.00%	The Company and Tatung Wire & Cable (Thailand) Co., Ltd.	Tatung (Thailand) Co., Ltd.	Manufacturing and sales of IT products, home appliances and AI meter	100.00%	100.00%
The Company	Absolute Alpha Limited	Professional investment holding	100.00%	100.00%	The Company	Tatung Co. of Japan, Inc.	Sales and purchase of electronic parts, home appliances and IT products	100.00%	100.00%
The Company	Tatung Forever Energy Co., Ltd.	Solar energy related business	98.55%	98.12%	The Company	Tatung Electronics(S) Pte. Ltd.	Purchases, sales and services of raw material	90.00%	90.00%
The Company	Leap High Limited	Professional investment holding	65.00%	65.00%	The Company	Tatung Wire & Cable (Thailand) Co., Ltd.	Manufacture and sales of wire and cable	100.00%	100.00%
The Company	Tungyang Energy Co., Ltd.	Solar energy related business	100.00%	-	The Company	Tatung Information (Singapore) Pte. Ltd.	Professional investment holding	100.00%	100.00%
The Company and CPTB	Chunghwa Picture Tubes (Labuan) Ltd. ("CPTL")	Investment holding and sales of TFT-LCD	100.00%	100.00%					
CPT	Giantplus Technology Co., Ltd. ("Giantplus")	Research, development, production and sales of LCD.	-	53.67%					
CPT	Chunghwa Picture Tubes (Bermuda) Ltd. ("CPTB")	Investment holding and sales of TFT-LCD	100.00%	100.00%					
CPTB and CPTL	Chunghwa Picture Tubes Technology (Group) Co., Ltd. ("CPTTG")	Research, design, manufacturing, sales and service of flat-panel display device, monitor display model and components	26.37%	30.42%					
CPTB	Dalemont Investment Ltd.	Professional investment holding	-	100.00%					
CPTB	Daliant Investment Ltd.	Professional investment holding	-	100.00%					
CPTB	Bangalor Investment Ltd.	Professional investment holding	-	100.00%					
CPTB	Bensaline Investment Ltd.	Professional investment holding	-	100.00%					
CPTB	New Kingston Enterprises Limited ("NKEL")	Professional investment holding	100.00%	100.00%					
CPTTG(L) and CPTTG	Chunghwa Picture Tubes (Wujiang) Ltd. ("CPTW")	Assembly final module of TFT-LCD	100.00%	100.00%					





Investor	Subsidiary	Main businesses	December 31,	
			2017	2016
CPTTG	Chunghwa Pictures Display Technology (Fujian) Ltd. ("FDT")	Assembly final module of TFT-LCD	-	100.00%
CPTW, FDT and CPTTG	CPTF Optronics Co., Ltd.	Assembly final module of TFT-LCD	100.00%	100.00%
CPTB	Chunghwa Picture Tubes (Malaysia) Sdn. Bhd. ("CPTM")	Manufacture and sale of CRT	100.00%	100.00%
CPTF Optronics Co., Ltd., NKEL, and Forward Development Co., Ltd.	CPTF Visual Display (Fuzhou) Ltd. ("FVD")	Manufacture components of TFT-LCD	100.00%	100.00%
CPTF Optronics Co., Ltd.	Hwallar Optronics (Fuzhou) Co. Ltd.	Manufacture components of TFT-LCD	51.00%	51.00%
CPTTG	Chunghwa Picture Tubes Technology (Labuan) Ltd	Investment holding and sales of TFT-LCD	100.00%	100.00%
CPTTG	Fuzhou YingYuan Equity Investment Management Co., Ltd.	Professional investment holding	100.00%	100.00%
CPTTG	Vibrant Display Technology CO., Ltd.	R&D, design and manufacture components of TFT-LCD	100.00%	100.00%
CPTB and CPTTG	CPT TPV Optical (Fujian) Co., Ltd.	Manufacture components of TFT-LCD	80.00%	80.00%
CPTB	CPTF Optronics (Shen-Zhen) Co., Ltd.	Investigation of market information	100.00%	100.00%
CPTTG, CPTF Optronics Co., Ltd., and Goldmax Asia Pacific Ltd	Kornerstone Materials Technology Co. Ltd.	R&D, design and manufacture and sale of panel components	100.00%	100.00%
Kornerstone Materials Technology Co. Ltd.	DDD3Empire	Manufacture, research and sales of optical glass	55.00%	55.00%
CPTF Optronics Co., Ltd	CPTF Optronics (HK) Co., Ltd.	Sales of TFT-LCD	100.00%	100.00%
Vibrant Display Technology CO., Ltd.	Huajiayuan Co., Ltd.	Development, investment, sale, leasing of real estate; estate management and lodging	100.00%	-
Giantplus Technology Co., Ltd.	Giantplus (Samoa) Holding Co., Ltd.	Investment	-	100.00%
Giantplus Technology Co., Ltd.	Hsh Heng Investment Co., Ltd.	Investment	-	100.00%
Giantplus (Samoa) Holding Co., Ltd.	Giantplus Holding L.L.C	Investment	-	100.00%
Giantplus Holding L.L.C	Kunshan Giantplus Optoelectronics Technology Co., Ltd.	Manufacture components of LCD display	-	100.00%
Giantplus Holding L.L.C	Shenzhen Giantplus Optoelectronics Display Co., Ltd.	Manufacture components of LCD display	-	100.00%
Giantplus Holding L.L.C	Kunshan Giantplus Optronics Display Technology Co., Ltd	Sales of touch panel	-	100.00%
Forward Electronics Co., Ltd.	Forward Development Co., Ltd.	Investment holding	100.00%	100.00%
Forward Electronics Co., Ltd., Green Energy Technology Inc. and Toes Opto-Mechatronics Co.	Gintung Energy Co., Ltd.	Manufacture and sale of solar module and related component	45.82%	45.82%
Forward Development Co., Ltd.	Forward Electronics Equipment (Dong Guan) Co., Ltd	Manufacture and sale of tuner, keyboard, mouse, remote controller, switch, socket and potentiometer.	100.00%	100.00%

Investor	Subsidiary	Main businesses	December 31,	
			2017	2016
Forward Development Co., Ltd.	Suzhou Forward Electronics Technology Co., Ltd.	Manufacture and sale of backlight unit for TFT-LCD, driving board, tuner, keyboard, mouse, switch, socket and connector.	100.00%	100.00%
SCSC	Greater Power Limited	Investment holding	100.00%	100.00%
SCSC	Chih De Investment Co., Ltd.	Investment holding	100.00%	100.00%
GET	Energy Well International Limited	Investment holding	100.00%	100.00%
GET	Green Energy Global Investment	Investment holding	100.00%	100.00%
Greater Power Limited and Energy Well International Limited	Ultra Energy Holdings Limited	Investment holding	100.00%	100.00%
Energy Well International Limited	Golden Sunny Limited	Investment holding	100.00%	100.00%
Ultra Energy Holdings Limited	Ultra Energy (WEIFANG) Technology Co. Ltd	Solar silicon wafer slicing.	100.00%	100.00%
TFC	Tatung Coatings (Kunshan) Co., Ltd.	Manufacture and sale of industry coating and electro-deposition coating.	100.00%	100.00%
TFC	Huaian Tatung Advanced Technology Materials Co., Ltd.	Manufacture and sale of positive material of lithium battery, printer ink, electro-deposition high performance coating.	100.00%	100.00%
TFC	Shang Chih International Chemical Industry Co., Ltd.	Investment holding	100.00%	100.00%
TFC	Wujiang Shang Huah Plastic Co., Ltd.	Manufacture and sale of ABS plastic.	100.00%	100.00%
Shang Chih International Chemical Industry Co., Ltd.	Wujiang Shanghua Material Technology Co., Ltd	ABS plastic, color dyes	100.00%	100.00%
Shang Chih International Chemical Industry Co., Ltd.	Dongguan Tongli Trading Co., Ltd.	Wholesale of painting, coating and chemical products.	100.00%	100.00%
Tatung Information (Singapore) Pte. Ltd.	Tatung Information Technology (Jiangsu) Co., Ltd.	Manufacture and sales of various electrical products	100.00%	100.00%
Tatung Information (Singapore) Pte. Ltd.	Tatung Wire And Cable Technology (Wujiang) Co., Ltd.	Manufacture and sales of wire and cable	100.00%	100.00%
Tatung Information (Singapore) Pte. Ltd. and Shan-Chih International Holding Corporation	Tatung Compressors (ZHONGSHAN) Co., Ltd.	Manufacture and sales of reciprocating compressors.	100.00%	100.00%
Tatung Electric (Singapore) Pte. Ltd. and Shan-Chih International Holding Corporation	Tatung (Shanghai) Co., Ltd	Manufacture and sales of motors, generators and transformers	100.00%	100.00%
TMX	TMX Logistics, Inc.	Hub service	100.00%	100.00%
TMX	TMX Technologies Inc.	Technologies & business development	100.00%	100.00%
Shan Chin Investment Co. Ltd	Shan-Chih International Holding Corporation	Investment holding	100.00%	100.00%
Shan-Chih International Holding Corporation	Shan-Chih Wire&Cable Technology (Wujiang) Co., Ltd.	Manufacture and sales of wire and cable	-	100.00%

Annex 2 Products and services provided by Tatung

Products and services provided by Tatung

Investor	Subsidiary	Main businesses	December 31,	
			2017	2016
TSTI	Chyun Huei Business Technology Inc.	Information software Service	100.00%	100.00%
TSTI	Tatung System Technologies Holding Ltd.	Investment holding	100.00%	100.00%
TSTI	Tisnet Technology Inc.	Software design and development	100.00%	100.00%
Tatung System Technologies Holding Ltd.	TSTI Technologies (Shanghai) Co., Ltd.	Information software Service	94.00%	94.00%
Chih Sheng Investment Co., Ltd.	Chih Sheng Investment (BVI)	Investment holding	100.00%	100.00%
Chih Sheng Investment Co., Ltd.	HEDA Biotechnology Co., Ltd.	Produce, food retail and wholesale industry	52.17%	52.17%
Chih Sheng Investment (BVI) Co., Ltd	Chih Sheng Holding Co., Ltd.	Investment holding	100.00%	100.00%
Chih Sheng Holding Co., Ltd. and CPTB	Goldmax Asia Pacific Ltd	Investment holding	51.26%	51.26%
Chih Sheng Holding Co., Ltd.	Chih Sheng Holding HK Limited	Investment holding	100.00%	100.00%
Absolute Alpha Limited	Tatung Information Technologies Corp.	Sales of electronic products	100.00%	100.00%
Chih Sheng Holding HK Limited	Wu-jiang Tatung Electronics Trading Co. LTD	Sales of information products	100.00%	100.00%
Shan-Chih Asset Development Co. and Taipei Industry Corporation	Tatung Forestry and Construction Co.	Design and construction of structural engineering.	99.87%	99.87%
Shan-Chih Asset Development Co.	Taipei Industry Corporation	Production and sales of mixing concrete.	50.61%	50.61%
Shan-Chih Asset Development Co.	Chih Sheng Realty Co., Ltd.	Realty management	100.00%	100.00%
Shan-Chih Asset Development Co.	Shan-Chih Asset International Holding Corporation	Investment Holding	100.00%	100.00%
Shan-Chih Asset International Holding Corporation	Tatung Management Consultant (Shanghai) Co., Ltd.	Realty and Leasing Service	100.00%	100.00%
Shan-Chih Asset International Holding Corporation	Shan-Chih Asset International (Hong Kong) Holding Limited	Investment Holding	100.00%	100.00%
Shan-Chih Asset International (Hong Kong) Holding Limited	Suqian Zhiwei Real Estate Co., Ltd.	Realty management	-	100.00%
Tatung Forever Energy Co., Ltd.	Sheng Yang Energy Co., Ltd.	Battery Material Retail	100.00%	100.00%
Tatung Information (Singapore) Pte. Ltd., and Tatung (Thailand) Co., Ltd.	Myanmar Tatung Co., Ltd.	Sales and customer service of solar energy, industrial motor, home appliances, industrial air conditioner	100.00%	100.00%
Tatung Information (Singapore) Pte. Ltd.	Tatung Myanmar JV Holding Co., Ltd.	Investment Holding	100.00%	100.00%
Tatung Medical Healthcare Technologies Co., Ltd.	Tatung Medical & Healthcare Technologies Inc.	Investment Holding	100.00%	-
Tatung Medical & Healthcare Technologies Inc.	Elite Oxygen And Healthcare Co., Ltd.	Sale of Oxygen generator	100.00%	-
Tatung Medical Healthcare Technologies Co., Ltd.	Insured Pharmaceuticals Co., Ltd.	Pharmaceuticals and warehousing and transportation service	100.00%	-
Tatung (Shanghai) Co., Ltd	Tatung Xinji (Guangdong) Technology Co., Ltd.	Electrical engineering system installation service	100.00%	-

Business Groups	Business Units	Products and services	Important Certifications
Power Business Group	Power Equipment BU	Industrial Appliance: 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 and outdoor gas circuit breakers up to 161kV class, 36kV series of switchgear, power distribution equipment, and other industrial equipment. Cable: With more than fifty years of technical experience, this business unit is responsible for manufacturing and sale of various wires, cables, optical fiber cables and busway which are widely used in telecommunication, power transmission and distribution system, industrial equipment, home appliance and IT network & electronic device.	
	Motor BU	Tatung motor business has been in the industry for more than 70 years. Tatung's motors business has been operating for over six decades with sales worldwide. With "Tatung Motors Drive the World" as its theme. Integrating of all aspects of electric machine which covered for designing, manufacturing, and selling of 1/8-30,000HP, single and three phase induction motors, high temperature resistant motor, and explosion-proof motor, immersible pump motors, PM motors, EV motors, drives, water jacket motors, generator sets, and total solutions of power systems.	
	Electrical Engineering Division	To comply with Government Renewal Energy policy, Tatung Company has integrated the resources of three Heavy Power Plants within Tatung Group and the advantage of our electrical power products for the expanding of the business scope of electrical power system integration and providing total solution services. Business scope: 1. PV power substation system. 2. Small scale Hydro Power Plant system. 3. Wind Mill Power substation system. 4. Electrical Power Engineering System.	
Consumer Business Group	Advanced Electronics BU	AEBU focuses on providing global ODM customers with design and manufacturing products & solutions. The product lines include 2 main lines: digital entertainment and Internet-of-Things (IoT) products. The digital entertainment line includes gaming headsets, smart noise cancelation headsets, streaming microphone, and entertainment accessories. The IoT products include IP camera, smart energy management and sensing-&-control products. Tatung's customers can benefit from Tatung's fast reaction to accommodate market needs and flexibility in design customization. The on-going research and development will further enhance the customers' competitiveness in their products.	
	Appliance BU	To boost sales in both domestic and overseas markets, apart from improving brand operations, we enhance brand value with innovative design, quality products, and technology integration. Our wide variety of products includes eco-friendly air-conditioning systems for business and home; 4K smart LCD displays; slim fashionable refrigerators; and top-loading high-level inverter washers. In addition, we have won awards worldwide for a great number of products awards due to our persistence in technology innovation and esthetic design. We have also launched health kitchen appliances including Enjoy Fresh juicer & Fast cooking pot and Fusion Cooker. As a title sponsor of the Taipei Golden Horse Film Festival, we have successfully promoted Tatung multifunctional cookers to the world and enhance the brand value. To make farm-to-table a reality, we persistently promote our health food brand "In Fresh" through careful selection of smallholding farmers.	

Annex 3 Factories and subsidiaries participated in 3P program and Occupational Accident Prevention Pays program in 2017.

Factories and subsidiaries participated in 3P program and Occupational Accident Prevention Pays program in 2017.

Factories owned by Tatung.	Subsidiaries	
Tayuan Plant	Tatung Die Casting Co., Ltd.	Green Energy Technology Co., Ltd. ³
Taoyuan Wires and Cables Plant	Tatung SM-Cyclo Co., Ltd.	Toes Opto-Mechatronics Co., Ltd.
San-Hsia Factory	Tatung Fine Chemicals Co., Ltd.	
Taoyuan 1st Plant	Shan Chih Semiconductor Co., Ltd.	
Electrical Meters Center ¹	Chunghwa Picture Tubes, Ltd. ²	
	Forward Electronics Co., Ltd.	

Note: Only factories and subsidiaries with manufacturing function are participated in 3P program and Occupational Accident Prevention Pays program. The information disclosed in this report is from Tatung's Factories (with green background).


Note 1: Locates at Tayuan Plant.

Note 2: Includes Lungtang Plant, and Yanmei Plant.

Note 3: Includes Kuanyin Plant, Kuanyin II Plant, Tayuan Plant, and Green Energy Technology Inc. Branch of Southern Taiwan Science Park.

Business Groups	Business Units	Products and services	Important Certifications
Consumer Business Group	Appliance BU	With the rise of the Internet of Things (IoT), we integrate resources to develop a wide variety of smart and energy-efficient appliances equipped with touch/sensing and internet technologies to provide consumers with total smart life solutions. With the smart appliance system and smart appliance app, consumers can control various Tatung smart appliances wirelessly to achieve electricity management, remote control, schedule management, and scenario personalization to save energy and protect the Earth smartly.	
System Business Group	Smart Meter BU	Smart Meter BU provides various types of smart meters and AMI systems. Tatung has the ability of integrating the systems of smart meter infrastructure and integrating different communication technologies such as RF, PLC, and 4G communications to develop smart meter application functions to meet customer needs and improve system performance. Furthermore, cooperating with the design and development of solar energy systems to become the development of micro-grid system integrators, and serve the global power companies, governments and households.	
	Solar Energy BU	In the Solar Energy BU, from north to south in Taiwan, there are hundreds of public buildings and cases, integrated with Tatung's high-performance solar energy products, to provide professional energy creation management and establishment services. The main services are electricity grid systems, stand-alone solar energy systems and related applications. With rich experiences in Taiwan, the establishment of various types of solar power plants has been extended from public housing roofs to ground-based landfill sites and water-based photoelectric ponds. With electromechanical integration capabilities and monitoring technology, to promote renewable energy. Tatung develops power plants maintenance business.	
	System Integration BU	System Integration BU is committed to specializing in the fields of information and communication systems as well as electromechanical systems. Information and Communication Systems: For more than 30 years, we have been helping customers deal with the computerization and automation of their systems and have endeavored to meet the needs of the information market in the era of technology. We expect ourselves to be a representative manufacturer of high-quality system integration in the country. We specialize in information system integration, network security planning & construction, and application software development. We have rich large-scale system integration capabilities and experience. The service team has owned a wide range of IT professional skills, certificates and services network throughout the Taiwan by 13 direct branch offices to provide customers fast services. In the future, 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 manufacturer in those fields. Electromechanical Systems: As various infrastructure projects at Taiwan started between the 1950s and 1970s, Tatung Company made an important contribution to the infrastructure construction such as power generation, power transmission as well as power supply. Electrical and mechanical systems related businesses are: 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 (waste water) treatment, which has reached the industrial waste water Zero Discharge standard. 4. Traffic mechanical and electrical engineering for Rails and roads as well as sign control systems. We has owned cross-disciplinary professionals, which covers various functionalities such as power, electronics, mechanics, smart control, information, communications, transportation and project management. They are responsible for integrating cross-disciplinary professionals, coordinating cross-organizational interfaces, providing integrated design, project management and maintenance services.	

Annex 4 Third-party assurance statements



Assurance Statement

TUV Asia Pacific Ltd. Taiwan Branch ('TUV NORD') has been commissioned by the management of TATUNG CO. ('the Company') to carry out an independent assurance of the 2018 TATUNG Corporate Social Responsibility Report ('CSR Report') for the fiscal year 2017 against the AA1000 AS (2008), TUV Asia Pacific CSR Assurance Protocol for Assurance of Sustainability Reporting and the Global Sustainability Reporting Standards (GRI Standards).

TATUNG CO. is responsible for the collection, analysis, aggregation and presentation of information within CSR Report. TUV NORD's responsibility in performing this work (assurance of the report) is in accordance with terms of reference agreed in the scope of engagement with the Company. The management of the Company is the intended users of this statement.

The assurance engagement is based on the assumption that the data and information provided to in the Company's CSR Report is complete and true.

Nature and Scope the Assurance
TUV NORD has developed a set of protocols for the Assurance of Corporate Social Responsibility Report based on our professional experience, international assurance best practice and the Global Sustainability Reporting Standards (GRI Standards). The scope of the assurance, based on the AA1000 AS (2008) Assurance methodology, include the text, and data in accompanying tables, contained in this report.

The assurance of the Company's CSR Report for the fiscal year 2017 related to TATUNG CO. businesses (Headquarter, Tayuan Plant, Taoyuan Wires and Cables Plant, Taoyuan 1st Plant, and San-Hsia Factory).

The content of the report includes the following:

- 1) Reporting of economic, environmental, and social indicators; the year of activities covered in the report is 01.2017 to 12.2017;
- 2) Information related to the Company's issues, responses, performance data, case studies and underlying systems to manage sustainability related data and information;
- 3) Information related to the Company's adherence to inclusivity, materiality and responsiveness and stakeholder engagements;
- 4) Evaluation of the Accountability Principles (Type II) and specified performance information with a HIGH level of Assurance, according to AA1000 AS (2008)
- 5) The report is "in accordance" with the GRI Standards – CORE option.


Assurance Methodology
TUV NORD is a licensed global assurance provider of Sustainability services, with quality, environmental, social and sustainability assurance specialists working all over the world.

Our assurance engagement was planned and carried out in accordance with the GRI Standards and the TUV Asia Pacific CSR Assurance Protocol for Assurance of Sustainability Reporting. Assessment of the company's adherence to inclusivity, materiality and responsiveness and stakeholder engagements was based on GRI Standards.

Our assurance involved the following activities:

- *Gather objective evidence on the performance indicators as mentioned in the report.
- *Review any issues raised by external parties that could be relevant to the Company's policies.
- *Review of expectations of local and national regulations; international standards and those of general concern both in the public eye and/or raised by expert opinion.
- *Documentation; record review and evaluation of the report contents against the GRI Standards application requirements.
- *Discussion with managers and relevant staff on the Company's approach to stakeholder engagement.
- *Interviews with relevant staffs involved in sustainability management, gathering information and report preparation.
- *Review key organizational developments.
- *Review of internal and external audits findings.
- *Review of supporting evidence based on the information made in the report.
- *Sampling method used to ensure the correctness of the data

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Opinion Statement
The Company's CSR Report (2018 TATUNG Corporate Social Responsibility Report) provides an appropriate view of the Company's CSR programs and performances during fiscal year 2017.

The economic, social and environment performance indicators as mentioned in the CSR Report are represented appropriately. The CSR performance indicators disclosed in the report demonstrate the Company's efforts recognized by its Top Management and stakeholders.

The report also presents the company's performance in the wider context of sustainability.

Stakeholder Inclusiveness
The Company identified its stakeholders for 7 groups through distinguishing between patterns of impacts of its operations and the impacts from some organizations or individual activities. The Company could refer to broader societal interests, rather than to the interests of specific stakeholders to respond to those key topics and concerns that have been raised through stakeholder engagement.

Sustainability Context
The CSR Report has fairly attempted to disclose the relationship between sustainability and organizational strategy. General and topic-specific Standard disclosures including the disclosure on management approach and performance indicators for identified material aspects are clear. In the context of sustainability, the Company's business relationships can include its value chain directly linked to its business operations, products or services to declare more comprehensive information about economic, environmental, and/or social topics relate to its long-term strategy, risks, opportunities, and goals.

Materiality
The Company follows the GRI Standards guidance and decides the material topics based on prioritization exercise is carried out using the Stakeholder Inclusiveness and the Materiality principles. The Materiality principle identifies material topics based on the two dimensions: The significance of the organization's economic, environmental, and social impacts; and their substantive influence on the assessments and decisions of stakeholders. For further report, the report in accordance with the GRI Standards is expected to report not only on impacts it causes, but also on impacts it contributes to, and impacts that are directly linked to its activities, products or services through a business relationship.

Completeness
The CSR Report well included coverage of material topics, sufficient to reflect significant economic, environmental, and social impacts. It was expected the prioritization for the material topics might be involved with impacts either through their own activities or as a result of their business relationships with other entities (especially i.e. supply chain).

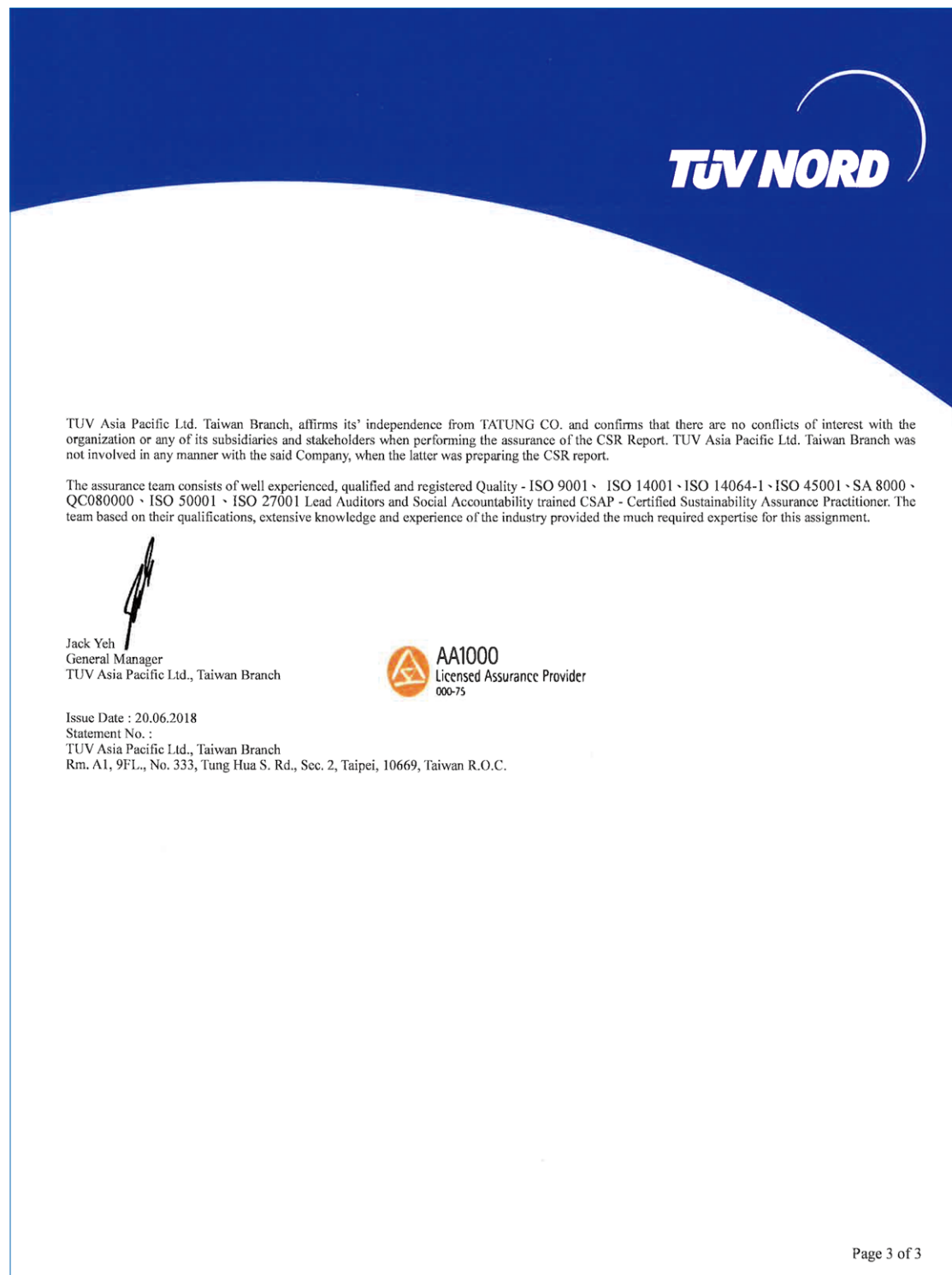
Reliability and accuracy of performance information:
In accordance to Type II, High level of assurance requirements, it can be concluded that the contents mentioned in the CSR Report is reliable. The Company has a robust management system for obtaining objective evidences and data for the reporting in the Company's CSR Report.

Statement of Independence and Competence
TUV NORD Group is the world's leader in inspection, testing and verification, operating in more than 70 countries throughout the world and providing services which includes management systems and product certification; quality, environmental, social and ethical auditing and training; environmental; social responsibility and sustainability report assurance.

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Annex 5 GRI Standards content index

GRI Content Index			
GRI Standard	Disclosure	Page numbers/ URL	Note
GRI 101: Foundation			
GRI 102: General Disclosures			
Organization profile	102-1 Name of the organization	9	
	102-2 Activities, brands, products, and services	9, 10, 13	
	102-3 Location of headquarters	10	
	102-4 Location of operations	10	
	102-5 Ownership and legal form	9	
	102-6 Markets served	9, 10	
	102-7 Scale of the organization	10	
	102-8 Information on employees and other workers	43	
	102-9 Supply chain	28	
	102-10 Significant changes to the organization and its supply chain	-	No significant change
	102-11 Precautionary Principle or approach	24	
	102-12 External initiatives	12	
	102-13 Membership of associations	11	
Strategy	102-14 Statement from senior decision-maker	Top management statement	
	102-15 Key impacts, risks, and opportunities	Top management statement, 13	
Ethics and integrity	102-16 Values, principles, standards, and norms of behavior	17, 25	
Governance	102-18 Governance structure	16	
	102-19 Delegating authority	25	
	102-20 Executive-level responsibility for economic, environmental, and social topics	25	
	102-21 Consulting stakeholders on economic, environmental, and social topics	1, 2	
	102-22 Composition of the highest governance body and its committees	18	
	102-23 Chair of the highest governance body	18	
	102-24 Nominating and selecting the highest governance body	18	



GRI Content Index			
GRI Standard	Disclosure	Page numbers/ URL	Note
GRI 101: Foundation			
GRI 102: General Disclosures			
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	102-26 Role of highest governance body in setting purpose, values, and strategy	25	
	102-27 Collective knowledge of highest governance body	19	
	102-28 Evaluating the highest governance body's performance	22	
	102-29 Identifying and managing economic, environmental, and social impacts	25	
	102-31 Review of economic, environmental, and social topics	25	
	102-32 Highest governance body's role in sustainability reporting	26	
	102-35 Remuneration policies	22	
	102-36 Process for determining remuneration	22	
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	102-41 Collective bargaining agreements	41	
	102-42 Identifying and selecting stakeholders	1	
	102-43 Approach to stakeholder engagement	1, 2	
	102-44 Key topics and concerns raised	2	
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	102-46 Defining report content and topic Boundaries	6	
	102-47 List of material topics	6	
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	102-49 Changes in reporting	6	
	102-50 Reporting period	About this report	
	102-51 Date of most recent report	About this report	
	102-52 Reporting cycle	About this report	
	102-53 Contact point for questions regarding the report	About this report	

GRI Content Index			
GRI Standard	Disclosure	Page numbers/ URL	Note
GRI 101: Foundation			
GRI 102: General Disclosures			
Reporting practice	102-54 Claims of reporting in accordance with the GRI Standards	About this report	
	102-55 GRI content index	Annex 5	
	102-56 External assurance	Annex 4	
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GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	6	
	103-2 The management approach and its components	15, 17, 23	
	103-3 Evaluation of the management approach		
Disclosure on non-financial information			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	6	
	103-2 The management approach and its components	25, 26	
	103-3 Evaluation of the management approach		
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GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	6	
	103-2 The management approach and its components	31, 33	
	103-3 Evaluation of the management approach		
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	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	33	
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	103-2 The management approach and its components	23, 42	
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GRI 419 Socioeconomic compliance	419-1 Non-compliance with laws and regulations in the social and economic area	—	No significant incident that against social and economic regulations

GRI Content Index			
GRI Standard	Disclosure	Page numbers/ URL	Note
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GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	6	
	103-2 The management approach and its components	45	
	103-3 Evaluation of the management approach		
GRI 402 Labor/management relations	402-1 Minimum notice periods regarding operational changes	45	
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	103-2 The management approach and its components	23, 61	
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GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	6	
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GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	6	
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GRI 306 Effluents and waste	306-1 Water discharge by quality and destination	68	
	306-3 Significant spills	61	
	306-5 Water bodies affected by water discharges and/or runoff	68	
Wastes management			
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	103-3 Evaluation of the management approach		
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GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	6	
	103-2 The management approach and its components	63, 65, 66	
	103-3 Evaluation of the management approach		
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GRI Content Index			
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	201-2 Financial implications and other risks and opportunities due to climate change	13	
	201-3 Defined benefit plan obligations and other retirement plans	45	
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GRI 202: Market presence	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	44	
	202-2 Proportion of senior management hired from the local community	43	
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GRI 206: Anti-competitive behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	36	
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GRI 404: Training and education	404-2 Programs for upgrading employee skills and transition assistance programs	46	
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GRI Content Index			
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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	41	
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ANNEX

Annex 6 Feedback Survey Form

Thank you for reading "2018 Tatung Corporate Social Responsibility Report", and sharing Tatung's achievements toward sustainable development. Tatung welcomes your opinions and believes that communication should be a dialogue. In order to present the next edition in clearer and understandable way, please take a few minutes to fill in your opinions or advices and return it to us.


 Mailing address: Environment & Safety Division, Tatung Co.,
 No. 22, Chungshan North road. 3rd sec., Taipei, Taiwan
 E-mail: csrreport@tatung.com

1. What is your overall impression of this report?

Excellent Good Average Poor

Opinions: _____

2. In what chapters are you most impressed in this report?

Top Management Statement
Identification on the stakeholders and significant topics
Profile of Tatung Company. Structure and governance
Supply chain management, product responsibility and customer service
Social performances Environmental performances

Opinions: _____

3. In what chapters do you think needed to be improved in this report?

Top Management Statement
Identification on the stakeholders and significant topics
Profile of Tatung Company. Structure and governance
Supply chain management, product responsibility and customer service
Social performances Environmental performances

Opinions: _____

4. Please use the space below to express your opinions and advices.

Name		Gender	<input type="checkbox"/> Male <input type="checkbox"/> Female	Occupation	
Address					
TEL		E-mail			
FAX					
<input type="checkbox"/> Yes, I would like to receive the next Tatung Corporate Social Responsibility Report					



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