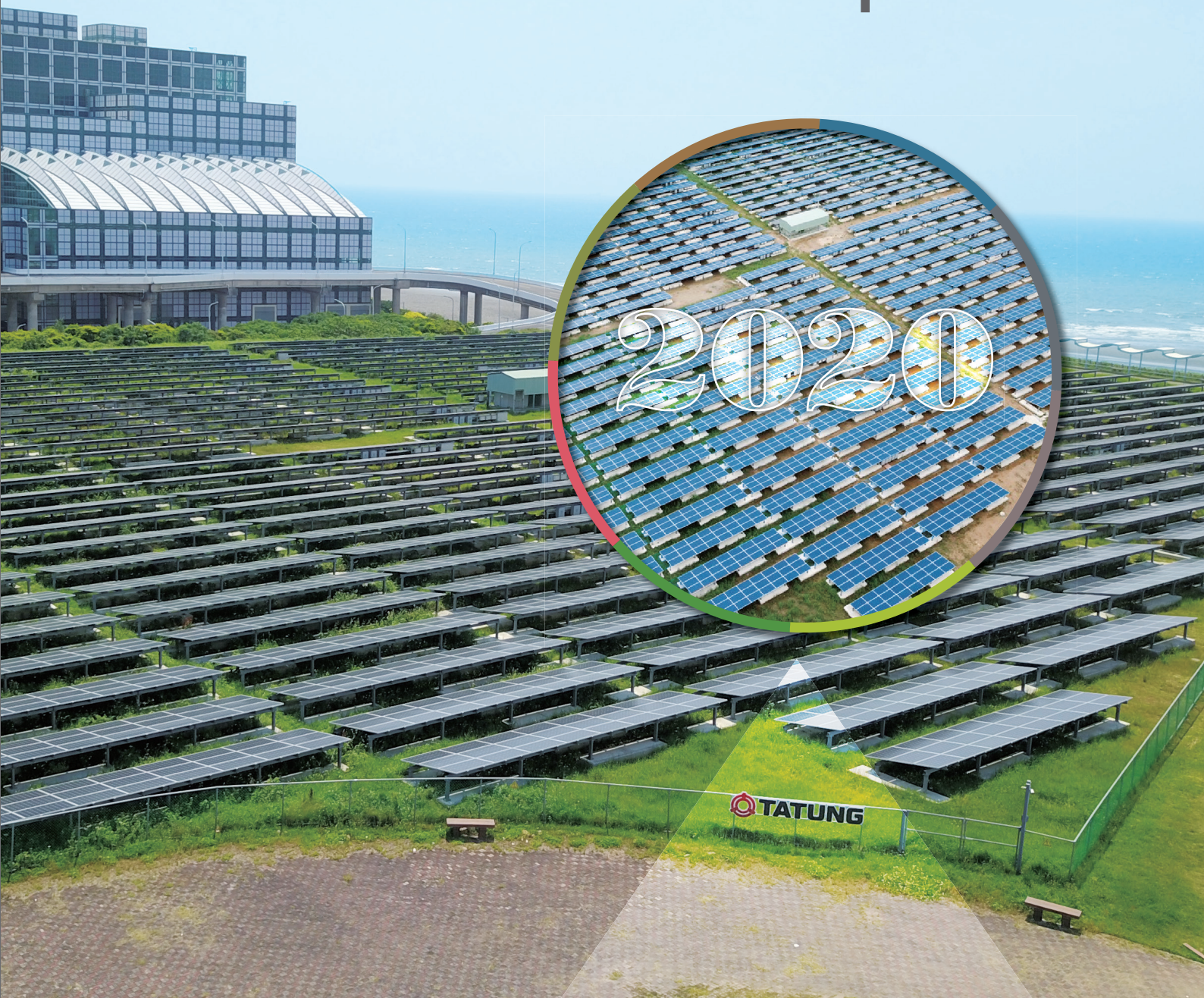


Tatung CSR Report



▲ PV roofing on Kanhai Park's public buildings - the largest single PV field of 1991.4kWp in Hsinchu.



About this report

Previous reports

This report is our 19th non-financial report since 2002. The previous report was published in June 2019.

Contact Point for questions regarding to the report

This report is prepared by "CSR Reporting Committee" and the contact information is shown below:

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CSR webpage: http://www.tatung.com/en/responsibility_rp.asp

The contents of the English version are translated from Chinese version. Tatung has done the best to ensure the accuracy of this report. If there is any discrepancy, the latest information from the relevant departments of the company shall prevail.

"2020 Tatung Corporate Social Responsibility Report" has been prepared in accordance with the GRI Standards: Core option and AA1000 AS: 2018. We expect this report is able to present a more focused content to the needs of the stakeholders, as well as sharing the sustainable achievements done by Tatung in a systematical manner.

Scope

The scope of this report covers Tatung's operations within the headquarter, Tayuan Plant, Taoyuan Wires and Cables Plant, Taoyuan 1st Plant, and San-Hsia Factory. Due to TCPC is mainly in charge of the sales of Tatung's house appliances and consumer products, part of TCPC's information (sales activity and consumer data management) is also disclosed in this report. The disclosure boundary of some material topics may be beyond the scope above and will be specifically described in its DMA.

Reporting cycle and reporting period

Tatung Corporate Social Responsibility Report is published before the end of June annually. Unless otherwise stated, the data and activities in this report are gathered from 2019.1.1~2019.12.31.

Restatements of information

The energy usages and GHG emissions for year 2015~2018 are restated (page 78, 80). The reasons are:

1. The factories carried out GHG emissions external verifications for year 2018 by the end of 2019.
2. The government official issued the latest electricity emission factor for year 2018.
3. Small amount of electricity of Meter Factory (base in Taoyuan Wires and Cables Plant) are added in 2015~2018.

CSR Report preparation procedures

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

Data measurement techniques

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

External assurance

This report has been verified by TÜV Asia Pacific Ltd. Taiwan Branch (TUV NORD) based on AA1000AS:2018 (Type 2, high level assurance) and GRI Standards. The assurance statement is enclosed in Annex 6.

Resilience, Adaptability and Sustainability

Chairman

Sen-yan Kuo Liu



Top management statement

Tatung has upheld the spirit of "Integrity, Honesty, Industry, and Frugality" and a down-to-earth attitude since founded. We are committed to innovation, talent cultivation and cross-industry cooperation. While the company pursues the growth in operations and profits, we also actively practices environmental protection, social integration, and corporate governance (ESG) to pursue the sustainable development and fulfill corporate social responsibilities.

In terms of environmental protection, in response to the risks and challenges brought by climate change, we have launched various action plans. In terms of creating clean energy, we have accumulatively installed about 130MW of solar power system by the end of 2019, and intended to acquire large-scale power plants in Chi-Gu Solar and Fishery co-existence special zone, Tainan. This project is expected to get on grid before the end of 2021. We constructed an intelligent system to make the main bus station of Pisek, Czech Republic go smart. The project won "2019 Smart City Systems Integration Award" and demonstrated our ability in solar energy system, smart meter, cloud hosted energy management, and cloud-hosted environment monitoring system. In the development of environmentally friendly, energy-saving and water-saving green products, Tatung, the first company in Taiwan, launched the large horsepower 60Hz IE4 induction motor series up to 200HP and in the household appliance products, 22 models have won Green Mark, 98 models have won Energy Label, and 4 models have won Water Label in 2019. We will continue to establish the smart solutions of green energy, energy creation and energy saving to fight climate change and work with customers and consumers to achieve energy-saving, environmentally friendly and healthy lives.

In terms of social integration, in the past few years, we have worked together with the supply chain to implement corporate social responsibility and introduced CSR-related issues into the supplier's on-site evaluation. In 2019, we further issued "Declaration of Minerals Conflict-Free from Tatung Company" to refuse to use the minerals from conflict region and declared to the suppliers to follow. To support Taiwan's performing art groups, we co-created the children's drama, "Rescuing Power Kingdom", with E Yuan Puppet Theatre. The drama was performed to 7 elementary schools in a tour nationwide in 2019. Concepts of energy saving, healthy living, and environmental protection were also incorporated in the play to better influence students on their daily habits. In an effort of bringing care and positive attitude towards life to the underprivileged children, we organized the Tatung Charity Soccer Summer Camp for the 9th consecutive year by utilizing our unique soccer resources. A total of 340 vulnerable children of grade 1-9 from 15 orphanages were invited to the summer camp. We aim to educate all participants the spirit of teamwork and sportsmanship through the playing of football game and hence have the spirit put into practice in their everyday life.

In terms of corporate governance, Tatung has "Corporate Governance Committee", with independent directors and external directors as members, responsible for reviewing the effectiveness of corporate governance-related business implementation. In 2019, we appointed the chief of Legal Division as the chief corporate governance officer to assist with corporate governance related matters. Tatung also conducts internal evaluations based on the "Board and Functional Committee Performance Evaluation Guidelines" set by the company, and reports the evaluation results to the board of directors to continuously improve corporate governance and strengthen the implementation of ESG and sustainable development.

Look into future, Tatung is a pioneer in Taiwan's home appliances and electromechanical systems. We have excellent capabilities and experiences in integration of various advanced systems. In recent years, it has been under transformation of green energy combined with intelligence. Since the outbreak of COVID-19 in 2020, the world economy faces serious downturn and critical challenges from overall market. We will focus on stabilizing core operations as the driving forces for further growth. On the one hand we will seek strategic partnerships and drive the value of Tatung brand and channel. On the other hand, we will establish the smart solutions of green energy, energy creation and energy saving to slow down global warming. While pursuing company development, Tatung will continue to deepen corporate governance, and from the perspective of stakeholders, improve ESG information disclosure, and fully communicate with stakeholders. Tatung will use "resilience, adaptability, and sustainability" to advance towards the vision of sustainable development.



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2019 CSR Highlights

Economic-governance aspect:

■ No. of awards.	5
■ Percentage of external/independent directors in the board.	62.5%
■ Governance.	The performance of the board of directors: Good.
■ Ratio between staff's basic salary and legal salary.	1.26 ~ 1.51 : 1
■ Percentage of managers from local in high level management	100%
■ Disclosure on non-financial information.	<ul style="list-style-type: none"> • Published CSR report for 18 consecutive years. • MSCI ESG Ratings: A.



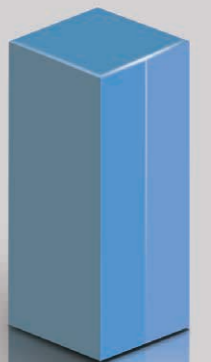
Social aspect:

■ No. of discrimination, forced, or compulsory labor incident.	0
■ Percentage of local employees.	93.23%
■ Average salary ratio between female and male employees.	0.85 ~ 0.90 : 1
■ Percentage of employees who are labor union members.	70.65%
■ Average education/training hours per employee	12.46 hours
■ Education and training satisfaction.	91.69%
■ Correction percentage of "Occupational Accident Prevention Pays" program.	100%
■ Supplier commitment letter.	New introduced suppliers 100% signed back
■ Management on conflict minerals.	Issued "Declaration of Minerals Conflict-Free from Tatung Company" and declared to the suppliers to follow.
■ Consumer satisfaction.	Maintenance: 95.3%. Shipping: 97.0%.
■ No. of complaints about information leaking received from the consumers.	0



Environmental aspect:

■ Electricity reduced.	2.82 Million kw-hr
■ GHG emissions reduced.	1,500 tons CO ₂ e
■ Percentage of products achieved energy intensity target.	85.71%
■ Waste recycling percentage.	69.42%
■ Green products.	<ul style="list-style-type: none"> • Green Mark: 22 models • Energy Label: 98 models • Water Label: 4 models • Certificate for "Apply Green Mark for 20 consecutive years" from EPA
■ Promotion on green consumption.	TCPC's TungHai Exhibition Center and Huaxia Store won "Green Stores of the Year" from EPA
■ Solar power systems capacity on grid.	127.15MWp accumulated (approximately 80,000 tons CO ₂ e reduction/year)





CHI

Identification on 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 environmental protection, social participation, and corporate governance in Annual Report, CSR Report, and the company's official website, but also finds out the blind spots and gains valuable opinions by communicating with the stakeholders via variety of channels.

1.1 Identification on the stakeholders and engagement channels

Based on AA1000 standard and GRI Standards, Tatung identifies the stakeholders by past operation experiences and based on the principle that any organizations or persons impacted by the operation of the company or any organization or persons having impacts to the company. Seven stakeholder groups such as shareholders, customers, employees, local communities and parties, authorities, suppliers and consumers have been identified.

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

Table 1.1-1 List of stakeholders and engagement channels

Stakeholder groups	Meaning to Tatung	Communication channels and frequencies
Shareholders	The investors who support Tatung.	<ul style="list-style-type: none"> - Shareholders' meeting / Once per year - Irregular shareholders' meetings, direct phone line (+886-2-25925252 ext. 3258), 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.	<ul style="list-style-type: none"> - Chairman's mailbox, HR mail box, complaint mechanism, scheduled education and training, notice board / Irregular - Biweekly HR newspaper / Once per 2 weeks - Health and Safety Committee in the headquarter and factories / Once per 3 months - Labor-management meeting / Once per 3 months
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.	<ul style="list-style-type: none"> - Direct phone lines / Irregular - Social charity/donation activities / Irregular
Authorities	Instructors of Tatung. Following the government policies and complying with regulations is the basic principle of Tatung.	<ul style="list-style-type: none"> - Onsite audits / Irregular - Hearings, seminars / Irregular
Suppliers	Suppliers are the partners that Tatung has grown up with. With their high quality materials, products, and services, Tatung successfully expanded the business year by year.	<ul style="list-style-type: none"> - Supplier complaint mailbox supplier@tatung.com / Irregular - Supplier evaluation, annually re-evaluation / Once per year - Supplier assessment / Once per month
Consumers	Supporters of Tatung products. For the past 60 years, Tatung has accompanied countless households in their family time.	<ul style="list-style-type: none"> - TCPC phone lines (+886-800052666), Tatung 3C Stores, official websites, etungo online shopping website / Irregular - Satisfactory survey / Upon shopping or repair service

Table 1.1-2 Topics concerned by the stakeholders and our responses

Stakeholder groups	Concerned topics	Tatung's responses	Chapters
Shareholders	Governance and financial performances	<ol style="list-style-type: none"> 1. Seeking partner to strengthen Tatung brand and channel business. 2. Establishing the smart solutions of green energy, energy creation and energy saving. <ol style="list-style-type: none"> (1) Continuing to develop solar power plants. (2) Integrate energy storage, smart meters and micro-grids to develop profitable business model. (3) Seeking foreign strategic partners to accelerate and expand the installation of solar power plants. 3. To realize the implied value by developing land assets. 4. Focus on core businesses, and continuously dispose non-core or loss-making businesses to optimize company structure. 	2.2 \ 2.3
Customers	Product quality and customer information management.	<ol style="list-style-type: none"> 1. Establishing ISO 9001, enhancing supplier quality management, products that pass related verifications. 2. Establishing ISO 27001 to enhance information management. 	4.2 \ 4.3
Employees	Labor rights, welfares	Complying with labor and health and safety regulations.	5.1 \ 5.2 \ 5.3
Local communities and parties	Pollutant emissions, interaction with local communities	<ol style="list-style-type: none"> 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. 	5.4 \ 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
Consumers	Product safety and labeling, personal information management	<ol style="list-style-type: none"> 1. Complying with product safety and labeling regulations, and establishing feedback and anti-recurrence mechanisms. 2. Establishing ISO 27001 to enhance information management. 	4.2 \ 4.3

1.2 Identification on the material topics

To ensure the contents of this report fully cover with economic, social and environment dimensions. Tatung has CSR Reporting Committee with the president as the leader, and the members are from administrative divisions and BUs. Based on material topics identification procedure (Table 1.2-1), Tatung concluded 26 possible sustainable topics that may have impacts to the stakeholders and to the company based on the past operation experiences, future competitive strategies, and the latest global trends on sustainability such as GRI Standards indicators and UN Sustainable Development Goals (SDGs). The topics are listed on Table 1.2-2.

Table 1.2-1 Material topics identification procedure

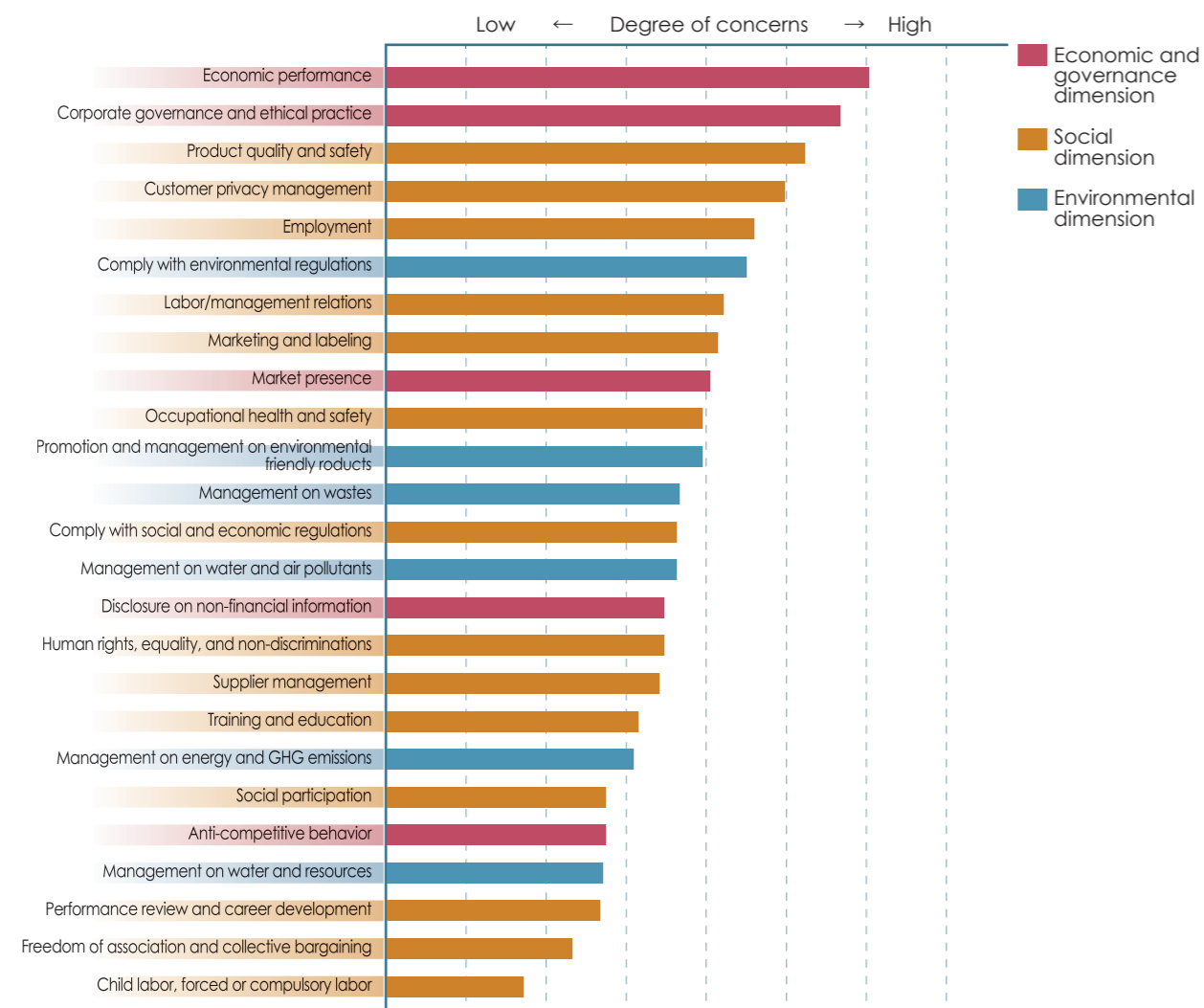
Step 1: Identification on sustainable topics.	Tatung integrates the past operation experiences, future competitive strategies, and the followings to identify the sustainable topics that related to our operations: <ol style="list-style-type: none"> 1. GRI Standards' topic-specific standards; 2. SDGs; 3. Other companies' experiences in the industries.
Step 2: Ranking.	<ol style="list-style-type: none"> 1. Invite stakeholder to complete surveys (including online survey) to collect their opinions in regarding to the sustainable topics. 2. Conduct impact assessment to the company for each sustainable topic internally. 3. Combine the results from outside and inside the company and define the topics with combination grading 12 and above as material topics.
Step 3: Confirmation.	Submit the prioritized topics and material topics list to "Corporate Governance Committee" for confirmation. The outcome will be the material topics in CSR Report of the year.
Step 4: Reporting.	CSR Reporting Committee discusses the contents of the report and in accordance to GRI Standards to gather and present the information.

Table 1.2-2 Tatung's sustainable topics

Economic and governance dimension	Social dimension		Environmental dimension
Economic performance	Supplier management	Child labor, forced or compulsory labor	Management on water and resources
Market presence	Employment	Social participation	Management on energy and GHG emissions
Corporate governance and ethical practice	Performance review and career development	Product quality and safety	Management on wastes
Disclosure on non-financial information	Labor/management relations	Marketing and labeling	Management on water and air pollutants
Anti-competitive behavior	Training and education	Customer privacy management	Promotion and management on environmental friendly products
	Human rights, equality, and non-discriminations	Comply with social and economic regulations	Comply with environmental regulations
	Occupational health and safety	Freedom of association and collective bargaining	Management ¹ on the environment

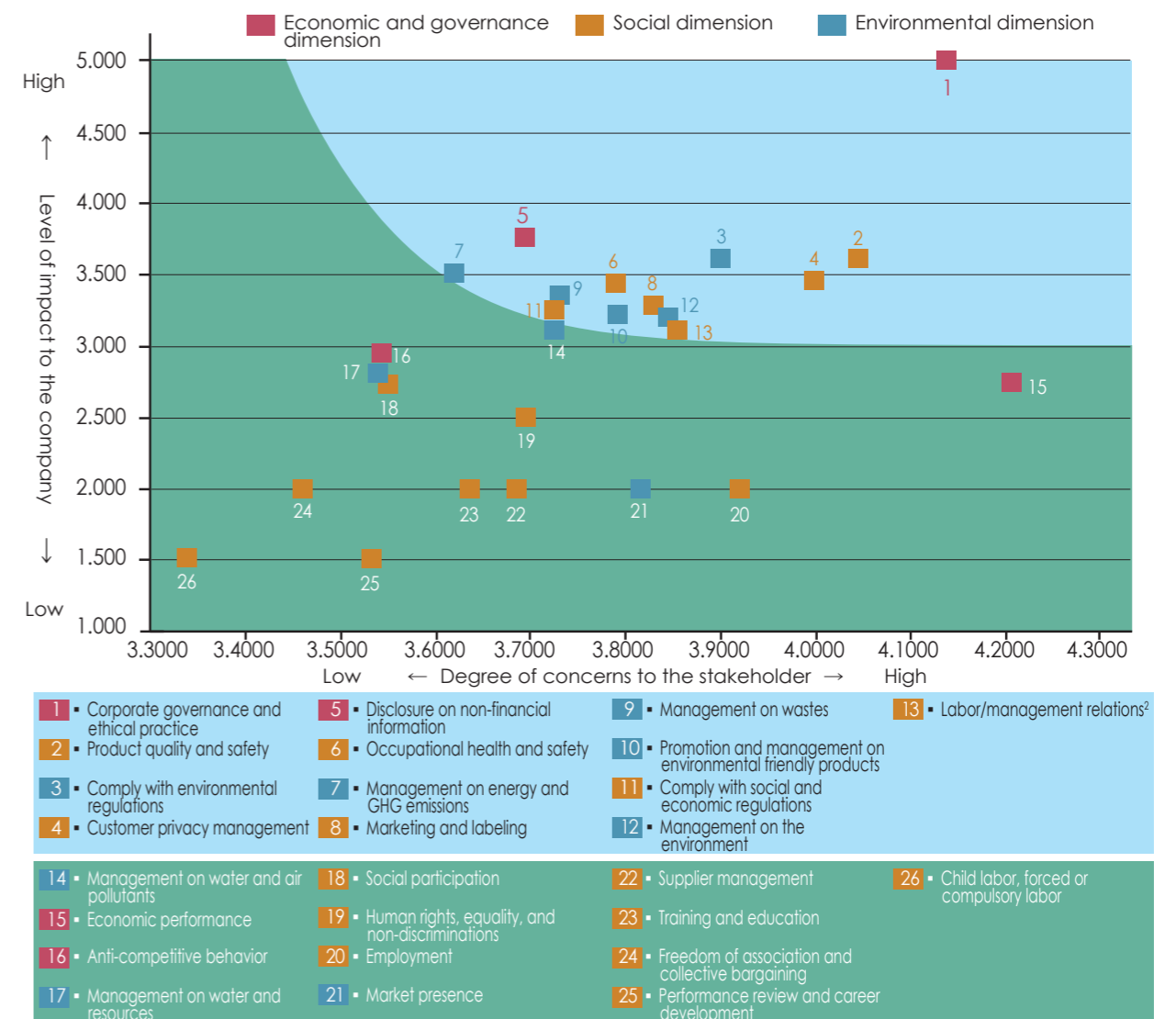
¹: In the identification of sustainable topics this year, Tatung considered that the management practices of "Management on the environment" topic have been included in other environmental topics. In order to avoid repeated reports, it was deleted from the list of sustainable topics. When Corporate Governance Committee later on reviewed sustainable topics and material topics, it instructed to put "Management on the environment" topic back into the list of sustainable topics and set it as one of the material topics of this report.

Tatung used surveys to collect the degree of interest of stakeholders on various sustainable topics (presented by Grade 1 to Grade 5, Grade 5 is the most concerned, Grade 1 is the least concerned). The target groups of the stakeholders are from those were contacted by the members of CSR Reporting Committee and those who took online survey on the CSR Report downloading page of the company's official website during December 5, 2019 to December 31, 2019. Totally 295 surveys were recovered and the most concerned topics were ranked. Please see Figure 1.2-1 for details.



▲ Figure 1.2-1 Degree of concerns on the sustainable topics by Tatung's stakeholders

In addition, the CSR Reporting Committee analyzed the possibility, severity and level of impact to the company's economic, environment and social dimensions for the above sustainable topics and gave different ratings from Grade 1 to 5 (Grade 5 is highest, Grade 1 is lowest). Then comprehensively evaluated and discussed the degree of concerns from the stakeholders. The topics with multiplied score above 12 points were defined as material topics (located in the blue area on Figure 1.2-2) and reported to Corporate Governance Committee for confirmation.



▲ Figure 1.2-2 Distribution of the material topics

²: Corporate Governance Committee considered labor/management relations as an important corporate governance strategy, so this topic was directly listed as a material topic in this report.

In this report, we have identified 13 material topics. In terms of economic and governance dimension, the topics are Corporate governance and ethical practice and Disclosure on non-financial information. In terms of social dimensions, the topics are Product quality and safety, Customer privacy management, Occupational health and safety, Marketing and labeling, Comply with social and economic regulations, and Labor/ management relations. In terms of environmental dimension, the topics are Comply with environmental regulations, Management on energy and GHG emissions, Management on wastes, Promotion and management on environmental friendly products, and Management on the environment. We can find from Table 1.2-3 that the material topics in the past three years have not changed much. We will make detailed responses to these 13 material topics in the following chapters. The correlation of each material topic in the value chain is shown in Table 1.2-4.

Table 1.2-3 Material topics in recent 3 years

Material topics in 2018	Material topics in 2019	Material topics in 2020 and their meanings to Tatung	
Corporate governance and ethical practice	Corporate governance and ethical practice	Corporate governance and ethical practice	Good corporate governance and ethical practice helps the company to achieve sustainable development and demonstrate its social value.
Disclosure on non-financial information	Product quality and safety	Disclosure on non-financial information	Disclosing relevant and reliable ESG information can demonstrate the company's achievements towards sustainable development, as well as communicate with stakeholders.
Comply with social and economic regulations	Comply with social and economic regulations	Product quality and safety	Products with good quality and safety in use are the foundation of the company.
Labor/management relations	Customer privacy management	Customer privacy management	"Uninterrupted service, no loss of information, personal information not leaked, and enterprise sustainable operation" is our policy.
Occupational health and safety	Labor/management relations	Occupational health and safety	It is our responsibility to provide a safe working environment for employees.
Product quality and safety	Marketing and labeling	Marketing and labeling	This is our corporate social responsibility to ensure that "the marketing and labeling of products and services should follow the relevant laws and international standards, and should not damage the rights and interests of consumers."
Customer relation management	Occupational health and safety	Comply with social and economic regulations	Complying with the laws and regulations and become a benchmark for excellent companies in the industry, avoiding violations of the law and major penalties, and damaging the company's image.
Management on energy and GHG emissions	Management on the environment	Labor/management relations	Tatung integrates labor management levels, working together for coexistence and common prosperity, so that employees can feel at ease and satisfied with each job.
Management on wastes	Comply with environmental regulations	Comply with environmental regulations	These four topics echo the principles of Tatung's sustainable environmental development principal: "the economic development should not create pollution to the environment but try to forge a marriage between corporative development and environmental protection." It is also one of the core values of Tatung's CSR policy.
Management on water and air pollutants	Management on wastes and air pollutants	Management on energy and GHG emissions	
Environmental friendly products	Management on water and air pollutants	Management on wastes	
Comply with environmental regulations	Management on energy and GHG emissions	Management on the environment	
-	Environmental friendly products	Promotion and management on environmental friendly products	This topic echoes Tatung's product design concepts: "Environmental friendly, energy saving and water saving."

Table 1.2-4 The boundaries of material topics



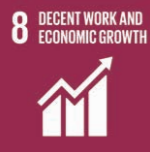
Dimensions	Material topics	Tatung Company	Subsidiaries	Suppliers	DMA pages	GRI indicators	UN SDGs
Economic and governance	Corporate governance and ethical practice	■	△	▲	26	Not Applicable	Not Applicable
	Disclosure on non-financial information	■	△	-	26	Not Applicable	
Social	Product quality and safety	■	△	▲	40	GRI 416-1、416-2	Not Applicable
	Customer privacy management	■	△	▲	45	GRI 418-1	Not Applicable
	Occupational health and safety	■	△	▲	63	GRI 403-1、403-2	
	Marketing and labeling	■	△	▲	40、45	GRI 417-1、417-2、417-3	Not Applicable
	Comply with social and economic regulations	■	△	▲	27	GRI 419-1	Not Applicable
	Labor/management relations	■	△	▲	55	GRI 402-1	
Environment	Comply with environmental regulations	■	△	▲	74	GRI 307-1	Not Applicable
	Management on energy and GHG emissions	■	△	-	77	GRI 302-1、302-3、302-4、305-1、305-2、305-5	
	Management on wastes	■	△	▲	83	GRI 306-2	
	Management on the environment	■	■	▲	74	Not Applicable	Not Applicable
	Promotion and management on environmental friendly products	■	■	-	88	GRI 302-5	




Note: ■ represents that the information is disclosed in this report; △ represents that the relevant management measures are applied to the subsidiaries but the related information is unable to retrieve and not disclosed in this report; ▲ represents that the relevant management measures are applied to the suppliers, the detailed information is disclosed in Chapter 4.1.

Note 1: Part of subsidiaries with larger scale such as Elite Groups and Forward Electronics, their CSR information is disclosed in their CSR reports and/or on their official websites.

1.3 Tatung and 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. Among the material topics identified this year, "Promotion and management on environmental friendly products", "Occupational health and safety", "Product quality and safety", "Management on wastes", "Disclosure on non-financial information", and "Management on energy and GHG emissions" are also correspond to SDGs' goal 7, 8, 12, and 13. The measures taken for SDGs are listed on Table 1.3-1.

SDGs	Description	Measures
	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.
	Ensure access to affordable, reliable, sustainable and modern energy for all.	<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.
	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.

SDGs	Description	Measures
	Reduce inequality within and among countries.	<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.
	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.
	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.



CH2 Profile of Tatung Company



▲ Figure 2.1-1 Information of Tatung Co.

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.

For smart homes, we have integrated the our 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 a energy-saving, convenient, safe and healthy smart life as we offer smart, energy-saving and environment-friendly household appliances, IP cameras, surveillance systems, smart gateways, energy-saving sensors, environmental sensors, etc.

Tatung is equipped with core technologies to manufacture important products in the system solutions while working with strategic business partners to target the world market. For more information about us, please visit "TATUNG Official Channel"¹⁾.

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 Forward Electronics (8085), 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.

¹⁾: TATUNG Official Channel- <https://www.youtube.com/user/TATUNGTW/featured>



▲ Figure 2.1-2 Tatung Co. global network

Association/organization	Member	Managing role ²	Association/organization	Member	Managing role ²
The Third Wednesday Club	■		Taiwan Digital Television Committee	■	
Chinese International Economic Cooperation Association	■		Chinese Institute of Engineers	■	
Chinese Blood Donation Association	■		Electric-Electronic & Environmental Technology Development Association of R.O.C.	■	■
Chinese National Association of Industry and Commerce, Taiwan	■	■	SINOCON Industrial Standards Foundation	■	■
CNS Certification Mark Association, R.O.C.	■	■	Importers and Exporters Association of Taipei	■	
Information Service Industry Association of R.O.C.	■		Taiwan Electrical Contractors Association	■	
ROC-USA Business Council	■		Taiwan Electric Wire & Cable Industries Association	■	
Industrial Association of Taipei City	■	■	Taiwan Association of Machinery Industry	■	■
Taipei Electrical Commercial Association	■		Taiwan Water Pipe Engineering Industries Association	■	
Taiwan Telematics Industry Association	■	■	Taiwan Metal Industry Association	■	
Taiwan Wind Energy Association	■		BELLWETHER International Group	■	
Taiwan Electrical and Electronic Manufacturers' Association	■	■	European Chamber of Commerce Taiwan	■	
Taiwan Refrigeration and Air-Conditioning Engineering Association R.O.C.	■		The American Chamber of Commerce in Taipei	■	
Monte Jade Science & Technology Association of Taiwan	■		Taiwan Electric Power Association	■	
Taiwan Institute for Climate Change and Energy	■		Taiwan Association of Energy Service Companies	■	
Taiwan Motor Industry Association	■	■	Taiwan Association of Information and Communication Standards	■ ³	
Taiwan Environmental Engineering Association	■		Taiwan Smart Grid Industry Association	■	■
Industrial Safety and Health Association of the R.O.C.	■		Taiwan Power and Energy Engineering Association	■	■

Business Category	Subsidiary Name	Business Category	Subsidiary Name
Optoelectronics	Chunghwa Picture Tubes, Ltd.	Electronics & Information Business	Tatung System Technologies Inc.*
	Forward Electronics Co., Ltd.*		Central Research Technology Co., Ltd.
Energy Solutions Business	Shan Chih Semiconductor Co., Ltd.	Industrial Appliance Business and System	Toes Opto-Mechatronics Co. Ltd.
	Tatung Forever Energy Co., Ltd.		Chemical Engineering Business
	Tung Yang Energy Co., Ltd.	Asset Development Business	
	Chih Kuang Energy Co., Ltd.		Others
	Shang Shin Energy Co., Ltd.	Shan Chih Investment Co., Ltd.	
	Yau Yang Energy Co., Ltd.	Tatung Medical & Healthcare Technologies Co., Ltd.	
	Ting Shin Energy Co., Ltd.	Tatung Die Casting Co., Ltd.	
	Zhi Shin Energy Co., Ltd.	Chih Sheng Investment Co., Ltd.	
Retail Channel Business	Tatung Consumer Products (Taiwan) Co., Ltd.		

Note: *As of 2019/12/31 Listed/OTC and Emerging companies.

²: Managing role such as director and supervisor.
³: Chairman of TC3. Device Networking Committee.

Tatung received many awards and certifications on operations and products in 2019 (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 2.1-3 Awards received in 2019

Award	Description
2019 Smart City Systems Integration Award	Tatung constructed an intelligent system to make the main bus station of Pisek, Czech Republic go smart. The project utilized applications of solar energy system, smart meter, cloud-hosted energy management, and cloud-hosted environment monitoring system.
Taiwan Excellence Silver Award 2019	100th Anniversary Cooker
Taiwan Excellence Award 2019	Toaster grill
Energy Conserving Award by Bureau of Energy	Taoyuan Wires and Cables Plant
Certificate of Appreciation for Long-term supporting Green Mark.	Environmental Protection Agency issued Certificate of Appreciation for supporting and receiving Green Mark for 20 consecutive years.

Table 2.1-4 Initiatives endorsed by Tatung

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



2.2 Financial performances

2019 is the 101th anniversary of the founding of Tatung Company. Although affected by the huge losses of the two investment companies, Chunghwa Picture Tubes, Ltd. (CPT) and Green Energy Technology Inc.(GET), the overall operation results of Tatung have turned around with profits contributed from Shan Chih Asset Development Co., Ltd (SCAD). Facing global business challenges, Tatung will continue to engage in corporate transformations toward the development of green energy, energy saving, energy storage, and smart energy. In 2019, Tatung's standalone revenue was NT\$17.826 billion, core business operating loss was NT\$0.864 billion; together with non-operating income from investments, the net profit after tax was NT\$2.876 billion which resulted in earning of NT\$1.24 per share.

The standalone revenue in 2019 was declined 6.9% compared with 2018. The results combined with declined in consumer products sales and sales grown in industrial products such as motors and power equipment. The standalone operation losses were came from home appliance and power equipment, which account for a relatively high proportion of the overall revenue, due to market competition with gross margin decreased. Tatung has cut off low-margin rate product lines and adopted various cost reduction measures. Also we continuously invested resources in development of energy and smart management systems to boost our revenue growth and profitability, with a view to expanding its niche-oriented energy and systems business. In the investments, CPT's application for bankruptcy is being reviewed by the court, and GET was ruled bankruptcy by the court in early 2020. The impact of the two investment companies on Tatung in 2019 has gradually weakened. In addition, SCAD has begun delivering house units to buyers of project Tatung Manor first phase and recognized profits by portion in 2019. The net investment income in 2019 was about NT\$5.29 billion which mainly came from the dispose of lands of SCAD and the continuous operation improvement of all other investment companies.

Tatung operates normally on a daily basis and accepts no financial support from the government. For more detailed financial performances, please refer to "Tatung 2019 Annual Report" which can be downloaded at:

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

Table 2.2-1 Financial income and expenses of Tatung

Item	2015	2016	2017 ⁴	2018	2019
Operating revenue	18,151,104	17,259,632	17,482,835	19,138,488	17,825,749
Realized gross profit	1,581,503	2,404,376	2,164,903	2,064,017	1,789,027
Personnel expenses ⁵	2,518,948	2,403,307	2,379,086	2,329,118	2,269,620
Income from operations	(966,334)	(51,462)	(177,326)	(391,692)	(863,857)
Non-operating income and expenses	(2,107,282)	(2,363,313)	280,968	(10,313,757)	3,466,194
Income tax benefit	(1,399)	70,830	36,675	62,543	273,542
Net loss attribute to equity attributable to owners of parents	(3,075,015)	(2,343,945)	140,317	(10,642,906)	2,875,879
Earnings per share (NT\$)	(1.35)	(1.03)	0.06	(4.75)	1.24
Dividends per share (NT\$)	0	0	0	0	0

⁴: Tatung has changed the measurement of investment property from cost model to fair value model starting from January 1, 2018. As a result, Tatung restated its financial statement for year 2017 and the financial data disclosed in this report was updated as well.

⁵: Personnel expenses include salaries, staff labor and health insurance, pension, and others.

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 its overseas branches, Tatung is in a solid position to deliver products more efficiently and render customer services more effectively.

Climate change caused by global warming poses risks to businesses and also creates opportunities. Tatung will continue to focus on green energy, energy saving, energy storage, and smart energy, combine with IoT technology to deepen the core technology of smart energy management. With the performance of forward-looking performances, Tatung is going to become a leading manufacturer with a full range of product and service delivery capabilities in the era of power freedom. For detailed product information, please refer to Annex 2. The focus of operations in 2020 is as follows:

Consumer BG

Except Taiwan's first brand in rice cooker, the main products include commercial and household products are all with energy-saving and smart controlling. Through sensing and IoT technology, all products can provide services such as consumer power management, remote control, scheduling control and personalized smart living. In recent years, Consumer BG has won iF Industrial Design Award (Germany), Red Dot Design Award (Germany), Good Design (Japan) and Excellence Awards (Taiwan). Moreover, its sub-brand "Yin-hsian in fresh" is conducts a smart agricultural monitoring system that can accurately control the greenhouse environment and help farmers to engage in high-efficiency, high-quality and high-capacity smart agriculture.

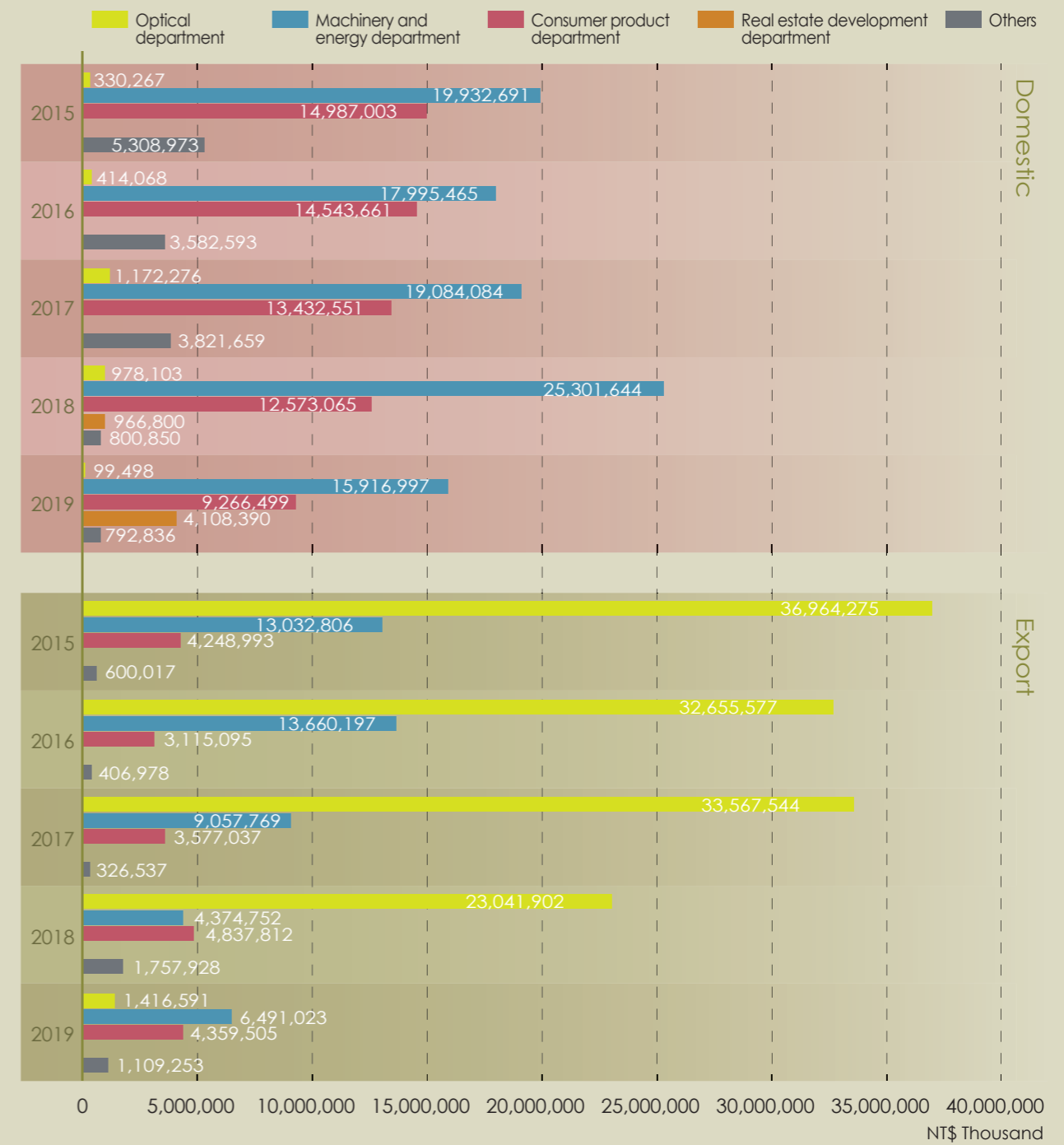
System BG

We installed over 130MW solar power plants by the end of 2019, and intend to acquire large-scale power plants in Chi-Gu Solar and Fishery co-existence special zone, Tainan. This project is expected to start to installation in 2nd half of 2020 and get on grid before the end of 2021. With excellent power-related experience and system integration capabilities, we are the only one authorized electricity demand and dispatching aggregator by Tai-Power Company, which demonstrating our technical capabilities with long term accumulated. Beyond domestic market, System BG, with its total solutions of complete smart meters and systems, successfully penetrated to international markets such as Japan, Thailand, Malaysia, and the Middle East. There are great business opportunities to expand in ASEAN. In 2019, System BG participated in the regional energy storage equipment technology demonstration verification program of the Energy Bureau of the Ministry of Economic Affairs, and successfully won project of Zhang-bin grid-connected verification system of the Industrial Technology Research Institute. It will integrate the 10MW / 10MWh battery system and will become the first cross-brand energy management system in Taiwan for heterogeneous battery integration. The move will strengthen the our capabilities in smart energy management and power dispatching with very solid foundation in the coming liberalized electricity market.

Power BG

In recent years, Power BG has continued to adjust its product portfolio, and in response to market demand, has successively developed new smart products with environmental protection and low energy consumption traits. It has also developed new products such as GIS and reactors, contributing to capture the business opportunities in the growing renewable energy market. With more than 70 years capabilities and experiences, Power BG produce various energy-saving with high efficiency motors, including ultra-high-efficiency IE3 /IE4 motors, explosion-proof motors, TSMS, and TiMS in advanced the competitors. It also invested to develop high-voltage electric vehicle motors combined with controllers to capture opportunities of growing electric vehicle market.

The sales values are shown on Figure 2.3-1.



Note: The segment of real estate development department was added since 2019 and the values in 2018 were also modified.

▲ Figure 2.3-1 Tatung's domestic and export sales values

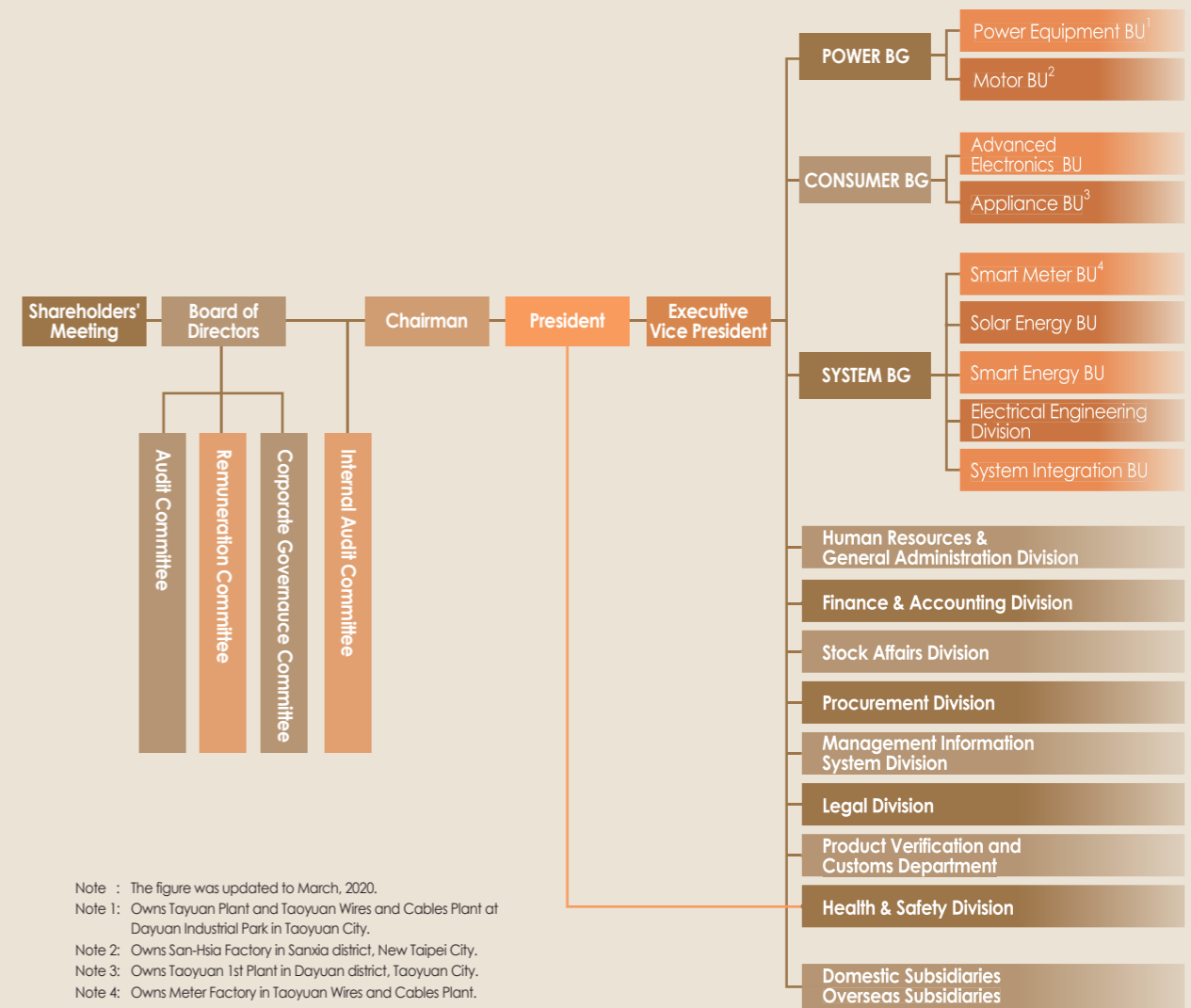
CH3 Organization structure and governance



TARGET	Corporate governance
Short-term target	<ol style="list-style-type: none"> 1. Appointing chief corporate governance officer to be responsible for corporate governance related matters, implement corporate governance, and improve the effectiveness of the board of directors. 2. Conducting the performance evaluation for the board of directors and the functional committees in order to strengthen corporate governance and enhance the functions of the board of directors and various functional committees. 3. Revising the relevant principles of corporate governance at any time in accordance with the latest published version from the authority.
Performance in 2019	<ol style="list-style-type: none"> 1. The board of directors appointed chief of Legal Division as chief corporate governance officer. 2. Corporate Governance Committee had 4 meetings to discuss corporate governance related issues. 3. Completed the performance evaluations for the board of directors and the functional committees. The results were "Good" for both of them.
Mid-term target	All operations follow the company's corporate governance related principles and comply with the evaluations of corporate governance.
Long-term target	The company's managers and all employees abide by the ethical corporate management to avoid illegal incidents and ensure the company's sustainable operation and performance, and continue to care for the environment, consider social and culture factors, and strengthen corporate governance to fulfill corporate social responsibility.
TARGET	Disclosure on non-financial information
	Publish CSR report every year in accordance to the regulation.
Performance in 2019	Published "2019 Tatung Corporate Social Responsibility Report" in June. The report has been uploaded to Tatung's official website and MOPS.

3.1 Corporate structure

The governance structure of Tatung is shown on Figure 3.1-1. The top management level is shareholders' meeting, followed by board of directors, chairman, president, and executive vice president. There are three functional committees under board of directors, such as audit committee, remuneration committee, and corporate governance committee, to assist directors. Currently the chairman and president positions are both 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 figure was updated to March, 2020.
 Note 1: Owns Taoyuan 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 Meter Factory in Taoyuan Wires and Cables Plant.

▲ Figure 3.1-1 Tatung operation structure

¹: Chairman Wei-Shan Lin resigned and the board elected director Wen-Yen K. Lin to take over chairmanship on February 1, 2018. Tatung has been fully in compliance with law and regulations for corporate governance and business operation. To strengthen corporate governance, the Board has set up Corporate Governance Committee to assist company operation be conducted under the realm of professional managers.

Shareholders' meeting

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

In order to maintain a two-way communication channel with shareholders and investors, Tatung has implemented an electronic voting system since 2007. Through electronic voting, shareholders can directly participate in decision-making, reduce agency costs and risks, and increase shareholders' willingness to exercise voting rights and practice the spirit of "shareholder activism". In 2019, the number of shareholders to exercise voting rights by electronic voting was 19,516, and the total number of electronic voting rights was 670,464,200.

Tatung has Stock Affairs Division to be responsible for receiving suggestions or questions raised by shareholders. The board of directors and senior managers jointly understand the opinions and concerns of shareholders, and clearly explain the company's policies to obtain shareholders' support. Tatung has set up an "Investors" section² on the company's official website to disclose financial and corporate governance related information, and also immediately announces the information that need to be disclosed at "Market Observation Post System" for shareholders to acquire information at any time.

On the other hand, Tatung maintains a good relationship with investment institutions and has established a system of spokespersons and deputy spokespersons as a window for dialogue and connection between the two parties. In addition, Tatung participates in the domestic legal person briefing every year to provide the latest operation information.

Board of directors

The board of directors has 8 members³ which consisted with three independent directors and two external directors to guide company strategy, supervise management, and responsible to the company and its shareholders. All the directors have professional qualifications in many fields and continuously to take trainings to enhance their ability to run a company. In order to take into account the company's operational and development need, we have stipulated diversity in the composition of the board of directors in Tatung Corporate Governance Best Practice Principles. Basic requirements and values, professional background, knowledge and skills of nominators are taken into account. As outcome, the proportion of directors with employee status is 12.5%, the proportion of female directors is 12.5%, the proportion of independent directors is 37.5%. Each director has expertise like law and finance and from various industries. Please refer to Table 3.1-1 for our directors' information.

The board of directors has held 16 meetings in 2019. The status for the attendance of directors is listed on Table 3.1-2. When there is event of conflicts of interest during board of directors' meeting, Tatung follows related regulations to resolve it. The case of directors' withdrawing from motion due to conflict of interest in 2019 was: Board meeting on 2019.08.14 (subsequent meetings) with discussion on Tatung's Lending Funds and endorsement and guarantee to its subsidiary Shan Chih Semiconductor Co., Ltd. Director Wen-yen K. Lin, Lung-ta Lee, and Peng-fei Su was evaded and not participating in voting in accordance with Article 206 of the Company Law.

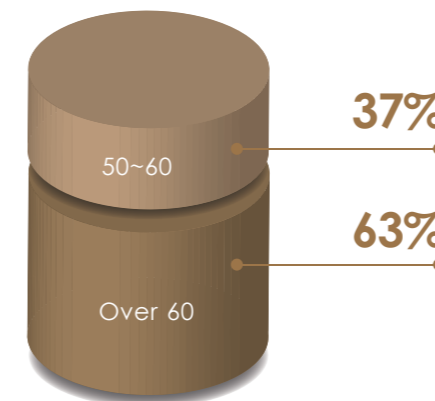
In order to strengthen corporate governance and enhance the functions of the board of directors and various functional committees, Tatung has "Board and Functional Committee Performance Evaluation Guidelines". The board of directors and functional committees of the company shall perform at least one internal performance evaluation each year. In addition, the board of directors shall perform at least one external performance evaluation every three years. The results of internal and external performance evaluation shall be completed before the board of directors held within three months after the start of the second year and submitted to the board of directors. The procedures for the establishment of directors' remuneration, in addition to the provisions of the Articles of Association, are based on the above criteria and the relevant measures of the functional committees. The relevant performance appraisal and remuneration rationality are reviewed by the functional committees and the board of directors. At any time, the directors' remuneration system will be reviewed in a timely manner depending on the actual operating conditions and relevant laws and regulations.

Table 3.1-1 The policy to diversify the membership of the board has been carried out

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	Ability to make policy decisions
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, LLD 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.	M.S. in Graduate Institute of Business Administration, National Chengchi University	√	√	√	√	√	√	√	√
Tzong-Der Liou Independent Director	Male	R.O.C.	Ph. D., Nagoya University, Japan Chair Professor, Nagoya University, Japan	√	√	√	√	√	√	√	√
Chi-Ming Wu Independent Director	Male	R.O.C.	Ph.D. in Finance, University of Mississippi, U.S.A.	√	√	√	√	√	√	√	√

Table 3.1-2 The status for the attendance of directors

Title	Name	Attendance in person	Attendance by proxy	Attendance rate (%)
Chairman	Wen-Yen K. Lin	16	0	100
Director	Tatung University / I-Hua Chang	15	1	93.75
Director	Shou-Huang Chen	14	2	87.50
Director	Sheng-Wen Tsai	16	0	100
Director	Lung-Ta Lee	16	0	100
Independent Director	Peng-Fei Su	16	0	100
Independent Director	Tzong-Der Liou	16	0	100
Independent Director	Chi-Ming Wu	16	0	100



▲ Figure 3.1-2 Age distribution of the board members

²: <http://www.tatung.com.tw>

³: The member of the board of directors will be re-elected on Shareholders' meeting in 2020.06.30. The information of the board members in this report is still based on the 2017 election results.

Internal Audit Committee

Tatung has Internal Audit Committee (which is responsible to Board of Directors) to assist the board of directors and managers to check and review the lack of internal control systems and to provide timely recommendations for improvements to ensure the continuous and effective implementation of internal control systems.

Audit Committee

The Audit Committee assists the board in fulfilling its responsibility and duty for oversight of the Company Act, Securities and Exchange Act, and other related laws and regulations. The focus of the work of the Audit Committee in 2019 was to review the quarterly report, semi-annual report, annual financial report and profit distribution table; revise the internal control system and related policies and procedures; material asset or derivatives transactions; offering or issuance of any equity-type securities; material lending funds, endorsements or guarantees; hiring or dismissal of an attesting CPA, or the compensation given thereto; significant investment evaluation and management; and corporate risk management, etc. Table 3.1-3 shows the member attendance status.

Table 3.1-3 Status for the attendance of Audit Committee members

Title	Name	Attendance in person	Attendance by proxy	Attendance rate (%)
Chair	Peng-Fei Su	20	0	100
Member	Tzong-Der Liou	20	0	100
Member	Chi-Ming Wu	20	0	100

Compensation Committee

In view of the fact that the compensation system is an important part of corporate governance and risk management, in order to strengthen corporate governance and improve the compensation system for the directors (including independent directors) and managerial officers of the company, Compensation Committee is established under the board of directors according to law, which is responsible for prescribing and periodically reviewing the performance and the compensation policy, system, standards, and structure for directors and managerial officers, as well as periodically evaluating and prescribing the compensation of directors and managerial officers on the first quarter of each year. Table 3.1-4 shows the attendance status of Compensation Committee in 2019.

The Board of Directors is authorized to determine the transportation allowance and remuneration to directors of the Company 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. 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 3.1-4 Status for the attendance of Compensation Committees

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

Table 3.1-5 Remuneration to directors in 2019

Job title/Name	Remuneration		Retirement pension		Remuneration allocated from earnings		Business execution expenses	
	The Company	All companies included in Financial statements	The Company	All companies included in Financial statements	The Company	All companies included in Financial statements	The Company	All companies included in Financial statements
Chairman Wen-Yen K. Lin								
Director Lung-Ta Lee								
Director I-Hua Chang	2,640	15,270	-	-	-	30	600	1,160
Director Shou-Huang Chen								
Director Sheng-Wen Tsai								
Independent-Director Peng-Fei Su								
Independent-Director Tzong-Der Liou	11,160	11,592	-	-	-	-	-	-
Independent-Director Chi-Ming Wu								

Note: This Table is cited from 2019 Tatung Annual Report. Please refer to page 19 and page 20 for more information.

Corporate Governance Committee

In order to have sound corporate governance, Tatung has established a Corporate Governance Committee with its organizational charter in accordance with the resolutions made by the board of directors in 2018. The board of directors elected 3 independent directors and 2 external directors to be members of the committee and responsible for corporate governance related matters. In 2019, chief of Legal Division was appointed as chief corporate governance officer. The Corporate Governance Committee meetings are held at least once every quarter and the duties are:

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

Table 3.1-7 Status for the attendance of Corporate Governance Committee

Title	Name	Actual (in person) attendance	Entrusted attendance	Actual (in person) attendance rate%
Chair	Tzong-Der Liou	4	0	100
Member	Peng-Fei Su	4	0	100
Member	Chi-Ming Wu	4	0	100
Member	Shou-Huang Chen	1	3	25
Member	Sheng-Wen Tsai	4	0	100

Internal evaluation of the performance of the board and functional committees

In order to strengthen corporate governance and enhance the functions of the board of directors and various functional committees, the board of directors passed the "Board and Functional Committee Performance Evaluation Guidelines" in 2018. The board of directors and functional committees of the company shall perform at least one internal performance evaluation each year. The results of internal performance evaluation of 2019 were submitted to the board of directors on February 13, 2020. The measurement items and scoring standards of the evaluation indicators shall be based on the board of directors of the company and specification of functional committee performance evaluation guidelines (Table 3.1-8). The results of the internal evaluation of the performance of the company's 2019 board of directors and functional committees were both "GOOD".

Table 3.1-8 Evaluation content of the performance of the board and functional committees

	Criteria for evaluating the performance of the board of directors		Criteria for evaluating the performance of the board members (on themselves)		Criteria for evaluating the performance of functional committees
1	Participation in the operation of the company.	1	Alignment of the goals and missions of the company.	1	Participation in the operation of the company.
2	Improvement of the quality of the board of directors' decision making.	2	Awareness of the duties of a director.	2	Improvement of quality of decisions made by the functional committee.
3	Composition and structure of the board of directors.	3	Participation in the operation of the company.	3	Composition and structure of functional committees.
4	Election and continuing education of the directors.	4	Management of internal relationship and communication.	4	The committee's election and continuing education.
5	Internal control.	5	The director's professionalism and continuing education.	5	Internal control.
6	Participation in sustainable operations (ESG).	6	Internal control.		

3.2 Corporate governance

	DMA	DMA
	Corporate governance and ethical practice	Disclosure on non-financial information
An explanation of why the topic is material	Corporate governance is a mechanism to guide and manage a company. It is important to implement the responsibilities of business operators, and protect the legitimate rights and interests of shareholders and take into account the interests of other stakeholders.	The transparency of a company's non-financial information is an important tool for measuring its sustainable development and corporate value. Investment institutions, government agencies and other stakeholders all attach great importance to this topic.
Boundary for the material topic	Tatung and its subsidiaries.	Tatung and its subsidiaries.
Specific limitation regarding the topic Boundary	Performance disclosure is limited to Tatung Co.	Performance disclosure is limited to Tatung Co. and certain subsidiaries.
Purpose of the management approach	Good corporate governance should be achieved by the board of directors and management in a manner that is in the best interests of the company and all shareholders, assists in the operation of the company, and provides an effective monitoring mechanism to incentivize the company to make good use of resources, improve efficiency, and thus enhance competitiveness and promote social welfare for the society.	By proactively disclosing the company's ESG information and achievements, and focusing on meeting the expectations of stakeholders to systematically demonstrate the company's efforts towards sustainable development.
Policies	Tatung has established "Procedures for Ethical Management and Guidelines for Conduct", "Corporate Social Responsibility Best Practice Principles", and "Corporate Governance Best Practice Principles" as guidelines for implementing corporate governance and ethical management.	Tatung commits that the company should fully disclose relevant and reliable corporate social responsibility related information to enhance information transparency.
Goals and targets	<p>Short-term target:</p> <ol style="list-style-type: none"> Appointing chief corporate governance officer to be responsible for corporate governance related matters, implement corporate governance, and improve the effectiveness of the board of directors. Conducting the performance evaluation for the board of directors and the functional committees in order to strengthen corporate governance and enhance the functions of the board of directors and various functional committees. Revising the relevant principles of corporate governance at any time in accordance with the latest published version from the authority. <p>Mid-term target:</p> <p>All operations follow the company's corporate governance related principles and comply with the evaluations of corporate governance.</p> <p>Long-term target:</p> <p>The company's managers and all employees abide by the ethical corporate management to avoid illegal incidents and ensure the company's sustainable operation and performance, and continue to care for the environment, consider social and culture factors, and strengthen corporate governance to fulfill corporate social responsibility.</p>	<p>Goals and targets</p> <p>Publishes Tatung Corporate Social Responsibility Report by the end of June every year.</p> <p>Resources</p> <p>Tatung has organized CSR Reporting Committee to be responsible to prepare CSR Report.</p> <p>Grievance mechanisms</p> <p>Tatung CSR Report feedback e-mail: csreport@tatung.com</p> <p>Specific actions</p> <p>Prepare CSR Report in accordance with GRI Standards and "Taiwan Stock Exchange Corporate Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies".</p> <p>Mechanisms for evaluating the effectiveness of the management approach</p> <p>Submit the drafted CSR Report to "Corporate Governance Committee" for approval and submit the report to Chairman for issuance.</p> <p>Results of the evaluation of the management approach</p> <p>"2019 Tatung Corporate Social Responsibility Report" was published in June, 2019. The reports can be downloaded: http://www.tatung.com/Content-EN/csr-report.asp</p> <p>Related adjustments to the management approach</p> <p>NIL.</p>
Mechanisms for evaluating the effectiveness of the management approach	Tatung has "Board and Functional Committee Performance Evaluation Guidelines" and performs internal evaluation of the performance of the board and functional committees each year.	
Results of the evaluation of the management approach	<ol style="list-style-type: none"> Chief of Legal Division was appointed as chief corporate governance officer in 2019. 4 Corporate Governance Committee meetings were held to discuss corporate governance related issues in 2019. Results of the internal evaluation of the performance of the company's 2019 board of directors and functional committees were both "GOOD". 	
Related adjustments to the management approach	Tatung follows the check items of "Corporate Governance Evaluation" implemented by TWSE to review and improve the practice of each aspect of the company and fully improve the quality of corporate governance.	

DMA

Comply with social and economic regulations

An explanation of why the topic is material	Ensure that company and personnel complying with laws and regulations to avoid or reduce the legal risk of criminal losses within the corporate.
Boundary for the material topic	Tatung and its subsidiaries.
Specific limitation regarding the topic Boundary	Performance disclosure is limited to Tatung Co.
Purpose of the management approach	Tatung complies with social and economic laws and regulations and becomes a benchmark for excellent companies and industries in the society.
Goals and targets	Short-term target: Tatung operates in good ethical practice and continues to follow related social and economic laws and regulations. Long-term target: Tatung will continue to operate sustainably and fulfill its role as a corporate citizen.
Resources	The Board of Directors has set up the "Internal Audit Committee", "Audit Committee" and "Corporate Governance Committee" to check and review the lack of internal control systems and measure the effectiveness and efficiency of operations, as well as the legal compliance operations of corporate governance, and provide timely recommendations for improvement.
Mechanisms for evaluating the effectiveness of the management approach	Tatung conducts regular/unscheduled internal control, internal audit and checked by external accountants.
Results of the evaluation of the management approach	In 2019, Tatung did not have any major violations against social and economic laws and regulations.
Related adjustments to the management approach	NIL

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

Corporate Governance Best Practice Principles

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

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

Ethical Corporate Management Best Practice Principles

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

Ethical Conduct Principles

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

Employees' Code of Ethics

Tatung upholds the principles of "Integrity, Honesty, Industry, Frugality" and prohibits any improper behavior and financial dealings. Each new employee will sign a self-regulation convention when they report to the company. The convention states that employees must not doing fraud or receiving gifts from others in duties, and shall not disclose the company's technologies and business contents. Tatung has established relevant control measures for this, such as Company Rules, "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" to prohibit every member in the company from doing non-ethic behaviors. 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. Work rotations for procurement, finance and human resources departments are also practiced to reduce the risk of corruption. We also announce the "Corporate Ethics Statement for the Group" on the company's internal website from time to time. In addition, we have relevant systems for reporting illegal cases, and unethical or dishonest conduct cases. If there is any corruption case, Tatung will pursue its legal responsibility to put an end to the corruption.

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:

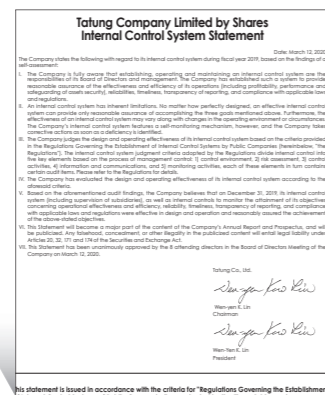
1. Ensure the enforcement of company policies and rules.
2. Avoid the waste, lost and non-efficient use of assets.
3. Ensure the accuracy of accounting and operating information.
4. Evaluate the performances for each division.

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. In addition, internal control should prepare, distribute, report and analyze data to the management level, so that the highest management level can keep track on the execution and control of Tatung's various work and business.

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 3.2-1 shows Tatung's 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 of subsidiaries have different internal control frequencies to effectively optimize the corporate governance of subsidiaries.

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), ISO 45001 (health and safety), ISO9001 (quality), ISO 27001 (information safety), TTQS (training and education) and others. The factories follow the procedures of the management systems to review and update the related laws and regulations. At the same time, the factories conduct internal audit and management review to ensure the operations can comply with the laws and regulations. The administrative in headquarter also announce the latest and related regulations to the employees by publishing on the internal website and/or through e-mails. In this way, the employees will gain the knowledge of regulations and avoid breaching them at work.



▲ Figure 3.2-1 Internal control system statement in 2019

Risk management

When facing on rapid changing business environment and climate change, Tatung assigns responsible departments (Table 3.2-1) to process risk assessment on significant topics. Table 3.2-2 shows Tatung's risks and counter measures.

Risk management	Bodies in charge	Responsibilities
Strategy & operation risk	1. Board of directors. 2. High-level management (Chairman, president). 3. Management of each plant and division (General manager, director, and center manager).	1. Stipulation & implementation of management policies. 2. Assessment & analysis of operation performance.
Market risk	Sales unit of each plant and division	Business & sales promotion as well as market research and evaluation.
Financial & 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.

Category	Risk type	Countermeasure
Governance	Change in management	Tatung has a strong and stable management team, and there is no risk from the change in the management.
	Major transfer or swap of stocks	Financial Supervisory Commission (FSC) has repeatedly imposed penalties on violations by the same mainland China investment, 4.06% shareholding in May 5, 2017, 8.78% in December 5, 2017 and 18.01% in January 17, 2019 respectively. There must be loopholes in the law enforcement that mainland China could take advantage of and that is why they could continue to violate the laws and regulations in Taiwan, even with repeated penalties. Therefore, we would like to pledge to the authorities to check into the loopholes in the enforcement in order to protect not only Tatung but also all companies in Taiwan. Tatung Board decides to take legal actions to protect corporate and shareholders' interest: (1) Regarding the Mainland China investment fined by the Financial Supervisory Commission, it is alleged to be against Article 157 of Securities and Exchange Act. Tatung Board made the resolution to engage a law firm to claim for the disgorgement of any profits realized from the buy and sale on January 29, 2019. (2) The attorneys representing the company filed a lawsuit in Taiwan Taipei District Court against the shareholder and designated persons to claim for the disgorgement of any profits realized from the buy and sale plus interest. (3) The Board received a letter from the Securities and Futures Investors Protection Center (hereinafter referred to as the SFIPC) on June 24, 2019. The letter stated that a shareholder, Longlife International (Hong Kong) Company Limited, purchased Tatung's shares through FINI accounts from January 11, 2017 to April 24, 2018. The profits realized from the sale and purchase were alleged to be NTD 1,225,988,645 (according to the letter, a part of the amount of NTD 443,265,434 had been over the Statute of Limitations by June 21, 2019). The SFIPC required the company to request the shareholder to add interest at the legal interest rate. Tatung had claimed for the disgorgement of any profits realized from the buy and sale. However, there is an issue about the commencement of term which led to the statement from SFIPC's letter about a part of the amount had been over the Statute of Limitations. Tatung alleged that the commencement of term should start from the time Tatung filed the lawsuit and the company will make every effort to claim in the court for protecting Tatung's and all shareholders' interest.

Table 3.2-2 Tatung's risks and counter measures.

Category	Risk type	Countermeasure
	Non-ethical behavior	<ul style="list-style-type: none"> Tatung adopted and made public "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" at its official website, issued and announced internally the Company Rules and "Corporate Ethics Statement for Group Employees." Tatung continues to enhance core corporate philosophy – "Integrity, Honesty, Industry, and Frugality," and states that the employees are prohibited to perform malpractices or accept gifts of others in regarding to their jobs. 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, Power Equipment Business Unit and System Business Group of the Company have 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 marches into oversea market and aims at the energy technology industry leader. With the trend of energy efficiency and carbon reduction, Appliance Business Unit 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. With the advent of the digital era, Tatung is aggressively pursuing R&D, production and marketing of products that integrate information, communications and home appliance functions to cater to the demand of the digital-age family. The Company'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.
Operation	Information security	<ul style="list-style-type: none"> In response to personal information protection and information security needs, Tatung established the Information Security and the Personal Information Protection Committee as early as 2014, passed the ISO27001 information security management system verification, and ensured the security of the company's personnel, data, information systems, equipment and network in accordance with the requirements of the BS10012 personal data protection standard. To ensure the safety of the company's personnel, data, information systems, equipment and network, establishing an information security policy as the highest guiding principle of the company's information security management system, achieving the goal of "uninterrupted service, no loss of information, personal information not leaked, and enterprise sustainable operation". Committee conducts risk assessments on a regular basis or in the event of major changes in the information technology environment. As a basis for the operation of the information security management system, the information security risk level related to various service operations of Tatung is defined. The Assessment Procedures regulates risk management plans and subsequent improvement measures to reduce the risk to an acceptable level. Through the discussion of the monthly meeting of the Information Security Monthly Meeting and the emergency response, the review of the new internal and external security issues will be carried out to the annual plan. In the activities of the planning, the annual budget and security management review meeting hosted by President will be held in October each year, and the results of this year's implementation and the budget plan for the next year will be reported. The annual activities include

Table 3.2-2 Tatung's risks and counter measures.

Category	Risk type	Countermeasure
		semi-annual external auditor's audits, two outsourcing consultants' external counseling every year, and an annual internal audit of the audit committee to determine the implementation status of the information security management system and whether to achieve the information security objectives of confidentiality, integrity, availability and compliance of each service.
Finance	Interest rate	<ul style="list-style-type: none"> Derivatives can be used as a hedge against interest rate fluctuations for the 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	<ul style="list-style-type: none"> 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 the Company's "Operational Procedures for Derivatives Trading." Tatung also has an internal control system to supervise the loss limit of foreign currency transactions.
Legal	Changes in policies and laws	<ul style="list-style-type: none"> Tatung carefully monitors any changes in local and foreign policies and makes appropriate adjustments in our 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 and purchase.	Tatung will arrange for alternative sources for purchase, and will diversify its customer base in order to reduce the concentration of sales.
Environmental, 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 cap or tax	<ul style="list-style-type: none"> Continue to run energy management system to elevate energy performance. Continue to promote energy saving projects.
	Carbon emission disclosure	<ul style="list-style-type: none"> Conduct GHG emission inventory. Promote product carbon footprint.
	Water resource	Promote water saving projects.

In addition, Xintong Investment Consulting Co., Ltd. applied for an injunctive relief with the Taiwan High Court on November 22, 2019, requesting that the chairman, directors and independent directors of Tatung be prohibited from exercising the rights of the chairman, directors and company seal, and that three impartial professionals are appointed as temporary managers of Tatung, to serve as chairman and board of directors. Tatung received a notice from the Taipei District Court on January 7, 2020 and has appointed attorneys to work with the court. Subsequently, the case was transferred to the Taipei District Court for adjudication by the Taiwan High Court due to jurisdictional errors and was rejected by the Taipei District Court on February 27, 2020.

Corporate social responsibility

Policy and management

Established in 1918, Tatung, formerly known as Xie Chih Business Enterprise, has evolved and grown over the decades into one of Taiwan's leading conglomerates. The foundation of Tatung is built on four fundamental values—Integrity, Honesty, Industry, and Frugality. Developed by Tatung's founder and former chairman, Mr. Shan-chih Lin, they represent the essence of the Company's commitments to our customers, shareholders, and employees. Mr. T. S. Lin, Chairman Emeritus of Tatung, further extended the precepts behind these core values to serve as the guidelines for the Company's continued success and prosperity. These are: Industry-education cooperation, Shareholder responsibility, Employee harmony, and Customer satisfaction.

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 3.2-3 Tatung CSR responsible units

Topic	Responsible unit	Duty	Report to the board of directors
Corporate social responsibility	Legal Division	In charge of bringing forward and carrying out the policies, systems, management, and implementation programs for corporate social responsibility.	The implementation of corporate social responsibility and environmental management results were reported to the board of directors on 2020.2.13.
Environmental management	Health & Safety Division	In charge of environment management including drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and held environment education courses for their managerial officers and other employees on a periodic basis.	
Ethical corporate management	Human Resources & General Administration Division	In charge of the revision, implementation, interpretation, consulting service, and notification of the contents of the "Procedures for Ethical Management and Guidelines for Conduct."	The implementation of ethical corporate management results were reported to the board of directors on 2019.12.17.
	Legal Division	In charge of the revision, implementation, interpretation, consulting service, and notification of the contents of the "Procedures for Ethical Management and Guidelines for Conduct."	

Integrity

Honesty

Industry

Frugality

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.

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.

Shareholder responsibility

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



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. We introduced the third-party verification to raise the credibility of the reports since 2012. From 2015, with the request from the authority, we once again changed its name to "Tatung Corporate Social Responsibility Report".

In order to implement CSR policies and disclose ESG information to the stakeholders, we promise to issue a CSR Report after approval by the Chairman in June each year.



CH4
Responsible supply chain, product safety, and customer service

Target	Supply chain management
Target	All new suppliers sign back the Supplier Commitment Letter.
Performance in 2019	100% of new suppliers have signed back the Supplier Commitment Letter.

Target	Product responsibility
Target	1. All the products are complied with product inspection and labeling regulations. 2. Strive for product awards or certification.
Performance in 2019	1. No. of products violated product inspection and labeling regulations: 0. 2. "100th Anniversary Cooker" won Taiwan Excellence Silver Award 2019, Toaster Grill won Taiwan Excellence Award 2019.



Target	Sales
Target	Aware of change in regulations and comply with regulations.
Performance in 2019	No. of advertisements or promotions violated related regulations: 0.

Target	Customer management
Target	1. Continue to manage customer information in accordance to the regulations. 2. Satisfaction for repairing service > 94%, satisfaction for shipping service > 97%.
Performance in 2019	1. No. of complaints in regarding to violating customer privacy or losing customer information: 0. 2. Satisfaction for repairing: 95.3%, satisfaction for shipping: 97.0%.



4.1 Responsible supply chain

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 suppliers. Regular supplier auditing is conducted in BUs and subsidiaries.

Good quality, competitive price, on time delivery, and after sale service are the first 4 considerations when Tatung purchases raw materials, parts and products. Tatung also prefers purchase from local suppliers in Taiwan in order to support local business and fulfill social responsibility. The main suppliers are from Taiwan, followed by China. The details are list in Figure 4.1-1. Meanwhile, in order to maintain excellent product quality, Tatung requests suppliers to use brand new materials in providing main materials, parts, and products.

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

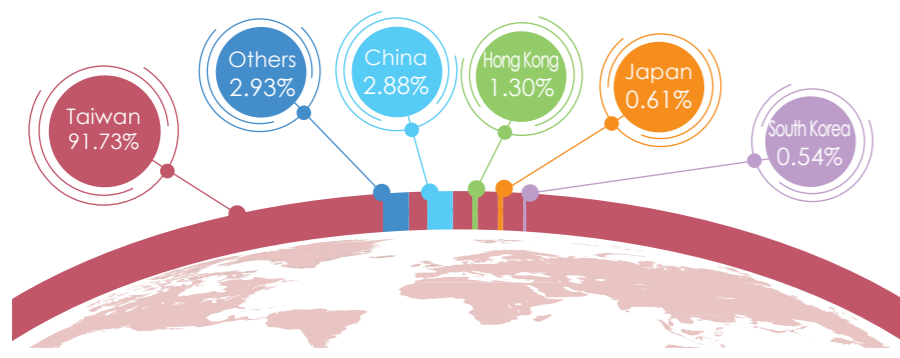
Introduction and management on suppliers

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

For suppliers (construction category not included) who already cooperate with Tatung are implemented monthly assessment in aspect of quality, delivery, price, and service (Figure 4.1-3). Any non-conformities found will be requested to correct. An annual re-evaluation is periodically implemented for main components suppliers, listed component suppliers, and outsourcing suppliers (Figure 4.1-4). The annual re-evaluation is focusing on suppliers' operation policy, CSR policy, quality management, R&D capability, manufacturing management, servicing ability. Tatung wishes the suppliers who collaborate with us can grow strong together. As for the safety of the service-providing suppliers (construction, waste disposal, repairing) who operate in the factories and subsidiaries, Tatung stipulated "Tatung Health and Safety Management Method for Contract Suppliers" to make sure all this type of suppliers can follow it to reduce the risk from accidents.

Table 4.1-1 CSR contents in the Supplier Commitment Letter

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



▲ Figure 4.1-1 Suppliers' geographic distribution in 2019 (by numbers)



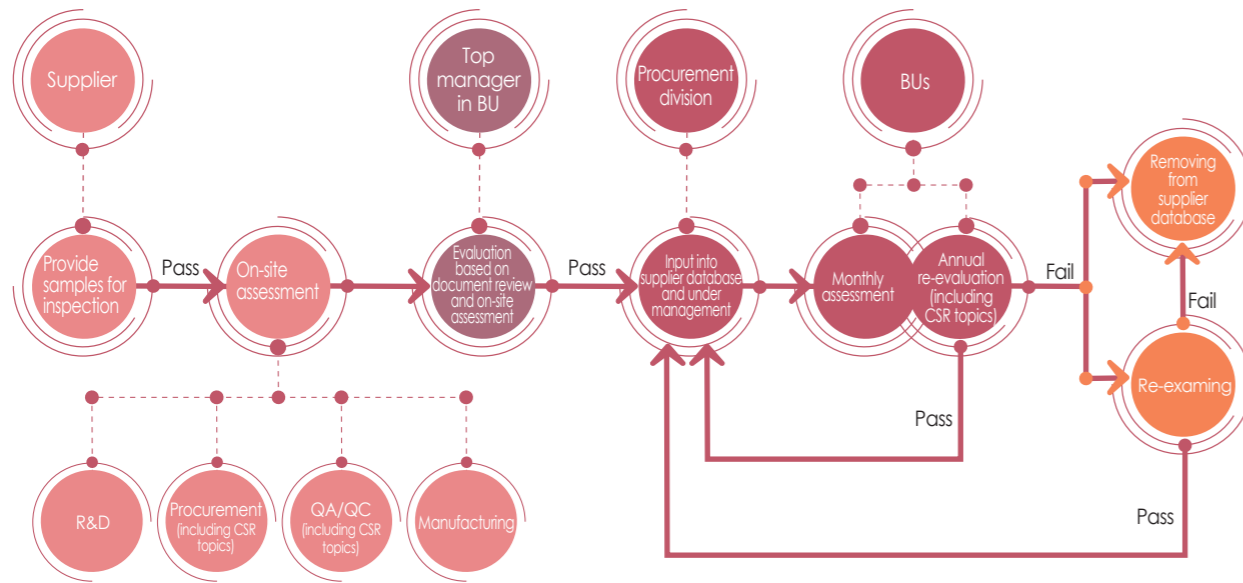
Tatung anti-conflict mineral policy

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

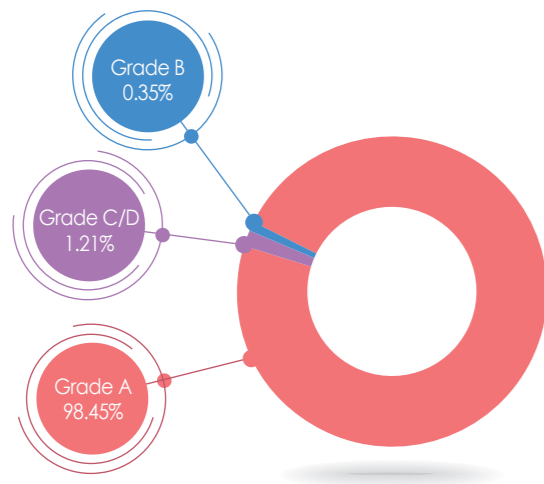
Category	Classification criteria	Introducing procedure	Management
Category I	1. Important materials (parts, components, half-ready products, and products). 2. ODM/OEM 3. Outsourcing (including full case, manufacture only, product only). 4. Significant to product quality that need intensive management and tutoring.	<ul style="list-style-type: none"> ■ On-site assessment ■ Sign procurement contract ■ Sign commitment letter 	<ol style="list-style-type: none"> 1. Monthly assessment¹ 2. Annual re-evaluation²
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.	<ul style="list-style-type: none"> ■ Document review ■ Sign procurement contract ■ Sign commitment letter 	Monthly assessment
Construction	Suppliers who build factory, apartment, office building, system installation, or repair project.	<ul style="list-style-type: none"> ■ On-site assessment or document review for existed cases ■ Sign procurement contract ■ Sign commitment letter 	Evaluation after the case is completed
Others	1. Suppliers who provide office appliances, hard wares, software, waste disposal, verification, etc. 2. Suppliers who provide instruments or equipments. 3. Technical maintenance service.	<ul style="list-style-type: none"> ■ Sign procurement contract ■ Sign commitment letter 	Monthly assessment

¹: Increasing or decreasing procurement amount based on the result of monthly assessment.

²: Maintaining business or searching for second source based on the result of re-evaluation.

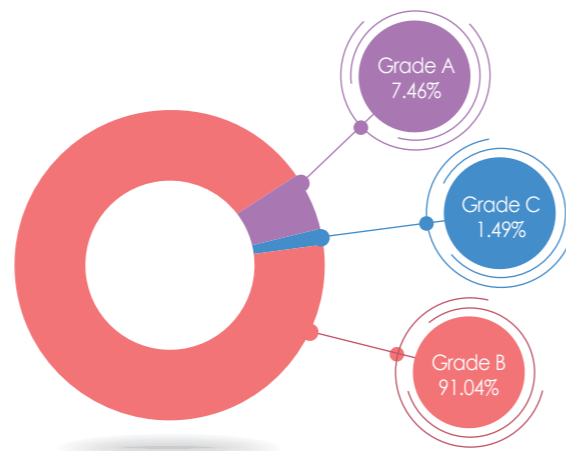


▲ Supplier introducing and managing procedures (Category I)



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

▲ 4.1-3 Result of suppliers' monthly assessment in 2019



Note: Grade A and B are qualified suppliers; Grade C is failed from annual re-evaluation. If BU managers require them to be re-examined, the failed suppliers have to be improved within limited time and to be re-examined again. The percentage for Grade C was 1.41%. The main reason was due to the supplier did not have actual performances in 2019 and disqualified from our supplier list.

▲ 4.1-4 Result of suppliers' annual re-evaluation in 2019

4.2 Product responsibility

DMA	
Product quality and safety	
An explanation of why the topic is material	Product quality and safety are the most basic responsibilities of a company. If customer suffered property losses and physical harm due to product problems, it is not only violating laws and regulations, but also seriously affecting the reputation of the company and causing customers to distrust the brand of the company.
Boundary for the material topic	Tatung and its subsidiaries.
Specific limitation regarding the topic Boundary	Performance disclosure is limited to Tatung Co.
Purpose of the management approach	Through internal control system and business meetings, we can grasp the issues or problems generated in each plant and outside and the requirements of stakeholders, so that quality and safety management resources can be effectively used, and the policies and goals can be achieved. Departments, which affect quality and safety, well plans and operates to achieve quality enhancement, industrial waste reduction, and good quality and safety management benefits.
Policies	Through Customer First, Total Participation, and The Six Fundamental Powers, as well as the implementation of the safety management system to achieve the goals of excellent product performance, reliable quality, punctual delivery, rapid and satisfactory services, close relationships with customers, and income exceeding expenditure.
Commitments	Tatung guarantees product safety and provides quality services.
Goals and targets	Short-term target: 1. Maintain ISO 9001 certification and TAF certified laboratories in the factories. 2. All the products are complied with product inspection and safety regulations. 3. Strive for product awards or certification. Mid-long term target: Treat zero defects as the only standard for management and operations.
Responsibilities	1. Comply with national and international standards. 2. Products that meet customer requirements.
Grievance mechanisms	1. Tatung products: Customer service section on the official website ³ . 2. Tatung house appliances: 0800-052-666
Mechanisms for evaluating the effectiveness of the management approach	1. The person in charge of each factory reports the quality status to the president in the monthly business meeting. 2. Audits the quality management status regularly of each factory by internal control. 3. Enhances Key Performance Indicators (KPI) management methods to set quarterly quality goals every year. Proposes specific methods for achieving the goals for projects that failed to meeting the goals.
Results of the evaluation of the management approach	In 2019: 1. ISO 9001 certification and TAF certified laboratories in the factories have passed annual certification. 2. "100th Anniversary Cooker" won Taiwan Excellence Silver Award 2019, Toaster Grill won Taiwan Excellence Award 2019. 3. No. of products violated product inspection regulations: 0.
Related adjustments to the management approach	NIL

DMA	
Marketing and labeling (labeling)	
An explanation of why the topic is material	The markings and labels of the products should be clear and correct, and comply with customer requirements and regulations.
Boundary for the material topic	Tatung and its subsidiaries.
Specific limitation regarding the topic Boundary	Performance disclosure is limited to Tatung Co.
Policies	To ensure the consumers having accurate and sufficient amount of product information and instructing consumers to use the products safely and correctly.
Commitments	The content of the product is clearly labeled and never deceives the public.
Goals and targets	Product labeling is complied with regulations.
Responsibilities	1. Comply with national and international standards. 2. Products that meet customer requirements.
Grievance mechanisms	1. BSMI/Bureau of Energy 2. International Safety Certification Agency.
Mechanisms for evaluating the effectiveness of the management approach	1. Relevant design and management personnel have accepted the training for the "Commodity Labeling Act" and "Labeling Criteria for Electrical Appliances". 2. All products are labeled according to relevant standards and regulations and checked regularly. 3. Cooperate with the BSMI to conduct regular/irregular product check on the market.
Results of the evaluation of the management approach	No. of products violated product labeling regulations in 2019: 0.
Related adjustments to the management approach	NIL

³ <http://www.tatung.com/Content-EN/csr-service.asp>

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 has established ISO 9001 and passed the certification (as shown in Table 4.2-1) in the factories and strictly follow and implement the management mechanism of this system to ensure the production of stable quality products, enhance brand image, strengthen customer confidence, expand market and achieve the goal of sustainable business.

Tatung is constantly improving product quality by using quality key performance indicator (KPI) and setting quality targets as the target of quality achievement every year (Short-term: achieving annual quality objectives; Mid-term: strive for product awards or certification ; Long-term: treat zero defects as the only standard for management and operations). The detailed process of management and implementation is shown in Figure 4.2-2. The factories regularly audit the quality control projects every month, and continuously strive for perfection in all aspects of quality according to the P-D-C-A management cycle, in order to continuously improve product quality and achieve quality goals at all stages.

As to ensure the quality of the products and management of hazardous substances, Tatung has its own Calibration Lab in headquarter to provide accurate measuring and calibration testing services. In the factories, Tatung has Transformer Testing Lab, Switchgear Testing Lab, Air Condition Facility Testing Lab, Motor Testing Lab, Generator Set Testing Lab, and Wire and Cable Testing Lab in the factories (as shown in Table 4.2-2) to provide the assurance of excellent quality. For the management of hazardous substances, in addition to sending the samples to third parties for testing (RoHS, REACH, ect), Tatung has Tatung Environmental Research Center in the headquarter which specializes in hazardous substances testing for electrical, electronic components, and finished products. Tatung also monitors internally to ensure the safety and health of our customers.

Table 4.2-1 Tatung products that acquired ISO 9001:2015

Factory	Registered product
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.
San-Hsia Factory	Generators (less than 10,560KVA), electrical motors.
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), Cast resin dry type potential & current transformers (below and including 36KV), High voltage & low voltage metal-enclosed switchgear & control gear (below and including 72.5KV), Metal-clad switchgear (below and including 36KV), Motor control center (below and including 15KV), Metal-enclosed low voltage power circuit breaker switchgear(below and including 600V), Distribution board (panel) (below and including 600V), Rectifier (below and including 600V), Amorphous metal transformers (below and including 36KV), Gas insulated switchgear, Capacitors, Watt-hour meters.
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, enameled copper wire, bare copper wire, finned single solid copper wire.
Meter Factory	Electricity meters.



▲ Quality KPI management flowchart



▲ ISO 9001 certification / ▲ Certificates of TAF certified labs

Table 4.2-2 Tatung's TAF certified laboratories

Name and certified No.	Testing items	Register Date
Calibration Lab L0003-090302	Measuring and calibrating of products.	1990.06.01
Tatung Environmental Research Center L1697-191016	Water quantities and quality, hazardous substances of electric and electrical products.	2007.10.24
Tatung Transformer Testing Lab L2306-191212	Transformer testing.	2010.12.27
Air Condition Facility Testing Lab L2270-110120	Cooling capacity and EER of air conditioner and water chiller.	2011.01.20
Tatung Switchgear Testing Lab L2308-110323	Switchgear testing.	2011.03.23
Tatung Generator Set Testing Lab L2442-180123	Generator testing.	2011.10.12
Tatung Motor Testing Lab L2613-120701	Motor testing.	2012.07.01
Tatung Taoyuan Wire and Cable Testing Lab L2964-181121	Wires, cables, and busway testing.	2015.04.29

Product safety

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

In addition, for the defected products that have been sold, Tatung makes recall on BSMI official website⁴, medias and TCPC website⁵ 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 response to some defected dehumidifiers, BSMI announces recall messages⁶ every year. Some models of Tatung's dehumidifiers are on the recalled list (**Models: TWD-500B, TWD-510B, TWD-511B, TWD-711B, TWD-710B, TWD-660B, TDH-200HB, TWD-1400B, and TWD-1400BL**). Consumer who has these particular models can make a phone call to Tatung or TCPC and the specialist will visit your place for service free of charge. Tatung 3C also launched the dehumidifier replacement campaign in 2019 to provide preferential repurchase programs for the above-mentioned models to attract consumers to review the models of dehumidifiers in order to increase the number of recalls.

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.
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.



▲ Figure 4.2-2 Dehumidifiers that need to be recalled



▲ Figure 4.2-3 Dehumidifier replacement campaign poster

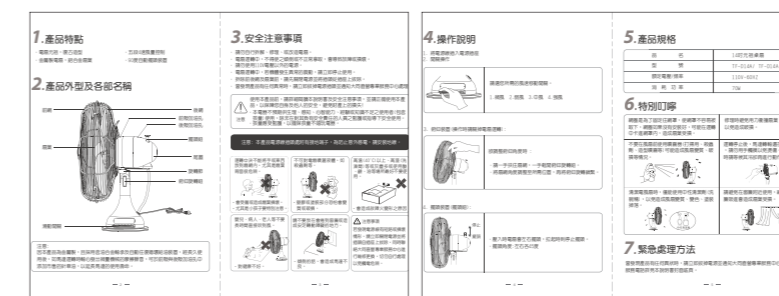
Product labeling

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 the products (including ODM/OEM products) with required information on the products or its package in accordance to related regulations. In addition, Tatung also includes the instruction guide, maintenance guide and notice in the packages (as shown on Figure 4.2-4) to provide the consumers with sufficient information to use the products safely and correctly. 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.

In 2019, we were notified of a suspected violation of the "Labeling Criteria for Electrical Appliances". After communicated with the authority, it was ruled that there was no violation of the law and the case was withdrawn. However, we still paid attention to the relevant labeling regulations and this case was also reported back to the production process and related units to prevent future violations.

Product hazardous substances information

Tatung follows relevant regulations on hazardous substances in products and in accordance with our "Environmental Prohibited and Restricted Substances Management Procedures", through effective management on the supply chain and production control, as well as reviews the content of hazardous substances in the products in the product development verification stage to ensure that the hazardous substances in the products meet the standards and protect the health and safety of consumers. In addition to fully disclosing the contents of hazardous substances in the product manuals (Figure 4.2-5), we also disclose such information on Tatung's official website "Hazardous substances in products" section⁷ (Figure 4.2-6), which fully protects consumers' right to know.



▲ Figure 4.2-4 Product labeling and instruction (e.g. desk fan)



▲ Figure 4.2-6 Hazardous substances in products section on the official site

單位 Unit	限用物質化學物質 Restricted substances and chemical symbols					
	鉛(Pb) Lead	汞(Hg) Mercury	鎘(Cd) Cadmium	六價鉻(Cr ^{VI}) Hexavalent chromium	多氯聯苯(PCB) Polychlorinated biphenyls	多溴聯苯(PBB) Polybrominated diphenyl ethers
機殼	○	○	○	○	○	○
電源	○	○	○	○	○	○
電線/電纜	○	○	○	○	○	○
電源線	○	○	○	○	○	○

▲ Figure 4.2-5 Hazardous substances containing information (e.g. desk fan)

⁴ <https://safety.bsmi.gov.tw/wSite/tp?ctNode=8206&CtUnit=2583&BaseDSD=7&mp=65>

⁵ <http://tcpc.tatung.com>

⁶ BSMI dehumidifier recall message: <https://safety.bsmi.gov.tw/wSite/public/Data/f1578297434498.pdf>

⁷ <http://www.tatung.com.tw/Content/csr-product-restrict.asp>

4.3 Sales and customer information management

DMA	
Marketing and labeling (marketing)	
An explanation of why the topic is material	Comply with regulations.
Boundary for the material topic	Tatung and its subsidiaries.
Specific limitation regarding the topic Boundary	Performance disclosure is limited to Tatung Co. and TCPC (including Tatung 3C Stores and etungo).
Purpose of the management approach	Ensure that the advertising content is correct, legal and fair.
Policies	TCPC Marketing and Advertising Policy.
Commitments	The advertising content is correct, legal and fair.
Goals and targets	The advertising content is complied with regulations.
Responsibilities	Marketing department.
Grievance mechanisms	Tatung Customer No.: 0800-052-666.
Specific actions	Tatung's advertisement and promotion are handled in compliance with the Fair Trade Act, Personal Data Protection Act, and the requirements of the National Communications Commission and other government laws and agencies. For the content of the advertisement, our Legal Division will review and confirm it. Only after meeting the requirements will it be released.
Results of the evaluation of the management approach	No. of advertisements or promotions violated related regulations in 2019: 0.
Related adjustments to the management approach	NIL.

Fair trade and anti-trust behavior

Mutual competition among enterprises helps to improve the quality of products and provide consumers with variety of products, improve operational capabilities and reduce cost waste to create profits. Anti-competitive behavior will weaken the efficiency and fairness of the market and make consumers with less choice and fail to obtain reasonable services, and eventually hurt the core value of the company. Therefore, Tatung manages the retailers through the control of the contract and ensures the retailers not maliciously cut prices or intent to damage the image of Tatung in order to achieve the goal of fair trade. For the production, promotion and other activities of advertising, Tatung complies with relevant laws and regulations. There is no violation in regarding to fair trade related regulations in 2019.

DMA	
Customer privacy management	
An explanation of why the topic is material	Comply with regulations. Tatung takes great concern on it.
Boundary for the material topic	Tatung and its subsidiaries.
Specific limitation regarding the topic Boundary	Performance disclosure is limited to Tatung Co. and TCPC (including Tatung 3C Stores and etungo).
Purpose of the management approach	Enhance the security of personal data maintenance and management to prevent personal data from being stolen, altered, damaged, lost and leaked.
Policies	Formulated personal data protection policies, and the collection, processing and use of customer data are in compliance with the "Personal Data Protection Act" and related laws and regulations.
Commitments	Uninterrupted service, no loss of information, personal information not leaked, and enterprise sustainable operation.
Goals and targets	Ensure the confidentiality, integrity, availability and compliance of each service.
Responsibilities	Related business departments.
Resources	In accordance to ISO 27001:2013 / BS 10012:2017 / Personal Data Protection Act / GDPR
Grievance mechanisms	Tatung Customer No.: 0800-052-666.
Specific actions	<ul style="list-style-type: none"> New employees need to sign a confidentiality and non-competition agreement. Customer service personnel who contact the customer's personal information will be under strictly access control and forbidden to contact customers privately without the authorization of the supervisor to avoid the loss of important personal information. Strengthen the security control management of website information: Import appropriate protection mechanisms and monitoring software, conduct regular penetration testing and source code detection to prevent improper access and protect customer personal data. Strengthen information safety awareness: Regularly hold personal information and information security training courses and implement tests after class to ensure the employees fully understand the importance of personal information. When customers join membership, they will be notified in accordance with Articles 8 and 9 of the "Personal Data Protection Act". Set up a contact window to provide the parties with the right to exercise their personal data or file related complaints and consultations.
Mechanisms for evaluating the effectiveness of the management approach	<ul style="list-style-type: none"> Established Tatung Information Security and the Personal Information Protection Committee and hold monthly meeting. Conducts information security and personal information protection education regularly. Conducts internal audit regularly. Introduces outsourcing consultants to counsel and improve. Conducts management review meeting every year.
Results of the evaluation of the management approach	<ol style="list-style-type: none"> No. of incidents in regarding to violating customer privacy in 2019: 0. No. of complaints in regarding to violating customer privacy in 2019: 0.
Related adjustments to the management approach	NIL.

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), commercial air conditioners, power equipment, smart grid business, system solution business, and etungo online shopping, etc. Tatung entrusts her subsidiary company "TCPC" to provide a comfortable shopping environment (Tatung 3C Store) as well as excellent after-sale services to consumers. TCPC currently has 156 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 3C, house appliances, and living products. Besides, Tatung runs fan sites on Facebook^{8,9} to provide instant news and living tips.



▲ Energy saving appliances promotion on etungo



▲ FB for Tatung fans



▲ FB for Tatung multi-function cooker fans

⁸ FB for Tatung fans: <https://www.facebook.com/tatung.tw>

⁹ FB for Tatung multi-function cooker fans: <https://www.facebook.com/ricecooker50>

In order to provide a more convenient customer service, TCPC has online service that the consumers can access to official website making service request¹⁰ (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 progress¹¹ by assessing online webpage (Figure 4.3-2). At the end of each case, customers are able to provide any positive or negative feedbacks by filling the online survey which will be used for future improvement. To extend the channels for listening to the customers, Tatung also provides a service phone-line and an online feedback service¹² which customers can ask questions, express their opinions and give positive feedbacks to us (Figure 4.3-3).

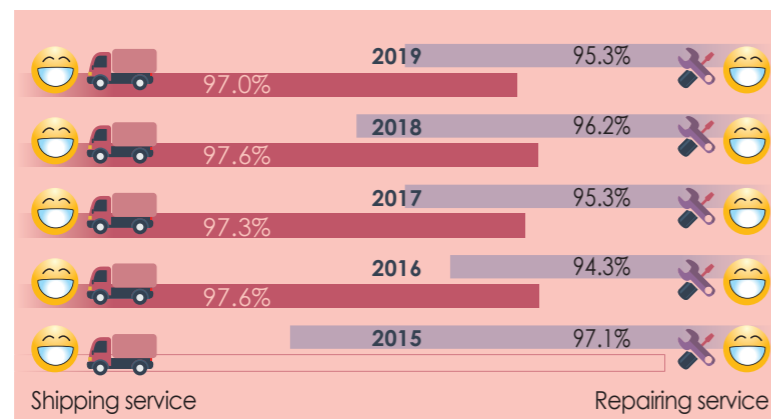
Tatung takes great concern of customer satisfaction. When a customer makes purchase or approaches Tatung 3C Stores to repair products, Tatung will make his/her information to phone interview list and interview about shipping¹³ or repairing experience. If the feedback is unsatisfied, Tatung will conduct a second service and make improvement. We set consumer satisfaction targets for shipping service to be not lower than 97%, repairing service to be not lower than 94%. The results (Figure 4.3-4) in 2019 are 97% satisfied for shipping service and 95.3% satisfied for repairing service. Although the results are lower than previous year, the set targets are still achieved. Tatung will continue to listen to the voices of consumers, respect and serve customers.



▲ Figure 4.3-1 Product online service form

▲ Figure 4.3-2 Inquiry page for repairing progress

▲ Figure 4.3-3 Online feedback form



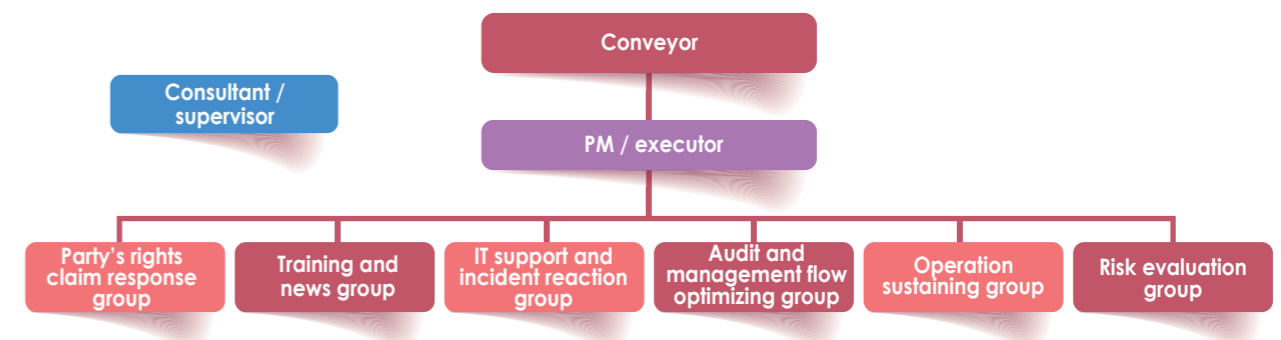
▲ Figure 4.3-4 Results of consumer satisfaction

Information security management

In response to personal information protection and information security needs, Tatung established the Information Security and the Personal Information Protection Committee as early as 2014, passed the ISO 27001 information security management system verification, and ensured the security of the company's personnel, data, information systems, equipment and network in accordance with the requirements of the BS 10012 personal data protection standard. To ensure the safety of the company's personnel, data, information systems, equipment and network, establishing an information security policy as the highest guiding principle of the company's information security management system, achieving the goal of "uninterrupted service, no loss of information, personal information not leaked, and enterprise sustainable operation".

The actual implementation method is based on the pre-emptive and risk reduction pre-existing issues. Through the discussion of the monthly meeting of the Information Security Monthly Meeting and the emergency response, the review of the new internal and external security issues will be carried out to the annual plan. In the activities of the planning, the annual budget and security management review meeting hosted by President will be held in October each year, and the results of this year's implementation and the budget plan for the next year will be reported. The annual activities include semiannual external auditor's audits, two outsourcing consultants' external counseling every year, and an annual internal audit of the audit committee to determine the implementation status of the information security management system and whether to achieve the information security objectives of confidentiality, integrity, availability and compliance of each service. In addition, in view of the fact that some of the company's business involves government agency information, the board of directors of Tatung passed a shareholder proposal on May 20, 2020: to formulate a national security and government information security code of conduct for the company's major shareholders and directors, which will be submitted to the general shareholders' meeting on June 30 to discuss.

In 2019, there was no complaint related to infringement of customer privacy or loss of customer information. In addition, in recent years, there have been cases of fake official community accounts for fraudulent use. When we were informed of such news, we immediately went to the company's official website and our social group to announce warning messages to prevent consumers from being victimized.



▲ Figure 4.3-5 Structure of Tatung Information Security and the Personal Information Protection Committee



◀ Internal website for Information Security and Personal Information management

¹⁰ http://tccpvm01.tatung.com.tw/tatungcp/agent/cust_200.asp

¹² <http://www.tatung.com.tw/home/suggestion>





¹¹ Free service phonenumber: 0800-052-666. For mobile phone, please dial: 02-2591-5068.



¹³ Restarted to commence satisfaction survey for shipping service since 2016.







CH5

Happy workplace and social participation

 Target	Labor-management relations
Target	Short-term target: Harmony between labor and management, eliminating labor disputes. Mid-term target: Working hard to sign collective bargaining agreement. Long-term target: Labor and management work together for the good of the company and its workers.
 Performance in 2019	No significant labor-management relations dispute.
 Target	Employee performance management:
Target	Short-term target: Through performance review to ensure that employees pay attention to correct performance projects and review the daily work performance to link with company strategies. Mid-term target: Giving rewards for outstanding personnel; coaching personnel with poor performance for improvement. Long-term target: Using long-term performance review system to identify potential talents, and link with promotion or salary adjustment.
 Performance in 2019	94.7% of employees was conducted with performance review.

 Target	Education and training
Target	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. We have set our targets as total education and training time more than 36,000 hours and training satisfaction higher than 90%. Mid-term target: Each supervisor or manager personally implements the key behaviors required by various functions in the work. Enhance the inheritance of knowledge, technology and experience in the workplace. Continue to strengthen courses related to business development to create sustainable competitive advantages and increase in talent assets. Long-term target: Make the employees to work hard and raise performance to help the company to achieve the strategic targets and visions.
 Performance in 2019	1. Total education and training time were 36,271 hours. 2. Education and training satisfaction was 91.69%.

 Target	Health and safety
	1. Maintain occupational health and safety management systems in the factories.
Target	Short-term target: Implements ISO 45001 in San-Hsia Factory and passes the certification. The rest of factories pass OHSAS 18001 annual certification review. Mid-term target: Complete the implementation of ISO 45001 in all 4 factories and pass the certification. Long-term target: Continue to run occupational health and safety management systems in the factories.
 Performance in 2019	San-Hsia Factory completed the implementation of ISO 45001 and passed the certification. The rest of 3 factories passed OHSAS 18001 annual certification review.
	2. At least 95% correction rate for non-conformities found in Accident, Prevention, Pays Program.
 Performance in 2019	The correction rate for non-conformities was 100%.
	3. FR and SR are reduced by 10% each year.
 Performance in 2019	Both FR and SR were reduced by 10% comparing to 2018.

5.1 Building a friendly working place

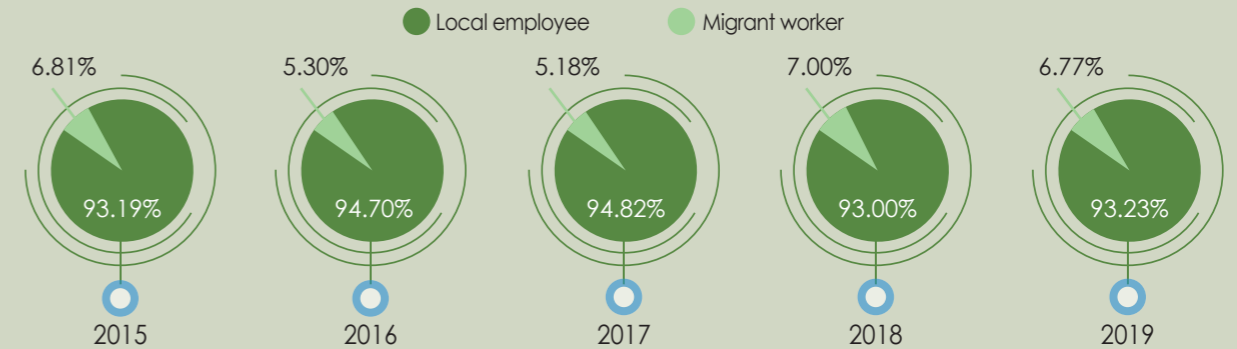
An equaled working environment

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, disabilities, 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 2019. Tatung will continue to promote anti-discrimination policy in the company to prevent discrimination.

Employee diversity

The recruitment policy in Tatung is based on the principle of meritocracy. It does not discriminate against any age, gender or race but only take applicants' talents into account. The recruitment process follows the relevant regulations and selects the right applicants in a fair and equitable manner. Table 5.1-1, Figure 5.1-1, and Figure 5.1-2 demonstrate the employee compositions of Tatung. Tatung has more than 93% of local employees and 1.86% of disable employees which is more than the requirement by the regulation.

Year		Younger than 30 years old						30 ~ 50				Over 50 years old		Percentage of new recruits (%)
		Male		Female		Male		Female		Male		Female		
		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female			
2015	No. of employees	356	121	1,534	516	704	175	7.90	2.70	5.96	1.61	1.91	0.29	
2016		226	118	1,280	497	641	183	4.61	2.21	3.98	1.20	1.11	0.09	
2017		279	112	1,342	460	670	207	5.80	1.27	4.92	1.30	0.94	0.16	
2018		273	105	1,289	439	644	208	5.38	1.12	5.85	1.25	1.39	0.14	
2019		240	86	1,274	436	657	217	2.58	0.62	5.12	1.65	1.48	0.34	
2015	No. of managers	20	6	588	121	231	30	6.31	2.14	7.90	2.20	4.84	0.94	
2016		15	3	555	124	253	32	4.45	1.74	7.51	1.52	2.81	0.41	
2017		14	5	493	106	247	40	4.72	0.85	6.25	1.50	2.54	0.75	
2018		8	6	448	105	225	43	3.52	0.88	6.52	1.96	3.99	0.88	
2019		4	7	438	119	241	46	2.58	0.69	5.81	2.41	3.26	0.69	



▲ Figure 5.1-1 Percentages of local employee and migrant worker



Note: The members of senior managers (deputy plant/general manager and above) are all Taiwanese. There were 8 disabled managers in 2019 (0.94%).

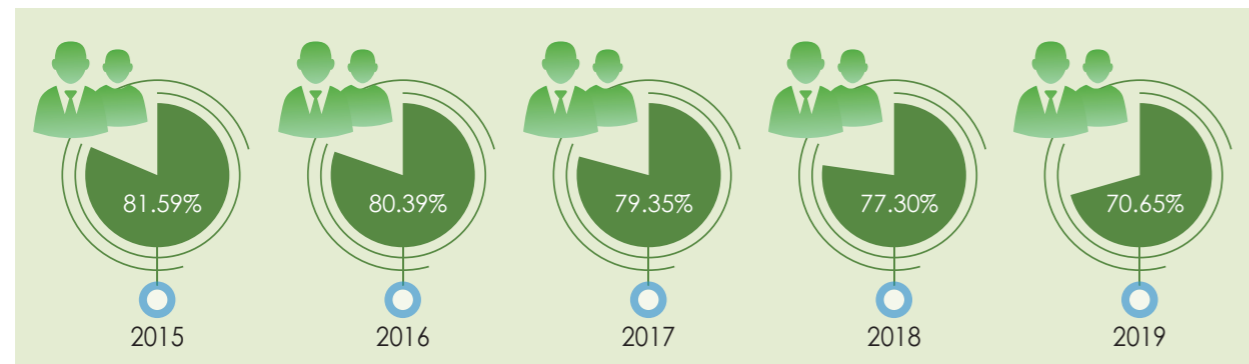
▲ Figure 5.1-2 Employee Compositions (by genders)

Human rights training

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 and collective bargaining

Tatung Labor Union was founded in 1959 for the purposes of taking care of labors' rights, improving labors' living standard, conducting collective bargaining, etc. Each employee has freedom choice to be the member of the union. Currently Tatung has totally 5 labor unions distributed in the HQ and factories. Tatung does not interfere with the wills of the employees to join labor unions. In 2019, 70.65% of employees are the members of labor unions (Figure 5.1-3).



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

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 2019.

Parental leave

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

Table 5.1-2 Tatung parental leave statistics					
	Male	Female		Male	Female
Application and return to work from parental leave			Retention rate		
No. of employees that took parental leave in 2019.	10	23	No. of employees that applied and returned to work in 2018.	3	8
No. of employees that shall end parental leave in 2019.	9	14	No. of employees who returned to work after parental leave ended who were still employed 12 months after their return to work in 2018.	2	5
No. of employees who returned to work after parental leave ended in 2019.	6	12	Percentage of employees who returned to work after parental leave ended who were still employed 12 months after their return to work in 2018.	67%	63%
Return to work rate	67%	86%			

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

Welfare

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 5.1-3 shows employees' welfare implemented in Tatung Company.

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 5.1-3 Employees' welfare	
Employees' welfare	Implementation
Stock ownership	Tatung subsidized employees to buy corporate stocks in 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; financial gifts for death of colleagues; subsidies for employees' birthday, travel, and retirement; cash gifts for weddings of employees or their children as well as for birth of employees' children.
Benefits	Employees can purchase Tatung products via interest-free installments and price discounts on groceries in corporate stores. Free movie shows and special trains in Chinese New Year Festival.
Club activities	Education, recreation, physical education, languages, hiking/mountain climbing and photography.
Health and safety plan	Labor insurance, health insurance, group insurance, retirement pension, free annual health checkup.

5.2 Good working conditions and career development

DMA	
Labor-management relations	
An explanation of why the topic is material	Tatung upholds the corporate value – employee harmony to formulate work specifications, benefits, salaries, allowances, etc., in accordance to regulations and review employees' performances year by year. Employees can get paid with reasonable compensation, so that all the employees can feel at ease and satisfied with their jobs.
Boundary for the material topic	Tatung and its subsidiaries.
Specific limitation regarding the topic boundary	Performance disclosure is limited to Tatung Co.
Purpose of the management approach	Provide employees and job seekers with a working environment that complies with laws and regulations, and take appropriate preventive, corrective, disciplinary and handling measures to protect the rights and interests of the parties, and continue to strive towards employee harmony.
Policies	Employees are one of the company's important assets. Human rights, equality, and anti-discrimination are important core values in our labor policies.
Commitments	Tatung's labor and management relation is harmony. The employees and the company work together, coexist and prosper. The employees contribute to their own company and factory, and the employees and management are well coordinated.
Goals and targets	Short-term target: Through performance review to ensure that employees pay attention to correct performance projects and review the daily work performance to link with company strategies. Mid-term target: Giving rewards for outstanding personnel; coaching personnel with poor performance for improvement. Long-term target: Using long-term performance review system to identify potential talents, and link with promotion or salary adjustment.
Responsibilities	1. Establish and implement the protection system on the employees who make complaint. 2. Establish a workplace that values human rights.
Resources	Relevant measures for gender equality are clearly defined within the Company Rules.
Grievance mechanisms	<ul style="list-style-type: none"> Tatung has "Chairman Mailbox" and "HR e-mail" for the employees to communicate with management level. Organizing Labor-management Meetings to communicate with the employees and solve the problems. Tatung has "Measure of processing employees' complaints" and other practices in place for the employees to complain about any dispute and provides a channel to deal with. HR is the unit responsible for re-appealing of labor incidents such as sexual harassment and labor relations cases.
Specific actions	<ul style="list-style-type: none"> All departments use various methods such as gatherings, e-mails, electronic newsletters, or internal documents to deliver information in regarding to strengthen anti-discrimination, sexual harassment related prevention measures and appeal channels to the employees. Employees have the right to apply for the parental leave and return to work after the expire of the parental leave in accordance to relevant regulations. When there is any major change in operation and may affect employees, Tatung sets the minimum notice periods in "Company Rules": Shortest notice period for work for 3 months to 1 year is 10 days; work for 1-3 years is 20 days; work for more than 3 years is 30 days.
Mechanisms for evaluating the effectiveness of the management approach	<ul style="list-style-type: none"> Organizing Labor-management Meetings regularly or additional meetings when it is necessary. Audit by the authorities.
Results of the evaluation of the management approach	No. of significant labor-management disputes in 2019: 0.
Related adjustments to the management approach	NIL.

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 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 gender equality, the basic salary between female employees and male employees is 1:1. For different employment types, the ratio of basic salary and legal salary for migrant workers and technicians are 1:1 and 1:1.05; for staffs is from 1.26~1.51:1 (Figure 5.2-1) based on different job types, specialty and qualifications.

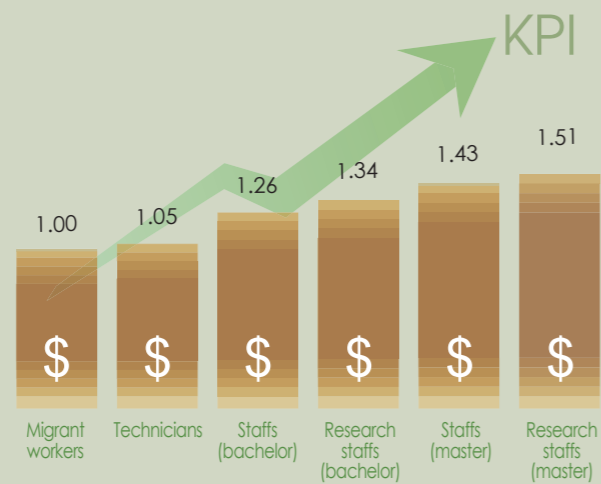
In average salary, the female employee to male employee is 0.85~0.90:1 in 2019 (Figure 5.2-2); the average annual salary is NT\$645,975 and the median annual salary is NT\$566,890 for non-management employees (2,692 employees in total). Please refer to Table 5.2-1 for details.

Tatung takes great concern to the overall performance of individuals, departments and organizations, and encourages employees to perform better. Through the performance review counseling mechanism and career development, it helps to enhance and affirm the performance of employees. Employees are assessed according to the "Performance Management Method" regardless of gender. The purpose of the assessment is to identify talents with high performance potential and poor performance and effectively links the performance with bonuses, rewards or promotions. The employee ratio for performance review in 2019 is 94.7¹%.

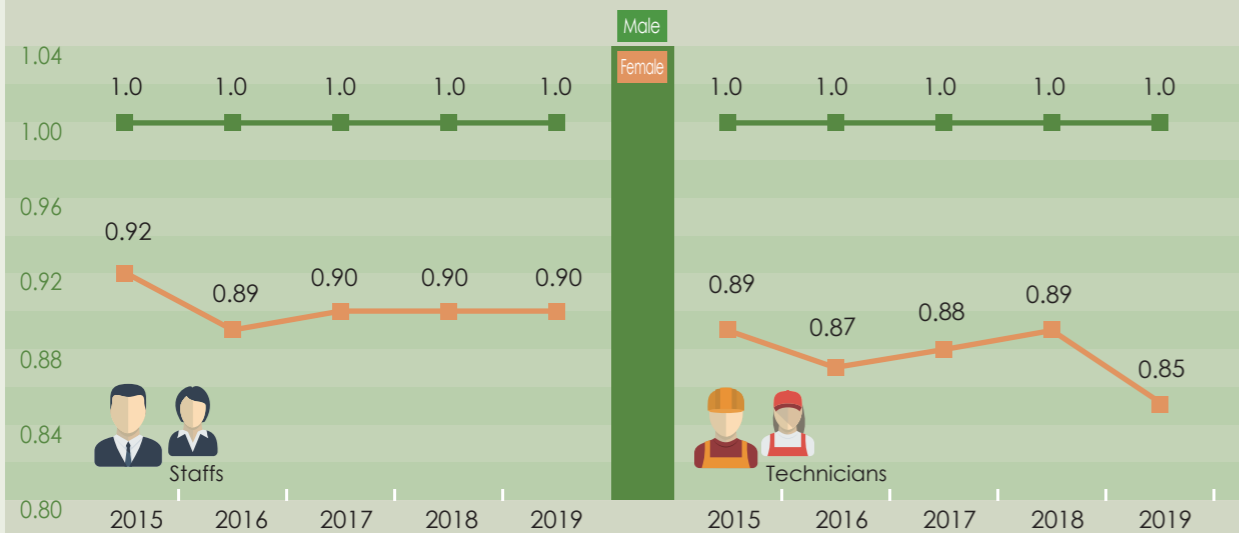
Year	2017	2018	2019
No. of employees	2,974	2,833	2,692
Average salary (NT\$)	620,570	627,213	645,975
Median salary (NT\$)	568,129	569,127	566,890

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

²: Directors and top level managers are not included.



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



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

Post-employment benefits

Tatung adopts "Defined contribution plan" and "Defined benefits plan" as its post employment benefits. For "Defined contribution plan", Tatung makes monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts in accordance with the Labor Pension Act. Expenses under the defined contribution plan for 2019 were NTD 68,473 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. Tatung expects to contribute NTD 293,600 thousand to its defined benefit plan during the 10 months beginning after 2019.12.31. For detailed post-employment benefits, please refer to Tatung 2019 Annual Report page 409~412.

Labor-management relations

In order to provide employees with a working environment that complies with laws and regulations and continues to strive towards employee harmony, Tatung has "Measure of processing employees' complaints" and other practices in place for the employees to complain about any disputes or sexual harassments and provides a channel to deal with. Tatung uses various methods such as gatherings, e-mails, electronic newsletters, or internal documents to deliver information in regarding to strengthen anti-discrimination, sexual harassment related prevention measures and appeal channels to the employees. The employees can not only propose questions in labor-management meetings or to labor unions, but also can directly mail the questions to Chairman's Box or HR e-mail. There was no major labor-management dispute in 2019 however, there were 4 incidents that violated regulations and fined NTD\$ 550,000. All the violations have been corrected.

Tatung sets the minimum notice periods (Table 5.2-2) regarding to operational changes in "Company Rules". When there is any major change in operation and may affect employees, Tatung shall notify the employees according to it and give severance pay.

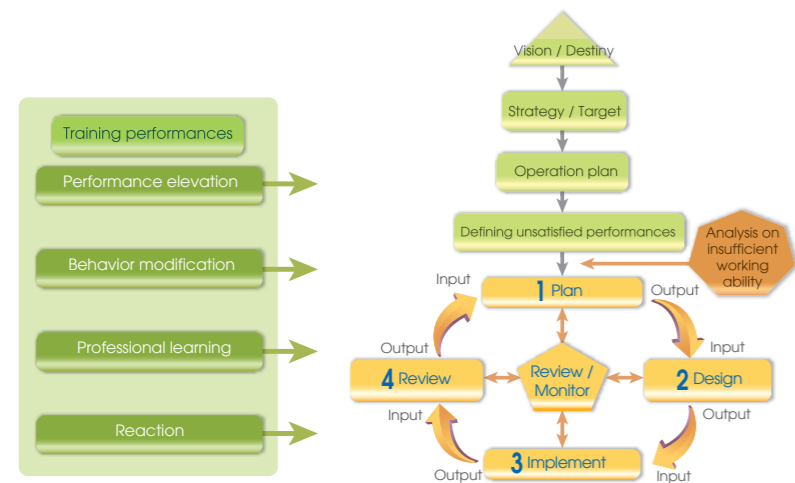
Table 5.2-2 The shortest notice period	
	Shortest notice period
Work for 3 months~1 year	10 days
Work for 1~3 years	20 days
Work for more than 3 years	30 days

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 cultivate the talents that fit into business and achieve sustainable development.

Tatung plans training courses by taking company's human resource policy into account and identifies the annual capacity gap of organizational functions. In November of each year, a survey of the training needs of senior managers and all employees is collected. Based on the survey results and the company's annual business strategy, the next annual training course is planned. The training target is to capacity building of employee management, professional skills, and performance improvement. Figure 5.2-3 shows the structure of Tatung HR development. Tatung has formulated the "Tatung Company Education and Training Manual" as a norm for education and training, including: education and training management manuals, procedures, specifications, various forms, etc., and managed through various operations such as Plan, Design, Do, Review, and Outcome. The manual is published on internal website to let employees retrieve freely. We arrange class tutors for each course to be assistance and students with any questions can respond to them. After the class, we conduct satisfaction survey and the results and responses will be feedback to the students and relevant managers to improve the quality of education and training in the future.

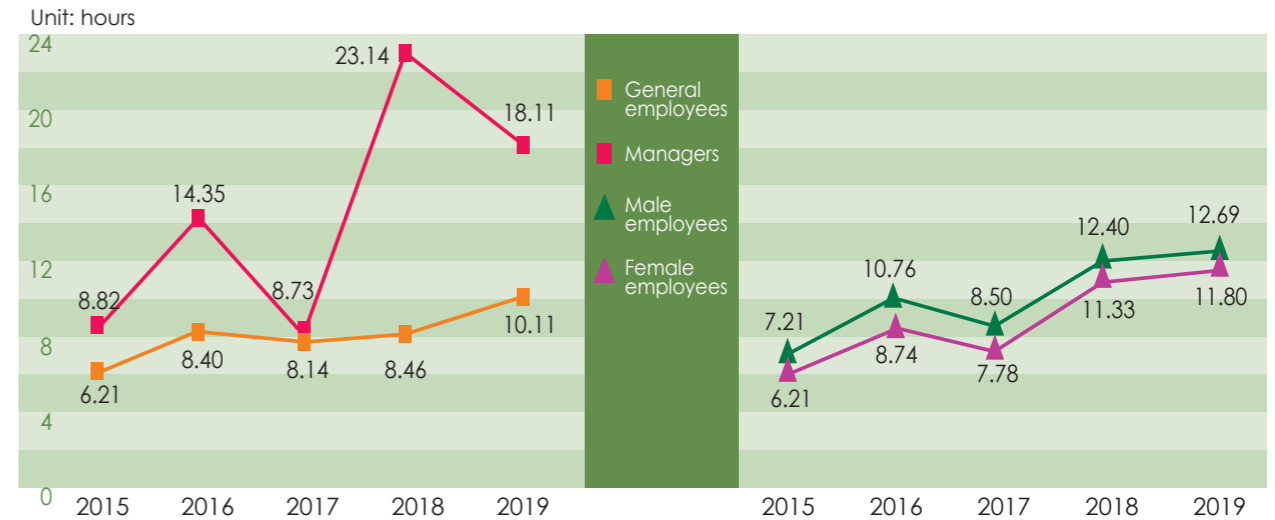
In 2019, we organized 31 general courses which covered from new recruits training, environmental protection, occupational health and safety, information safety, etc. For advanced courses we organized 23 specialized courses in each field, 11 courses for managers, 13 business courses, 14 business operating lectures, 8 health lectures, 1 financial lecture, 1 procurement lecture, and 5 other lectures. In total there were 36,271 training hours and each employee was given 12.46 hours in average with the average satisfaction 91.69%.



▲ Figure 5.2-3 Tatung human resource strategic development system



▲ Education courses in season 4, 2019



Note: The training hours including business operating lectures since 2018.

▲ Figure 5.2-4 Training hours per employee



▲ Communication and business negotiation class



▲ Problem analysis and resolution class



▲ Agile project management class



▲ Leading class for mid-level managers



▲ Class for reserved managers



▲ Class for new recruits

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 concredited measures are follows:

- 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.
- 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.
- Health examination fair**
Tatung works with Health Center of Zhongshan District of Taipei City to organize Health examination fair on a yearly basis. In 2019, the specialists from Taipei City Hospital are invited to the company to do high blood pressure, hyperlipidemia and high blood sugar screening, oral cancer screening, cervical smear, breast cancer screening, and lung function testing. 236 employees participated in the fair. 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.
- 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.
- Tatung runs first-aid/CPR courses every year to enhance employee's ability.**



◀ Blood donation event

▼ First-aid training



▲ Health examination fair

▶ Health seminar



Table 5.2-3 Health promotion and disease prevention activities in 2019

Time	Activity	Location	Time	Activity	Location
2019	Health passport rewards program	The headquarter and the factories	2019.06	Blood donation	Tayuan Plant, Taoyuan 1st Plant
2019	Health management activity	Tayuan Plant	2019.06	Blood donation	Taoyuan 1st Plant
2019	Survey on muscle and skeleton injury	Tayuan Plant	2019.06	Health seminar	Taoyuan Wires and Cables Plant
2019	Health risk evaluation for female employee	Tayuan Plant	2019.07	CPR and AED training	Tayuan Plant
2019	Health promotion activity	Taoyuan 1st Plant	2019.07	Health check: irregular heartbeat	Meter Factory
2019.01	Blood donation	Tayuan Plant	2019.07	Soccer camp for children	The Headquarter
2019.01	Health seminar	Taoyuan Wires and Cables Plant	2019.07	Blood donation	The Headquarter
2019.01	Health seminar	The Headquarter	2019.08	Health seminar and health promotion activity	Taoyuan 1st Plant
2019.01	Blood donation	The Headquarter	2019.09	Health promotion activity	Meter Factory
2019.02	Health seminar-high blood pressure	Tayuan Plant	2019.09	Pressure relief activity	Meter Factory
2019.02	Health check: noise	Min-Sheng Hospital Ching-Kuo Campus	2019.09	Risk assessment on abnormal workload which triggering disease	Tayuan Plant
2019.03	Blood donation	Taoyuan Wires and Cables Plant	2019.09	Blood donation	Taoyuan Wires and Cables Plant
2019.05~10	Weight control activity	The Headquarter	2019.10	Health seminar	Taoyuan Wires and Cables Plant
2019.05~10	Weight control activity	San-Hsia Factory	2019.10	Hiking activity	Jinshan
2019.05~10	Weight control activity	Taoyuan 1st Plant	2019.10	Health check	Tayuan Plant
2019.05	Pressure relief activity	Taoyuan Wires and Cables Plant	2019.11	Pressure relief activity	Taoyuan Wires and Cables Plant
2019.05	Visit the company activity	San-Hsia Factory	2019.11	Blood donation	San-Hsia Factory
2019.05	Blood donation	San-Hsia Factory	2019.12	Health check	Taoyuan Wires and Cables Plant
2019.06	Health seminar-cancer prevention	Tayuan Plant	2019.12	CPR and AED training	The Headquarter

5.3 Health, safety, and disaster free

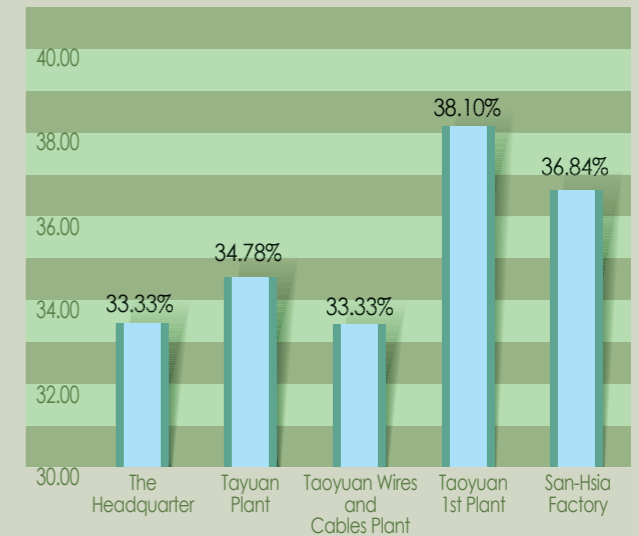
Occupational health and safety	
An explanation of why the topic is material	Practice occupational health and safety in the work places is Tatung's responsibility.
Boundary for the material topic	Tatung and its subsidiaries.
Specific limitation regarding the topic Boundary	Performance disclosure is limited to Tatung Co.
Purpose of the management approach	Implement occupation health and safety in the workplace.
Policies	Reduce occupational disasters and achieve the goal of "zero disasters".
Commitments	Work hard to achieve the goal of "zero disaster".
Goals and targets	Short-term target: 1. Complete the implementation of ISO 45001 in all 4 factories and pass the certification by the end of 2021. 2. At least 95% correction rate for non-conformities found in Accident Prevention Pays Program. 3. FR and SR are reduced by 10% each year. Mid-long term target: Zero disaster.
Responsibilities	Factories and subsidiaries are responsible for complying with applicable health and safety regulations during daily operations, and the Health and Safety Division is responsible for checking the implementation results of the factories and subsidiaries.
Resources	1. Accident, Prevention, Pays Program. 2. Internal audit under Internal Control System.
Specific actions	1. Factories and subsidiaries operate in accordance to health and safety regulations. 2. Health and Safety Division conducts on-site audits to review the performances.
Mechanisms for evaluating the effectiveness of the management approach	1. Reports non-conformities to the president at the internal control monthly meeting. 2. Conducts Accident, Prevention, Pays Program on-site audit and records down non-conformities. The factories are requested to improve these and ESD will track the improvement results.
Results of the evaluation of the management approach	1. San-Hsia Factory completed the implementation of ISO 45001 and passed the certification in 2019. 2. The correction rate for non-conformities from Accident, Prevention, Pays Program was 100% in 2019. 3. In 2019, both FR and SR were reduced by 10% comparing to 2018.
Related adjustments to the management approach	NIL.



In the case that recognition of dangerous materials is unsatisfactory, or that safety management has not been satisfactorily accomplished in the work places, there may be effects of varying degree to the employees' health and safety, 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 (Figure 5.3-1). The percentage of labor representatives is better than the requirement of regulation (at least 33%). The headquarter also organizes regular health and safety committee meetings and invites the representatives in the factories to enhance the communications within the company.



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

Occupational health and safety management

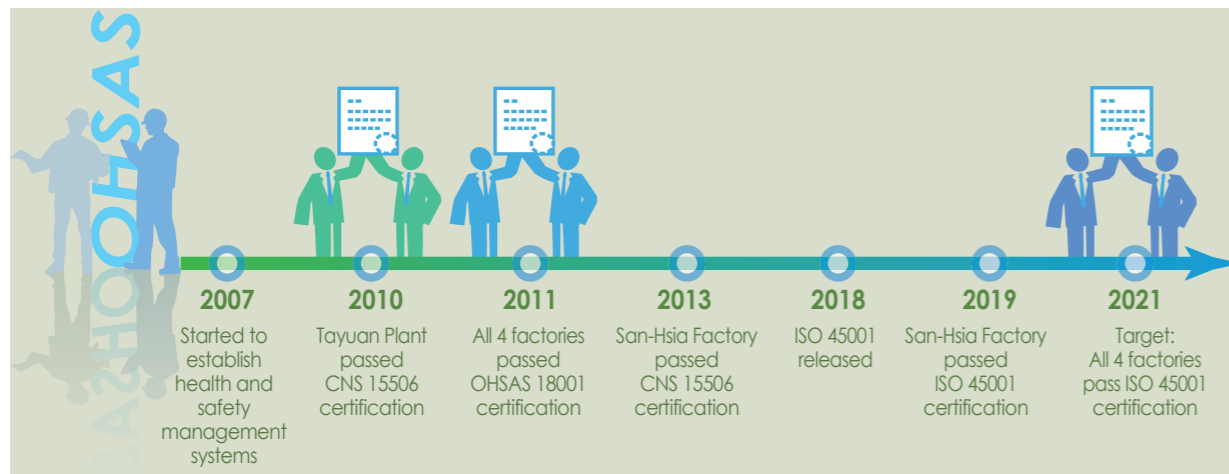
Focusing on the issue of health and safety is one of the long standing policies in Tatung. With a regulated system and culture based strategy, Tatung has aggressively participated in education training, regulation consulting, and risk assessing, and has established the procedures to improve the issues 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. So far, all the factories have established OHSAS 18001 and passed the certification. Tayuan Plant and San-Hsia Factory have even established CNS 15506:2011 and passed the certification. Since 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. So far San-Hsia Factory has established ISO 45001 and passed certification in 2019. We are aiming to complete the transformation in the rest of factories by the end of 2021. Figure 5.3-2 shows the status of occupational health and safety management systems and goals in Tatung.



▲ San-Hsia Factory's ISO 45001 Certificate

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

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



▲ Figure 5.3-2 Status of occupational health and safety management systems and our targets

Tatung has set the target of non-conformities improvement rate over 95% from Accident, Prevention, Pays Program on-site audit. For the items that have not been improved in the current year, we will continue to track them and list them as non-conformities in the next year's evaluation. Seventy-two non-conformities were found in 2019's Accident, Prevention, Pays Program on-site audit. The items were mainly laid on lacking proper preventative measures for electric shock and lack of protection cover for machinery equipments. By the end of 2019, all the non-conformities have been corrected. In 2020's Accident, Prevention, Pays Program, we will focus on compliance status, and implementation of working environment monitoring, and confined space prevention to protect employees' health and safety.



▲ Accident, Prevention, Pays Program on-site audit (1)



▲ Accident, Prevention, Pays Program on-site audit (2)

Health and safety training and regulation promotion

In order to raise the awareness of occupational health and safety among the employees and prevent occupational accidents, Tatung opens health and safety related training classes 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 measures of the occupational disasters. The training courses cover topics from prevention of disaster caused by machinery, equipment or appliances, hazardous chemicals, falling, flying objects, high temperature, noise, as well as proper use of personal protective equipments, workplace ventilation, management on lighting, job safety analysis, and prevention of illegal infringements in performing duties. For professional training, Tatung opens training classes such as First-aid, Hazardous machinery or equipment, Fork lifters, VOCs, Dusts, Designated Chemicals, etc. Please refers to Table 5.3-1 for more details.

As for regulation promotion, Tatung organizes "Tatung Corporate OHS Seminar" every year. The seminar was held in March 2019 and the topic was introducing ISO 45001 and case study on health and safety accident.

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.

Topics	2016	2017	2018	2019	2020
	No. of participants	No. of participants	No. of participants	No. of participants	No. of participants ³
Health and Safety Training Class (new recruits)	168	256	507	364	40
Health and Safety Training Class (general employees)	773	796	589	750	332
Health and Safety Training Class (managers)	41	191	130	125	44
Emergency training class	608	1,059	1,121	1,163	562
Stationary Cranes training class	0	0	0	75	24
Stationary Cranes training class (re-training)	403	24	69	276	52
Health and Safety Training Class (construction contractors)	31	15	16	16	0
First-aid re-training	94	89	11	100	0
First-aid training	0	0	0	25	79
Forklifters training class (over 1 tons)	0	0	25	2	5
Forklifters training class (re-training)	192	53	85	132	95
Training class for Preventing Workplace Violence	0	0	66	342	70

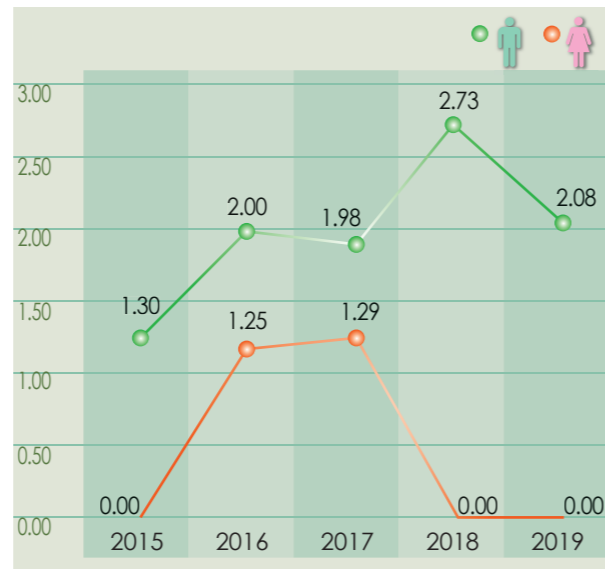
³: Due to the impact of COVID-19, the number of training in 2020 is reduced to avoid cluster infection.

Health and safety performance

Tatung continues to establish safety culture, reduce occupational disaster risk and provide a safe working environment. When an occupational disaster is occurred, root-cause analysis will be conducted and countermeasures will be implemented to prevent such case happening again. In 2019, there was no occupational disease case and death incident; however there were 3 non-compliances and fined NT\$180,000 in total. The non-compliances have all been corrected.

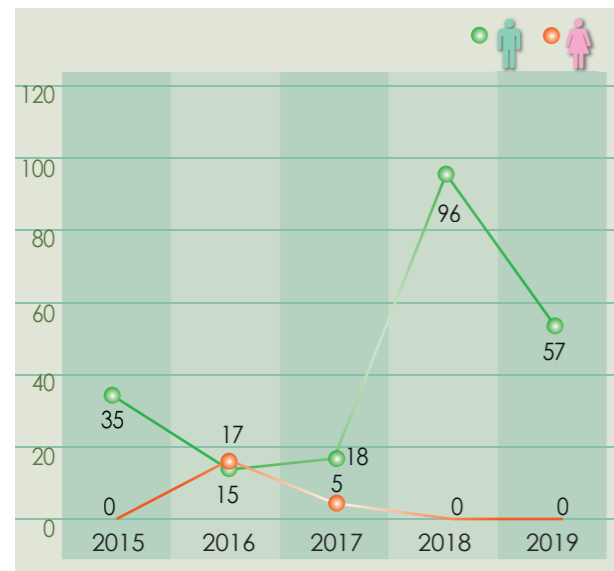
FR and SR for male employees in 2019 have declined from 2018. No occupational accident for female employees for 2 consecutive years. The AR for female employees have been gradually declined since 2016. Please refer to Figure 5.3-3, Figure 5.3-4, and Figure 5.3-5 for more details.

Tatung has reached the target of reducing the FR and SR by 10% every year in 2019. We will continue to strengthen traffic safety promotion and require factory managers to strengthen the safety requirements of employees and continue to move towards to the goal of zero disaster.



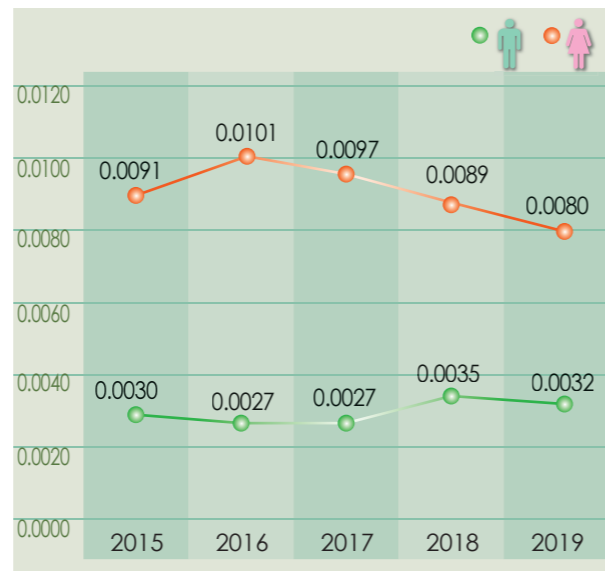
Note: FR is one of the indicators selected by MOL for occupational disaster statistic purpose. The formula is (No. of disability/Total working hours) x 1,000,000

▲ Figure 5.3-3 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 5.3-4 Trend of SR



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

▲ Figure 5.3-5 Trend of AR

5.4 Participation and benefits to the society

Participation in infrastructure projects and 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. Tatung has a very deep connection in every stage of development in Taiwan. We brought Rice Cookers into market because of caring mothers' hard work from cooking in the past. Now we are more committed to support national energy transformation and develop smart energy technology to build a "energy security, green economy, and environmental sustainability" with smart, energy-saving and green energy products and systems to protect our beautiful homeland.

In 2019, we have completed a large scale of power storage system in Yong-An, Kaohsiung City; completed the second phase of PV roofing on Kanhai Park's public buildings (the largest single PV field of 1,991.4kWp in Hsinchu City); and cooperated with New Taipei City Government to set up two demonstration sites of citizen power plants whose operation involves the effort from industry, government, and locals. We 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.



▲ Power storage system in Yong-An, Kaohsiung City



▲ PV roofing on Kanhai Park's public buildings

Supporting in traditions, arts and raising environmental protection awareness

In support of preserving and promoting traditional arts, Tatung invited native Taiwanese paper carving master to design Tatung Boy small lanterns of 12 Chinese zodiac. As a token of celebrating the Year of Pig in 2019, the much-treasured small lanterns were widely utilized as a promotion gift for Tatung 3C to its customers. In support of traditional folk arts, Tatung invited Taiwan indigenous lantern artists to make Tatung Boy creative lanterns to display in the Taiwan Lantern Festival in Pingtung. To support Taiwan's performing art groups, Tatung co-created the children's drama, "Rescuing Power Kingdom", with Eyuan Puppet Theatre in 2019. The drama was performed to more than 5,300 students in a tour nationwide. Concepts of energy saving, healthy living, and environmental protection were also incorporated in the play to better influence students on their daily habits.



▲ Small lanterns of Year of Pig



▲ Taiwan Lantern Festival in Pingtung



▲ Rescuing Power Kingdom drama played in the schools

Tatung charity soccer summer camp

Founded for more than a century, Tatung attaches great importance to the inheritance value of passing the flame of remembrance onto the next generation. Former chairman Lin Wei-shan instructed the company to run "Tatung Charity Soccer Summer Camp" in order to help the underprivileged children to cultivate a proper and healthy hobby. Every summer, the Tatung Charity Soccer Summer Camp invites social welfare organizations or children from disadvantaged families to participate for free. In addition to professional football training, a full set of sportswear, professional footballs, socks and gifts are made for each student, as well as full subsidies for the transportation, catering, and insurance expenses of the children participating in the camp. Medical personnel are also invited to accompany the children to fully protect the safety of the activities. We hope that the unique soccer resources of Tatung will be used to educate all participants the spirit of teamwork and sportsmanship through the playing of soccer game and hence have the spirit put into practice in their everyday life.

A total of 340 vulnerable children of grade 1-9 from 15 orphanages were invited to the summer camp in 2019. We hope that every child can get happiness and satisfaction in soccer and get positive power. This is the biggest goal of running the Tatung Charity Soccer Summer Camp every year.



▲ Children learned to play soccer in 2019 Tatung Charity Soccer Summer Camp

CH6

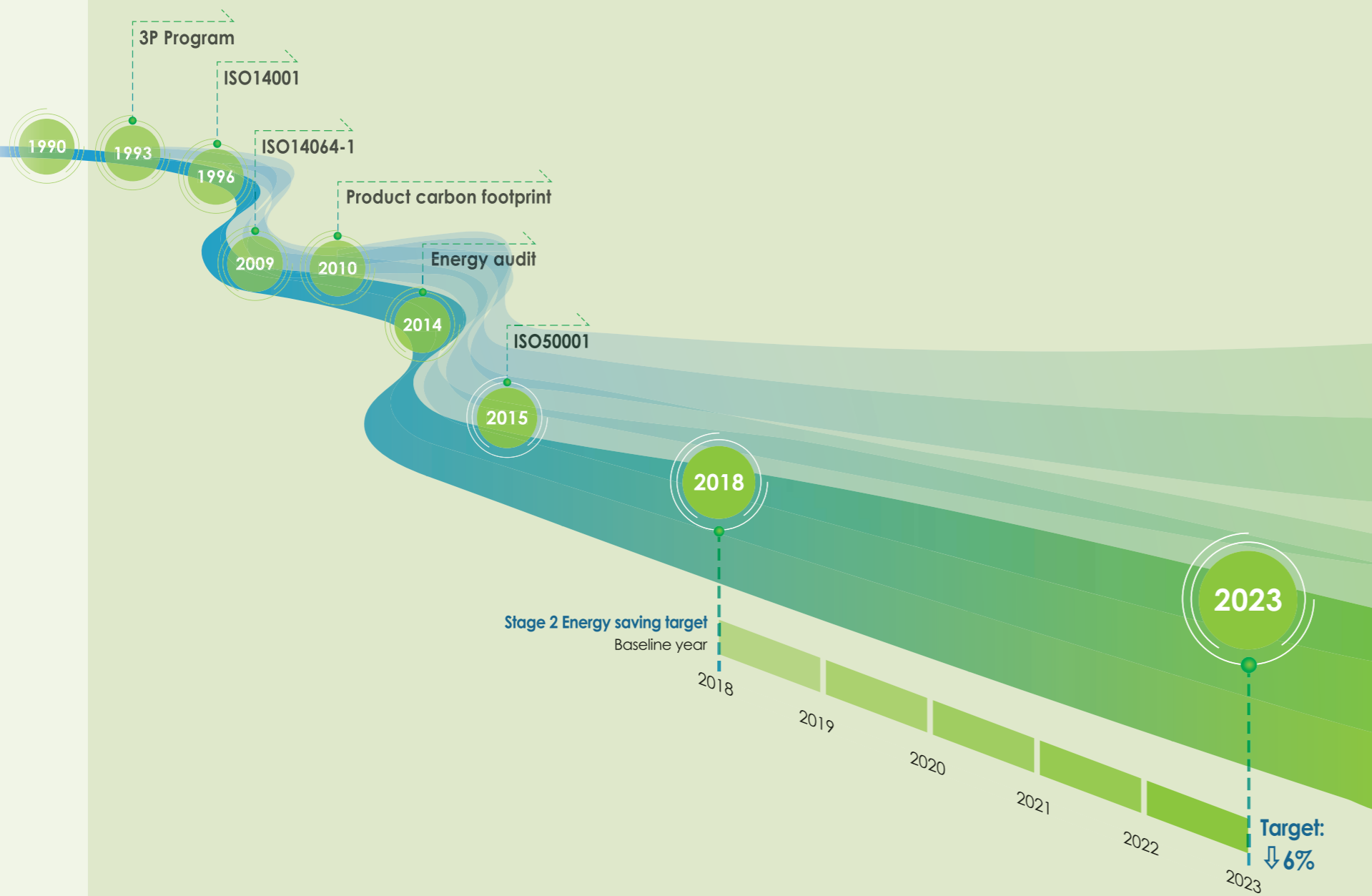
Sustainable environment

Targets	Environmental management and comply with regulations
Target1	Correction percentage over 95% for the non-conformities from 3P Program.
Performance in 2019	Correction percentage was 94.87% and the target was not achieved.
Target2	Maintain ISO 14001 in the factories.
Performance in 2019	All the factories' ISO 14001 passed annual certification.
Target3	No. of violations against regulation are less than previous year.
Performance in 2019	One violation in 2019 which was 1 case less than in 2018.
Target	Waste reduction management
Target	Reduce the amount of wastes by 5% every year.
Performance in 2019	Compared with the amount in 2018, the amount of wastes was 15.21% increasing which did not meet the target.

Targets	Energy and GHG management
	1. Energy intensity of represented products in 2023 will be 6% less than in 2018.
Performance in 2019	6 out of 7 products' energy intensities were 1% less than in 2018. The target achieve rate was 85.71%.
	2. Energy saving rate will be at least 1% in the headquarter and the factories from 2019~2022.
Performance in 2019	The energy saving rate in the headquarter and the factories were all more than 1%.
	3. Promote ISO 50001 energy management system.
Short-term target	Factories with ISO 50001 update the version to ISO 50001:2018.
Performance in 2019	Tayuan Plant, Taoyuan Wires and Cables Plant, and San-Hsia Factory have updated to ISO 50001:2018 and passed the certification.
Mid-long term target	Implement ISO 50001 in Taoyuan 1st Plant.
	4. Carry out ISO14064-1 GHG inventory.
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 2019	Taoyuan Wires and Cables Plant, Taoyuan 1st Plant, and San-Hsia Factory completed GHG inventory for year 2018 and verified by the third parties.
Mid-long term target:	Implement ISO 14064-1 in Tayuan Plant and the headquarter.
Target	Green product management
	1. Continue to seek for solar PV system cases.
Target	Aiming to have 197.15MWp capacity by the end of 2020. The total installed capacity was 127.15MWp.
Performance in 2019	
	2. Continue to research and design environmental friendly, energy saving, and water saving products.
Target	Continue to apply for Green Mark, Energy Label, and Water Label.
Performance in 2019	New applied Green Mark: 22 models, Energy Label: 98 models, Water Label: 4 models.



6.1 Management on the environment



▲ Tatung environmental management road map

DMA

Management on the environment, Comply with environmental regulations

An explanation of why the topic is material	Compliance is the most basic responsibility of a company. Violation of environmental regulations may not only cause pollutions, but also bring the risk of fines or suspension of operation.
Boundary for the material topic	Tatung and its subsidiaries.
Specific limitation regarding the topic Boundary	Performance disclosure is limited to Tatung Co. and the subsidiaries with manufacturing function (please refer to Annex 3).
Purpose of the management approach	Immediately identify the risks of violations against regulations and make improvement to avoid pollutions to the environment and penalties from the authorities.
Policies	Actively promote environmental protection, energy saving and carbon reduction to reduce the impact to the environment.
Commitments	Continue to implement Pollution, Prevention, Pays (3P) Program and ISO 14001 to fulfill social responsibility with a continuous improvement management model.
Goals and targets	Short-term: 1. Correction percentage over 95% for the non-conformities from 3P Program. 2. No. of violations against regulation are less than previous year. Mid-long term: Achieve the goal of "The economic development should not create pollution to the environment but try to forge a marriage between corporative development and environmental protection."
Responsibilities	The factories and subsidiaries are responsible for complying with environmental regulations for daily operations. Health & Safety Division is responsible to audit the factories and subsidiaries' conformance performances.
Resources	1. 3P Program on-site evaluation. 2. Internal Control System on-site audit.
Specific actions	1. The factories and subsidiaries operate in accordance to the environmental regulations. 2. Health & Safety Division conducts 3P Program on-site evaluation and Internal Control System on-site audit.
Mechanisms for evaluating the effectiveness of the management approach	1. Report non-conformities to the president on monthly Internal Control Meeting. 2. Identify non-conformities from the factories and track the improvement results through 3P Program on-site evaluation.
Results of the evaluation of the management approach	1. In 2019, 16 factories and subsidiaries were conducted with 3P Program on-site evaluation. The correction percentage was 94.87%. 2. One violation in 2019 which was 1 case less than in 2018.
Related adjustments to the management approach	NIL

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

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. Sixteen factories and subsidiaries were participated in 2019 (Annex 2). The elements of 3P program are listed on Table 6.1-1.

When there any non-conformity found against company rules or with potential to cause environmental pollution, we will list such incidents and request the factories and the subsidiaries to correct them. We also set yearly correction target to be 95%. For the non-conformities which can not be corrected by the end of year, we will track them and make them to be corrected next year. In 2019, 78 non-conformities were requested to be corrected and 74 were corrected by the end of year. The correction rate was 94.87% and did not meet the target.

Table 6.1-1 Description of 3P Program and its performances			
Aspects	Measures	Descriptions	Performances
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.	2,289.63 tons of industrial wastes (about 69.42%) were reused in 2019.
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.	In 2019, we applied Green Mark: 22 models; Energy Label: 98 models; Water Label: 4 models.
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.	Sixteen factories and subsidiaries were 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 94.87% in 2019.



▲ 3P Program on-site evaluation

ISO 14001 Environmental management system

Tatung believes that by implementing ISO14001 is able to continue improve environmental performances, export competitively, and company images. Thus, in 1996, Tatung started to implement ISO14001 among the factories and the subsidiaries. So far all 4 factories have established ISO 14001 and certified every year. We commit that we will continue to run ISO 14001 in the factories and subsidiaries to improve environmental performances in the future. Figure 6.1-1 shows the implementation status of ISO14001 in the factories.



▲ Figure 6.1-1 ISO14001 implementation status

Compliance and major leaks

Tatung takes great concern on the development of environmental protection regulations. When there are public hearings or seminars for new regulations, Tatung assigns professions to receive the latest information. In spite of environmental management system, internal control system on-site audit, and 3P Program on-site evaluation have been implemented in the company, there still was 1 incident which breached the regulations in 2019. San-Hsia Factory was fined NTD\$100,000 due to violating Air Pollution Control Act. The violation has been 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 control system on-site audit and 3P Program on-site evaluation to prevent such incidents happened again. Besides, there was no significant spill in 2019.



▲ Figure 6.1-2 Measures practiced to ensure the compliance

6.2 Energy consumption and GHG management

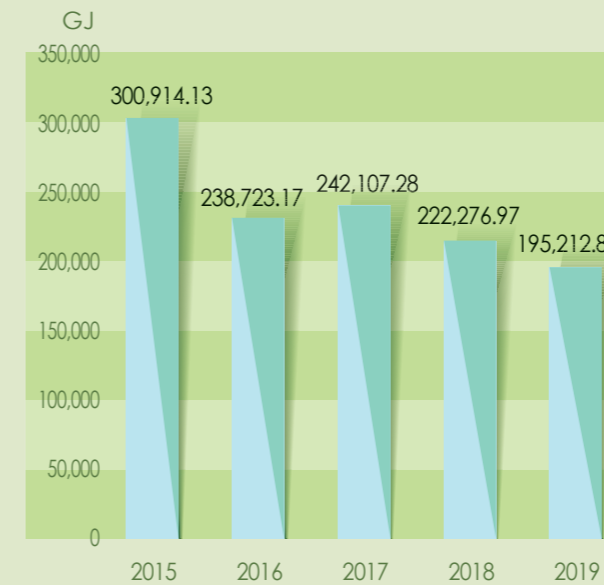
Energy consumption and GHG management		DMA
An explanation of why the topic is material	Greenhouse gases emitted by human activities have already caused global warming and led to the threat on the sustainable development. Corporations actively to reduce the greenhouse gas emissions are not only to show a responsible image to the public but also able to reduce the operation costs from running the business	
Boundary for the material topic	Tatung and its subsidiaries.	
Specific limitation regarding the topic Boundary	Performance disclosure is limited to Tatung Co.	
Purpose of the management approach	Reduce energy consumption and GHG emissions.	
Policies	Actively promote environmental protection, energy saving and carbon reduction to reduce the impact to the environment.	
Commitments	Continue to carry out ISO 14064-1 GHG emission inventory, implement ISO 50001 energy management system, and propose energy saving projects to mitigate global warming.	
Goals and targets	<p>Short-term:</p> <ol style="list-style-type: none"> 1. Taoyuan 1st Plant, Taoyuan Wires and Cables Plant, and San-Hsia Factory carry out ISO 14064-1 GHG emission inventory and pass the third party verification every year. 2. Taoyuan Plant, Taoyuan Wires and Cables Plant, and San-Hsia Factory maintain ISO 50001. 3. Save 1% at least of electricity in the headquarter and the factories every year. <p>Mid-term:</p> <ol style="list-style-type: none"> 1. Adopt ISO 14064-1:2018 (new version) before the end of 2022 (used for GHG inventory of year 2021). 2. The energy intensities of representative products are reduced by 6% in 2023 when compared with 2018. <p>Long-term:</p> <ol style="list-style-type: none"> 1. Implement ISO 14064-1 in the headquarter and Taoyuan Plant and pass the third party verification. 2. Establish ISO 50001 in Taoyuan 1st Plant and pass the certification. 	
Responsibilities	The factories are responsible for running energy management systems and implement energy saving projects. Health & Safety Division is responsible for carrying out energy audit and assisting GHG emission inventory.	
Specific actions	Annual energy audit	
Mechanisms for evaluating the effectiveness of the management approach	Tracking energy intensity status through the annual energy audit.	
Results of the evaluation of the management approach	<ol style="list-style-type: none"> 1. In 2019, Taoyuan 1st Plant, Taoyuan Wires and Cables Plant, and San-Hsia Factory completed GHG inventories for year 2018 and passed the third party verification. 2. In 2019, Taoyuan Plant, Taoyuan Wires and Cables Plant, and San-Hsia Factory updated their ISO 50001 to the latest version (2018) and passed the certification. 3. In 2019, 85.71% of the represented products achieved the stage target of 1% reduction in energy intensity. 4. In 2019, we have saved 1% at least of electricity in the headquarter and the factories. 	
Related adjustments to the management approach	NIL	

Energy consumption

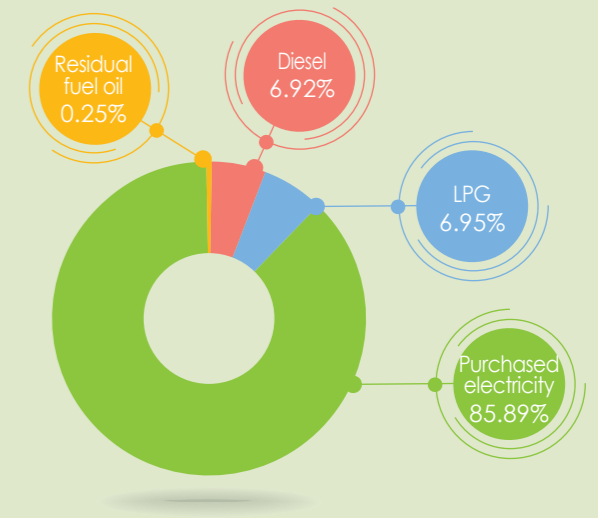
There are two types of energy that Tatung consumes – direct energy and indirect energy. Direct energy sources are from diesel fuel oil, LPG, and diesel. Indirect energy source is purchased electricity from Taiwan Power Company. The amount of energy consumption in 2019 is shown on Table 6.2-1, Figure 6.2-1 and Figure 6.2-2. The most consumed energy in 2019 was purchased electricity and the amount was 167,661.53 GJ (85.89%) which equaled to 46,572.65 kkw-hr; followed by LPG with 13,561.08 GJ (6.95%) which equaled to 268.70 tons. The total amount of energy consumption in 2019 was 27,064.07 GJ less than in 2018, which was 12.18% reduction.

	2015	2016	2017	2018	2019
Diesel fuel oil	3,454.31	441.83	1,044.33	642.66	482.00
LPG	17,599.02	14,003.49	13,462.16	13,576.72	13,561.08
Diesel	7,487.31	7,597.62	12,410.45	14,196.95	13,508.29
Purchased electricity	272,373.49	216,680.23	215,190.36	193,860.63	167,661.53
Total	300,914.13	238,723.17	242,107.28	222,276.97	195,212.89

Note: The data of purchased electricity from 2015~2018 has been re-stated due to: 1. Purchases electricity data of Meter Factory in Taoyuan Wires and Cables Plant from 2015~2018 has newly included; 2. The energy data in 2018 from Taoyuan 1st Plant, Taoyuan Wires and Cables Plant, and San-Hsia Factory has been modified based on ISO 14064-1 verification results. The energy data in 2019 was collected based on the same method however has not been verified yet. The energy data from H.Q. and Taoyuan Plant was collected from power bills and other energy receipts.



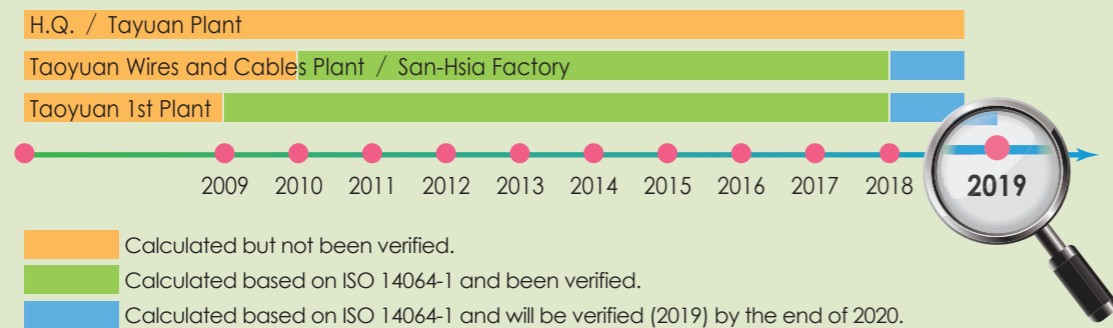
▲ Figure 6.2-1 Trend of energy consumption



▲ Figure 6.2-2 Energy consumption breakdown in 2019 (by energy types)

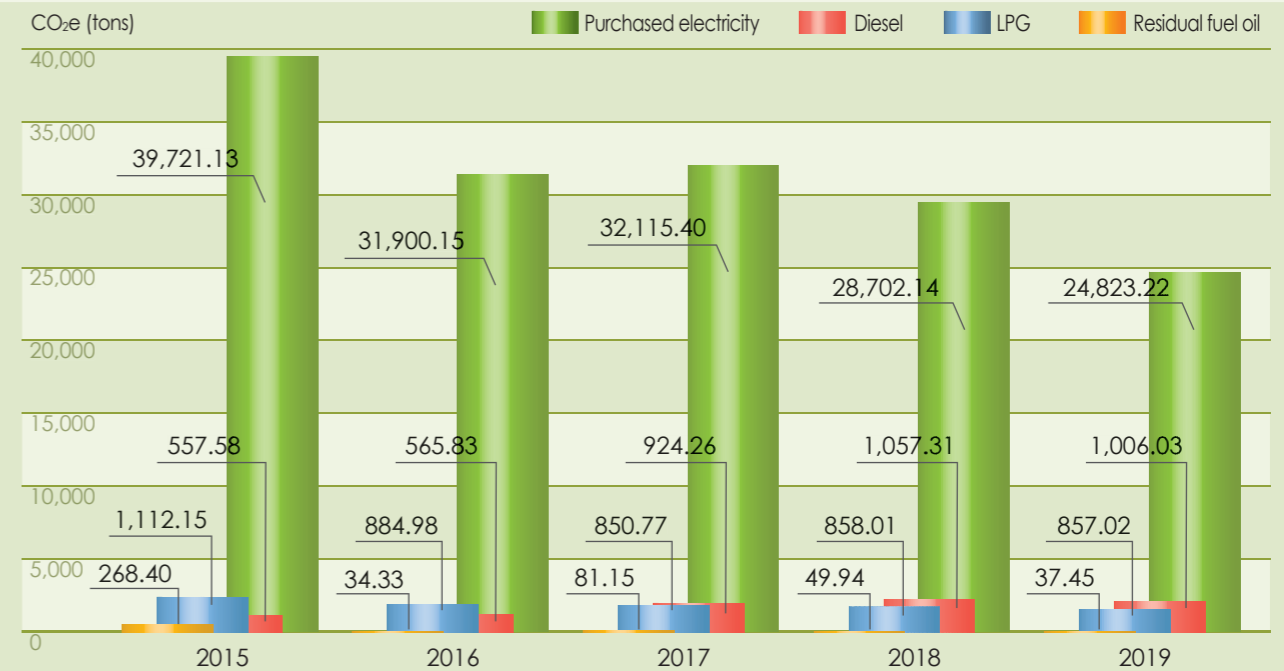
Greenhouse gas emissions

Greenhouse gases 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 emissions thoroughly and comply with the future regulations, Tatung voluntarily 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 every year. We will implement ISO 14064-1 at the headquarter and Tayuan Plant in the future. In response to the newly released version of ISO 14064-1 (2018), we are planning to adopt it when working on 2021 GHG inventory. 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.



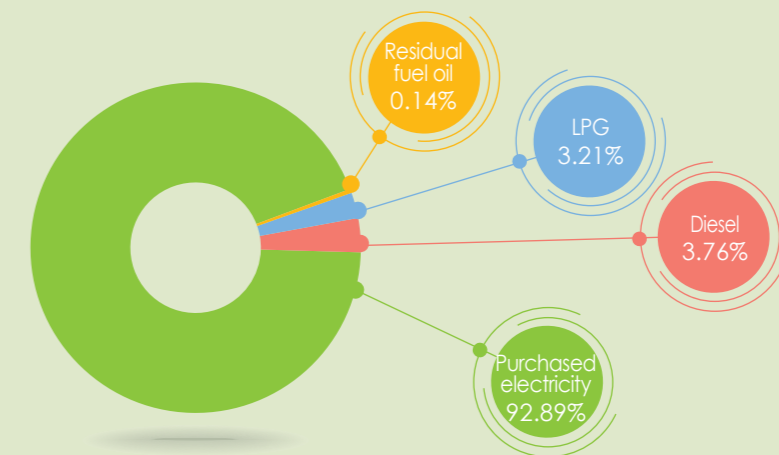
▲ Figure 6.2-3 Tatung GHG inventory and verification status

Due to the headquarter and Tayuan Plant have not implemented ISO14064-1, the GHG emissions (CO₂, CH₄, N₂O, and scope 3 are 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 GWP is based on IPCC, 2007 since 2016. The completed GHG emission inventory for Taoyuan 1st Plant, Taoyuan Wires and Cables Plant, and San-Hsia Factory can be found in Annex 4 or MOP¹. The total GHG emission in 2019 was 26,723.72 tons CO₂e (Figure 6.2-4) which is 3,943.68 tons CO₂e (8.80%) reduction than in 2018. The emissions from diesel, LPG and diesel fuel oil were 1,900.50 tons CO₂e, and from purchased electricity was 24,823.22 tons CO₂e (Figure 6.2-5).



Note: The data of purchased electricity from 2015~2018 has been re-stated due to: 1. Purchases electricity data of Meter Factory in Taoyuan Wires and Cables Plant from 2015~2018 has newly included; 2. The energy data in 2018 from Taoyuan 1st Plant, Taoyuan Wires and Cables Plant, and San-Hsia Factory has been modified based on ISO 14064-1 verification results. The energy data in 2019 was collected based on the same method however has not been verified yet. The energy data from H.Q. and Tayuan Plant was collected from power bills and other energy receipts.

▲ Figure 6.2-4 GHG emissions of Tatung



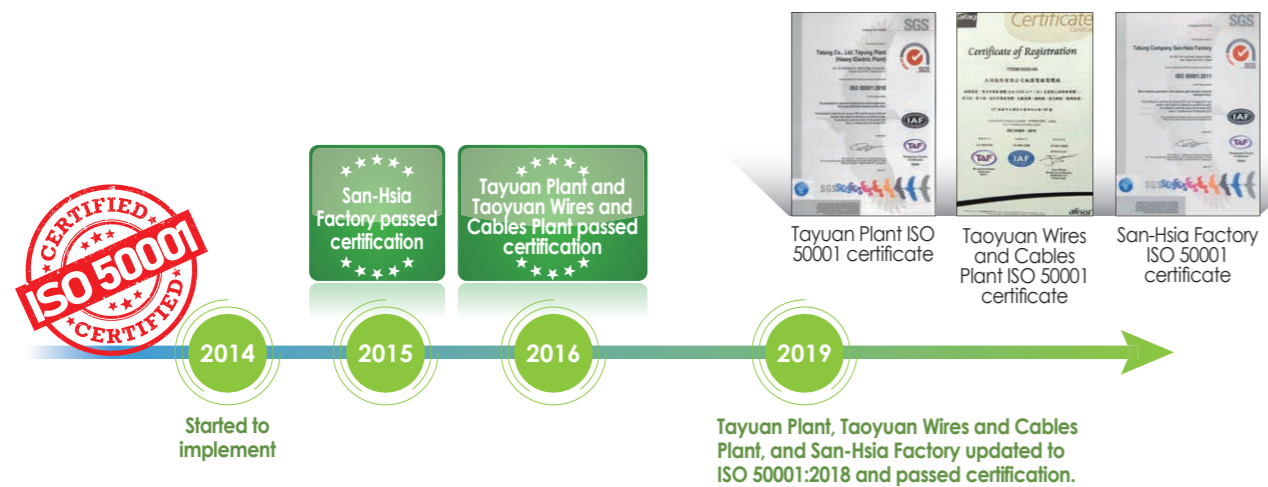
▲ Figure 6.2-5 GHG emission percentage in 2019 (by sources)

¹: <https://mops.twse.com.tw/mops/web/t1152sb01>

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, followed by Stage 1 energy reduction target, Tatung proposed Stage 2 energy reduction target in 2019: the energy intensity per product in 2023 will be reduced by 6% than in 2018 (baseline year).

To achieve the target, we have implemented ISO 50001 in the factories to sharpen up company's energy performance. So far San-Hsia Factory, Tayuan Plant, and Taoyuan Wires and Cables Plant have established ISO 50001 updated to the latest version. 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 implement energy saving projects in H.Q. and the factories. In 2019, Tatung reduced about 2.815 million kw-hr of purchased electricity consumption via 4 dimensions (Table 6.2-2) which equals to 10,134.43 GJ. The saved electricity contributed as much as 1,500 tons CO₂e reduction. Figure 6.2-7 shows carbon reduction results for the past 5 years.



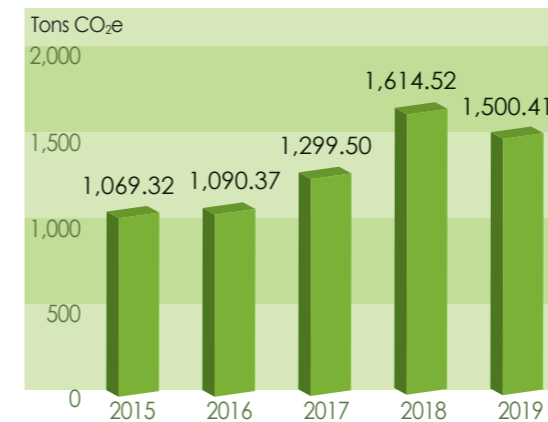
▲ Figure 6.2-6 Status of Tatung's ISO 50001

Energy saving projects (by category)	Amount of electricity saved (kw-hr)	Amount of electricity saved (GJ)	GHG reduction (tons CO ₂ e)
Optimized manufacturing process to reduce operation time.	219,281	789.41	116.88
Replaced with higher energy efficient and energy saving equipments.	2,249,530	8,098.31	1,199.00
Centralized operation areas and shut down unnecessary air conditioners and lighting.	126,433	455.16	67.39
Increased the frequency of maintenance and inspection for major energy using equipments, as well as control the operating time to avoid leakage or wasting of air or cooled air.	219,792	791.25	117.15
Total	2,815,037	10,134.13	1,500.41

Note: 1 kw-hr of electricity emits 0.533 kg CO₂e.

The energy intensity achievement status of represented products in 2019, 6 of the 7 represented products reached the target of reducing energy intensity by 1%, and the achievement rate was 85.71%. The achievement status of each represented product is listed in Table 6.2-3. Products that did not meet the target is one product of Taoyuan Wires and Cables Plant. In terms of electricity saving rate, the headquarter and all factories have exceeded 1%, and all of them have achieved the target. Our energy saving plan for 2020 is summarized as follows:

- Tayuan Plant:**
Renovate and improve the existing major electricity consuming production equipments by introducing inverters and automatic control of human-machine interface operations, and replacing manpower with automatic feeding and conveying operation to reduce the standby power consumption of re-work and non-production time caused by human error.
- Taoyuan Wires and Cables Plant:**
Continue to replace 40W fluorescent tubes with 20W LED tubes at the lighting area of the production line. Replace the old fixed-frequency air compressor system with variable frequency type. Improve the power quality of the 8MM wire drawing machine and increase the power factor to 95%. Improve the efficiency of equipments, improve the transmission equipments of the extruder and stranding machines used in the process, replace the old DC motors with variable frequency motors to save electricity, and finally coordinate with the summer power offset and regional surveys to adjust and use electricity, and reduce the contract capacity in time.



- San-Hsia Factory:**
Continue to build smart air compressor systems, improve test equipments for large motor production, install 600-ton die-casting machine IOT monitoring, and replace office box-type air conditioners with more energy-efficient models.
- Taoyuan 1st Plant:**
Evaluate and plan the introduction of energy storage system, cooperate with the government to suppress peak electricity consumption, and meet the requirements of Renewable Energy Development Act.
- Headquarters:**
Set up a solar photovoltaic energy storage system to benefit energy creation and reduce peak electricity demand, and to introduce level 1 energy-efficient air-conditioning and monitoring management.

▲ Figure 6.2-7 Amount of GHG emission reduction²

Represented products	Energy intensity in baseline year (2018)	Energy intensity in 2019	Target achievement status in 2019 (↓ 1%)	2023 (↓ 6%)
Motor/generator	50.94 MJ/HP	48.45 MJ/HP	√	-
Electric cooker	35.22 MJ/Piece	34.03 MJ/Piece	√	-
Commercial air conditioner	55.78 MJ/KW	53.05 MJ/KW	√	-
Transformer/switchgear	7,329.31 MJ/MVA	7,221.56 MJ/MVA	√	-
Watt-hour meter	7.49 MJ/Piece	7.40 MJ/Piece	√	-
Lan cable	1.10 MJ/Meter	1.17 MJ/Meter	X	-
Power cable	15.59 MJ/Meter	11.48 MJ/Meter	√	-

Note: The baseline year is 2018. √ represents the result met the target, X represents the result did not meet the target. Wire has been removed from the list due to production adjustment.

²: The amount of GH reduction for year 2018 was calculated with the electricity emission factor released in 2017. In this report, we have adopted 2018's emission factor to re-calculate.

6.3 Resources consumption and pollutants management

DMA	
Management on wastes	
An explanation of why the topic is material	If wastes are not properly stored and treated, they will cause great adverse effect to the environment. Promoting waste reduction is also one of the ways for companies to reduce their environmental impact.
Boundary for the material topic	Tatung and its subsidiaries.
Specific limitation regarding the topic Boundary	Performance disclosure is limited to Tatung Co.
Purpose of the management approach	Reduce the impact to the environment brought by the operation of Tatung.
Policies	Actively promote environmental protection, energy saving and carbon reduction to reduce the impact to the environment.
Commitments	Promote clean production technology in the factories and subsidiaries to utilize resources effectively and minimize wastes.
Goals and targets	Short-term: Reduce the amount of wastes by 5% every year. Mid-long term: Achieve the goal of "The economic development should not create pollution to the environment but try to forge a marriage between corporative development and environmental protection".
Responsibilities	The factories and subsidiaries well store, treat or reuse the wastes.
Specific actions	The factories and subsidiaries implement clean production to reduce the wastes from operation, as well as enhancing the separating and recycling of the wastes.
Mechanisms for evaluating the effectiveness of the management approach	Through annual 3P Program on-site evaluation to confirm the status of target achievement.
Results of the evaluation of the management approach	The target was not achieved as the amount of wastes was 3,298.41 tons in 2019 which was 15.21% increasing than in 2018.
Related adjustments to the management approach	NIL.

Consumption and management on the main materials

Tatung puts quality, price, supply days, and after sale service into account when selecting suppliers. In order to ensure a good quality, Tatung requires suppliers to provide new resources. Table 6.3-1 shows the consumption amount of main materials³ and the percentage from local purchase.

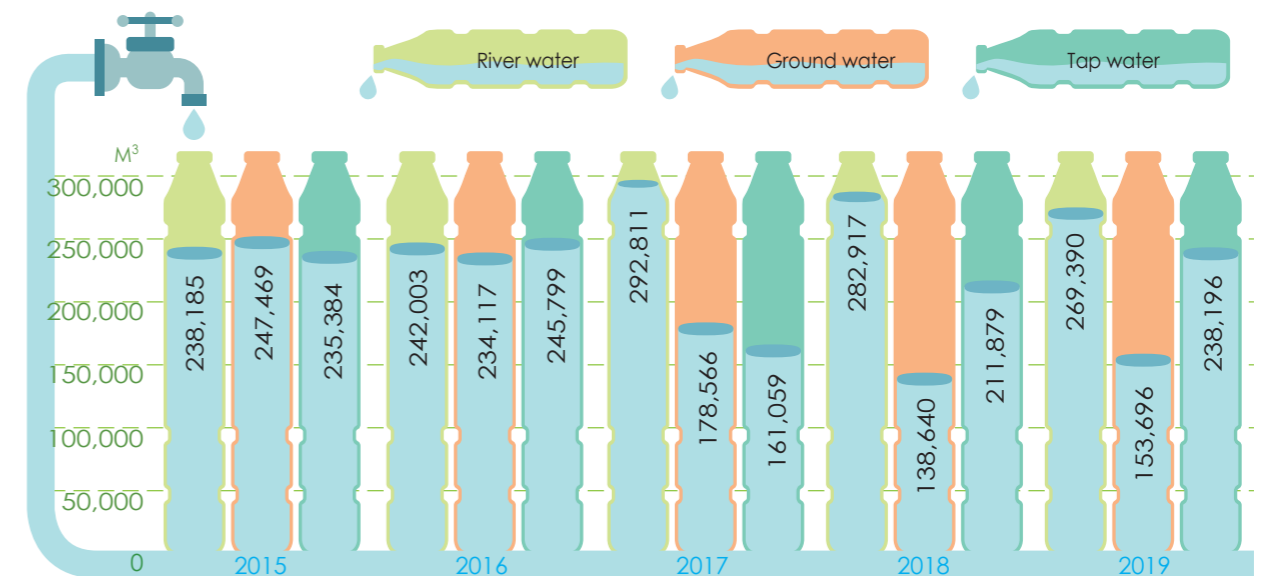
Main materials	Amount of consumption	Local purchase percentage (by purchase values)
Steel (including silicon steel)	4,815 tons	99.7%
Copper	11,960 tons	2.7%
Aluminum	486 tons	100%
Insulation oil	1,395 kilo-liters	98.3%

³: 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 of water and management on the wastewater

The sources of water for Tatung are from tap water, ground water, and river water. Tatung consumed 661,282M³ (Figure 6.3-1) of water in 2019 which was 27,846M³ more than the consumption in 2018. We will continue to conduct water conserving projects in order to reduce water consumption.

As for the wastewater management, all the factories and subsidiaries have granted government approved "water pollution prevention measures" and "permit for effluent", as well as setup wastewater treatment facilities based on the prevention measures. All the wastewater treatment facilities are operated in accordance to the prevention measures and the amount and quality of the effluent are regularly tested and reported to the authorities. The test results are all below the effluent standard, therefore the effluent from Tatung will not have significant impacts to the biodiversity of the nearby habitats and the recipient water bodies. The detailed effluent information is disclosed on Table 6.3-2.



▲ Figure 6.3-1 Amount of water consumption (by sources)

Factory	Treatment method	Average COD concentration (mg/L)	Average S.S. concentration (mg/L)	Amount of effluent (M ³)	Recipient water body	Effluent reused by others
San-Hsia Factory	Factories setup wastewater treatment facilities in accordance to the requirements of the regulations.	24.69	5.13	5,740	Heng River	None
Tayuan Plant		N.D. ⁵	2.71	799	New Street River	
Taoyuan Wires and Cables Plant		N.D.	3.80	51,365	New Street River	
Taoyuan 1st Plant		11.24	4.86	8,075	Old Street River	
Total				65,978		

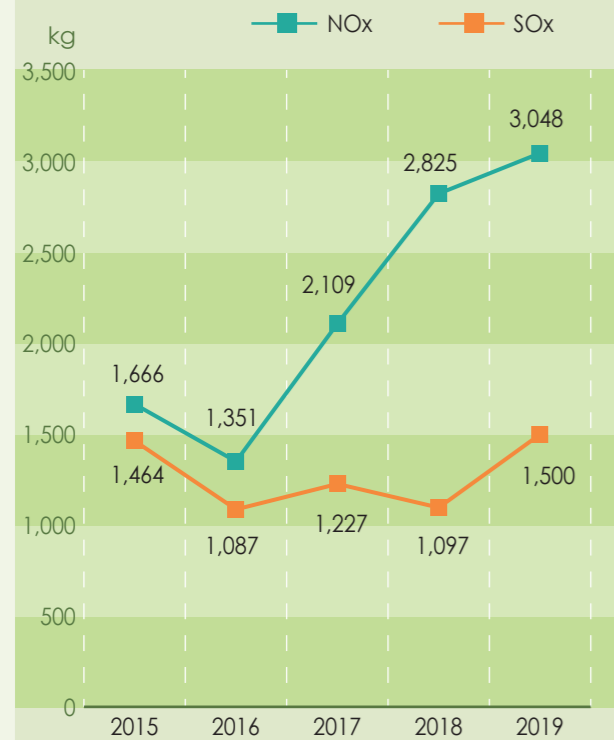
⁴: The data is collected from EPA's declaration system. Effluent standard for COD: 100, S.S.:30.

⁵: The detection limit is 9.4 mg/L. N.D. indicates the concentration is below the detection limit.

Management on the air pollutants emissions

The main air pollutants from the factories are NOx, SOx, and VOC. Tatung declares the amount of emissions⁶ and pays air pollution control fees to the authority. From Figure 6.3-2 and Figure 6.3-3 we can see the emissions of VOC have reduced gradually since 2015 and the emissions of NOx and SOx have slightly increased. The reason could be more diesels were consumed by RTO (the treatment facility that eliminate VOCs by combustion) in the factories.

Tatung sets up and operates air pollutant treatment facilities in the factories in accordance to the regulation. Pollutant concentration is regularly tested and met the standard. In addition to optimize the air quality and reduce the impact to the surrounding environment around the factories, we have implemented pollutant treatment facilities with higher removal efficiency, such as RTO (Regenerative Thermal Oxidizer) in the past few years.



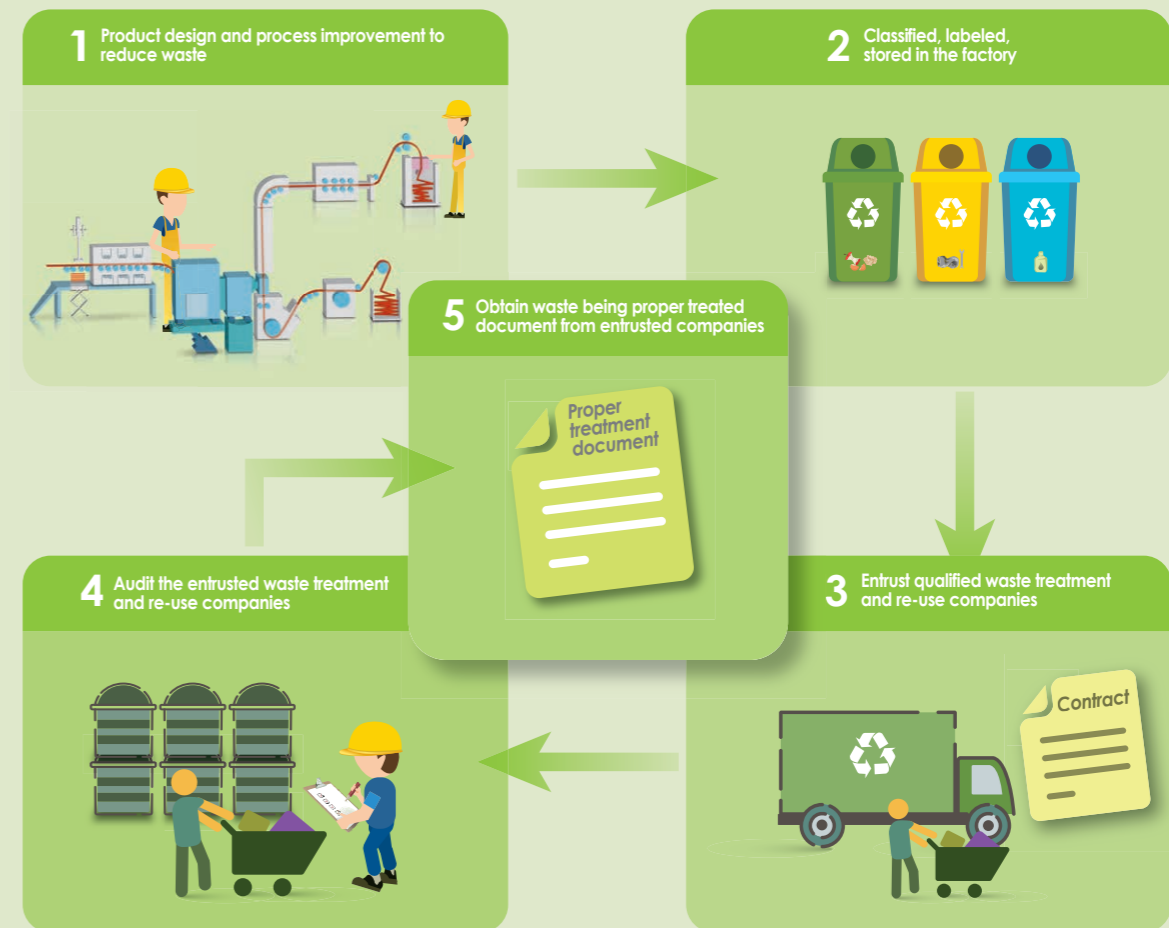
▲ Figure 6.3-2 Amount of NOx and SOx emissions



▲ Figure 6.3-3 Amount of VOC emissions

Waste reduction and management

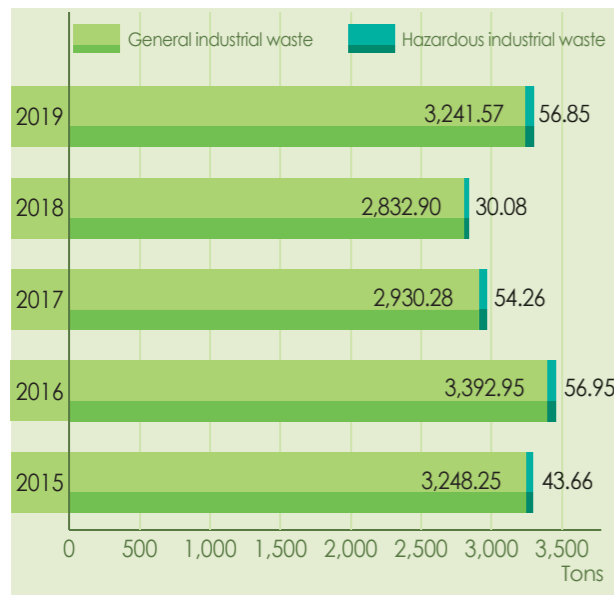
Tatung's waste reduction concept is mostly from product design and manufacturing process improvement to reduce the amount of industrial wastes. The wastes are properly classified and stored in accordance to the relevant regulations, and eventually commissioned by domestic qualified treatment companies or reuse companies. Tatung audits the commissioned companies from time to time to ensure that the wastes are properly cleaned up or reused.



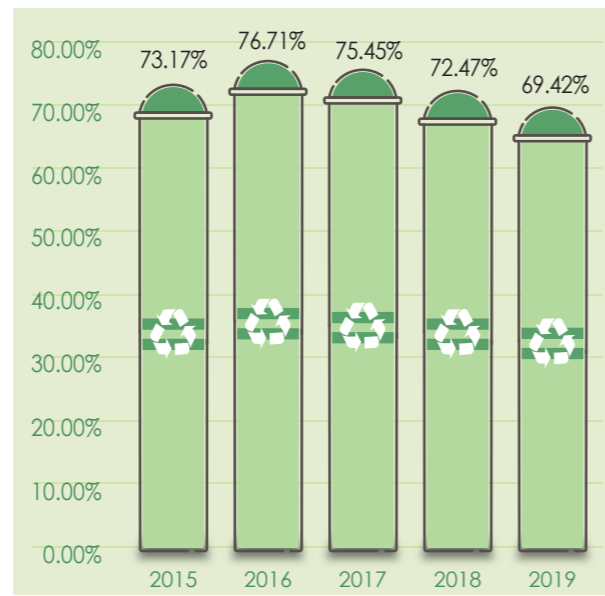
▲ Wastes clean up and treatment flowchart

⁶: Data is collected from EPA's declaration system.

In 2019, Tatung generated 3,298.41 tons of industrial wastes⁷, of which 3,241.57 tons were general industrial wastes and 56.85 tons were hazardous industrial wastes (Figure 6.3-4). Compared with the amount of wastes in 2018, the amount has increased by 15.21% hence the target (5% reduction by year) was not achieved. The main increase in waste was scrap iron. The reasons were that we demolished part of iron made factory structure in order to obtain land for install Rotor Concentrator (air pollution treatment facility), we updated the exhaust and sampling platform of the existed RTO facility, and we demolished 4 elevators. We will continue to work hard to reduce the amount of wastes in the future.



▲ Figure 6.3-4 Amount of industrial wastes



▲ Figure 6.3-5 Waste reuse status

Five methods were used for wastes treatment in 2019 (as shown on Table 6.3-3). The factories also have been working hard to recycle and/or reuse the wastes in order to minimize the impact to the environment. In 2019, 2,289.63 tons of wastes were reused (69.42% of total wastes).

	Reuse	Incinerate	Solidify	Physical	Heat	Total
General industrial wastes (tons)	2,289.63	660.65	13.17	242.72	35.40	3,241.57
Hazardous industrial wastes (tons)	0	49.74	3.72	3.39	0	56.85
Percentage of each treatment method (by weight)	69.42%	21.54%	0.51%	7.46%	1.07%	100.00%

⁷: Data is collected from EPA's declaration system.

6.4 Green products for a better earth

DMA	
Promotion and management on environmental friendly products	
An explanation of why the topic is material	Following the trend of energy saving and carbon reduction, Tatung has strengthened the development of healthy, environmentally friendly, energy-saving, and high-efficiency green home appliances. In addition to slowing climate change, it can also create business opportunities.
Boundary for the material topic	Tatung and its subsidiaries.
Specific limitation regarding the topic boundary	Performance disclosure is limited to Tatung Co., and TCPC (Tatung 3C Stores)
Purpose of the management approach	Reduce the environmental impact of Tatung's products.
Policies	Actively promote environmental protection, energy saving and carbon reduction to reduce the impact to the environment.
Commitments	Provide high-quality products with innovative technology, realize energy saving, environmental protection, and healthy life, and fulfill the responsibilities of global citizens.
Goals and targets	Products are awarded with Green Mark, Energy Label, or Water Label.
Responsibilities	<ul style="list-style-type: none"> Tatung is responsible to research and produce environmental friendly, energy saving, and water saving products. Tatung 3C is responsible for the promotion and sales of green products.
Specific actions	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.
Mechanisms for evaluating the effectiveness of the management approach	Encourage the factories and subsidiaries to develop environmental friendly products through 3P Program evaluation.
Results of the evaluation of the management approach	<ul style="list-style-type: none"> In 2019, we had 22 models awarded with Green Mark, 98 models awarded with Energy Label, and 4 models awarded with Water Label. In 2019, we were awarded the Certificate of Appreciation for the application of Green Mark for 20 consecutive years by EPA. Tatung 3C "Tonghai Exhibition Center" and "Kaohsiung Huaxia Store" were commended as "Green Stores of Year 2018" by EPA in 2019.
Related adjustments to the management approach	NIL

Establishing solar PV systems to minimize air pollution and GHG emissions

"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 and will move into big ground-type systems since 2018. In 2019, Tatung Forever Energy won the "2019 Enterprise Project Management Benchmarking Award". Tung Yang Energy obtained a license for the renewable energy power generation industry and thus became officially an investor for the first type of solar power plant. Tatung is ready to work together for the Taiwan's electrical industry in the fields of project management, power plant operation, green power wheeling and renewable energy certification transactions.

By the end of 2019, Tatung and its subsidiaries have completed 127.15MWp of PV solar systems in accumulative. The systems can generate 148,500,000 kwh of electricity each year and cut off 80,000 tons⁸ CO₂e which equals to the forests carbon absorbing capability with area size of 8,080 hectares⁹.

Looking forward to the future, Tatung will adhere to the sustainable development strategy and actively promote the energy transformation in line with the government's green energy policy. The goal is to complete 197.15 MWp solar PV systems accumulative by the end of 2020. 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>

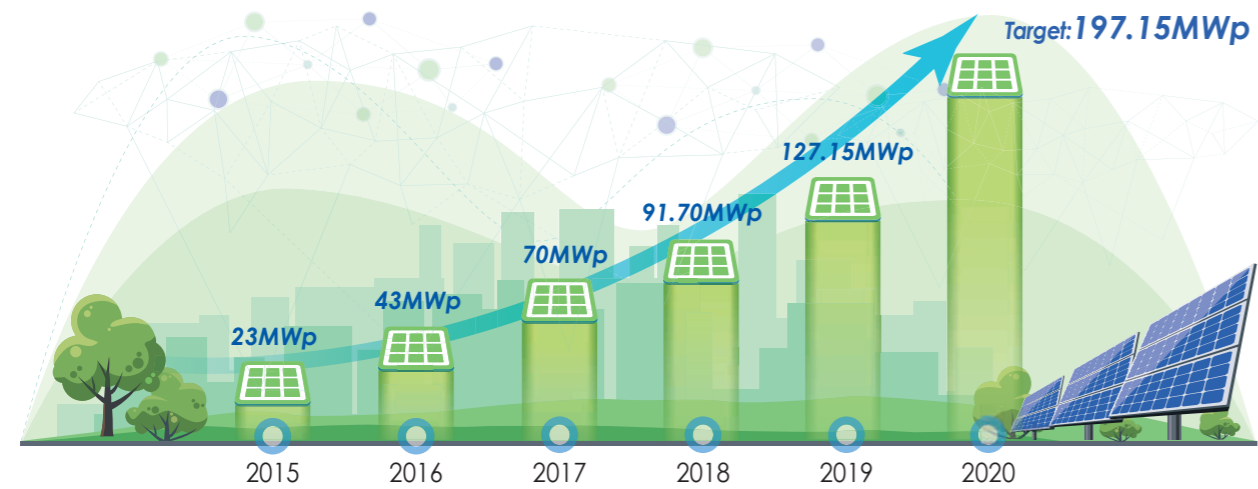


◀ PV roofing at Tianxiang Ranch

▼ PV roofing at Taichung Fruit and Vegetable Market – phase 1~5

▲ PV roofing at Dyna ReChi Co., Ltd.

▶ PV roofing at Central Motor Co., Ltd. (Changhua)

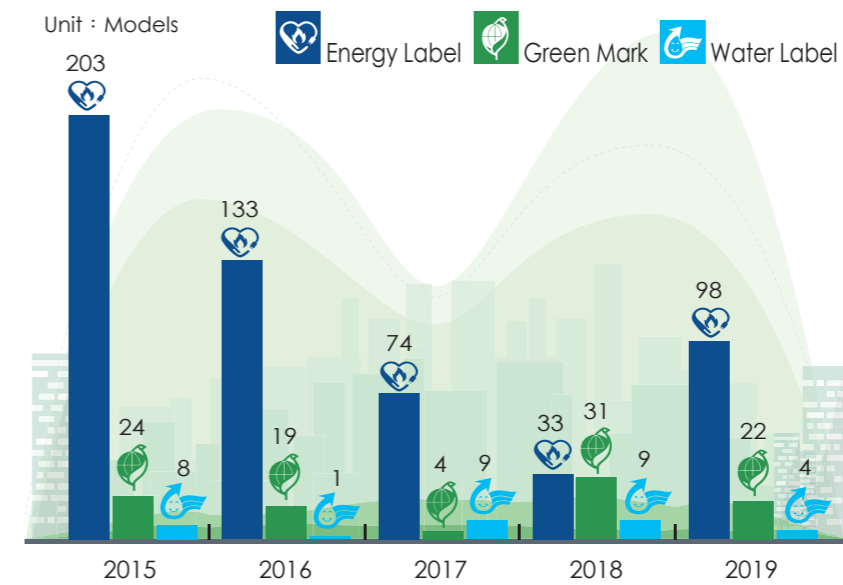


▲ Total PV solar systems installed and our target in 2020

Devote in developing environmental friendly products

Provide high-quality products with innovative technology, realize energy saving, environmental protection, and healthy life, and fulfill the responsibilities of global citizens is our vision. We tirelessly dedicate to the development of green products and many of them have been awarded with Green Mark¹⁰, Energy Label¹¹, and Water Label¹². There were 22 models awarded with Green Mark, 98 models awarded with Energy Label, 4 models awarded with Water Label in 2019. The achievement has been recognized by EPA in 2019 and awarded with the Certificate of Appreciation for the application of Green Mark for 20 consecutive years. Please refer to Table 6.4-1 and Figure 6.4-1 for more details.

Product	Green Mark	Energy Label	Water Label	Product	Green Mark	Energy Label	Water Label
Electric fans	—	√	—	Dehumidifiers	√	√	—
Refrigerators	√	√	—	Domestic air conditioners	√	√	—
Washing machines	—	√	√	Amorphous transformers	√	—	—
Monitors	—	√	—	Cast resin dry type transformers	√	—	—
Electric cookers	—	√	—	Amorphous cast-resin dry type transformers	√	—	—



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



▲ Certificate of Appreciation for the application of Green Mark for 20 consecutive years by EPA

⁸: The emission factor for electricity is 0.533 kg CO₂e.
⁹: Based on the research of Forestry Bureau (<https://www.forest.gov.tw/research/0000630>), the carbon fix amount is 9.9 tons/hectare/year for afforestation at flat land.

¹⁰: <https://greenliving.epa.gov.tw/newPublic/Product/ProductQuery>
¹¹: <https://www.energylabel.org.tw>
¹²: <https://www.waterlabel.org.tw>

Promotion on green consumption

In addition to produce energy-saving, environmentally-friendly and water-saving products, Tatung also combines its own sales channel- Tatung 3C to promote green products. In addition to holding energy-saving and environmentally-friendly product promotion activities from time to time, Tatung also has 33 Tatung 3C Stores¹³ been registered as Green Store¹⁴ by EPA. The Green Stores of Tatung 3C will announce the types of products sold in the stores with Green Mark, Energy Label, and Water Label to strengthen consumers' recognition of Green Mark and Green Consumption. This is able to promote the development of green industries and reduce the adverse effect to the environment and to improve the quality of the environment. Tatung 3C "Tonghai Exhibition Center" and "Kaohsiung Huaxia Store" were commended as "Green Stores of Year 2018" by EPA in 2019.

Product and package recycling at the end of life

As for the recycle on the wasted products, Tatung takes great attention on this issue. Tatung pays "Recycling and Cleaning Fee" to the government agency (Recycling Fund Management Board) to carry out countrywide waste recycling affairs. Based on the statistics in 2019, the average recycling rate for electric/electronic and information devices was 64.07%¹⁵. In addition, as a corporate who has its own retailing system, Tatung works together with TCPC to set up battery and CD disk recycling box at each Tatung 3C Store to recycle consumers' wasted batteries and CD disk, 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. 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 well recycled. The reason behind this is the recycling channels in Taiwan are well established and citizens are highly educated and aware to do recycle in their households. For packaging materials (mainly wood/iron pallets or axes) used on large industrial products such as cables, transformers, power generators, motors, they are recycled and reused on daily operations.

Table 6.4-2 Green consumption promoting measures taken by Tatung

Unit	Responsibility	Measures
Tatung Co.	Research and produce the environmental friendly, energy saving, and water saving products.	Apply for Green Mark, Energy Label, or Water Label.
Tatung 3C Stores	Promotes and sales of green products.	<ul style="list-style-type: none"> Registered as Green Store. Holds energy-saving and environmentally-friendly product promotion activities from time to time.



▲ Tunghai Exhibition Center awarded with Certificate of Appreciation



▲ Kaohsiung Huaxia Store awarded with Certificate of Appreciation



▲ Tatung 3C energy saving products promotions in 2019

¹³: As of 2020/3/31.

¹⁴: <https://greenliving.epa.gov.tw/newPublic/Application/GreenStore>

¹⁵: <https://recycle.epa.gov.tw/epa/ShowPage2.aspx?key=6&sno=1010&subsno=293&subsubno=252>

Annex 1 Tatung Co. and Subsidiaries notes to consolidated financial statements

(a) The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Holding percentage	
			December 31, 2019	December 31, 2018
The Company, Chunghwa Electronics Investment Co., Ltd., Chih Sheng Realty Co., Ltd.	Chunghwa Picture Tubes, Ltd. ("CPT") (Note1)	Manufacture, research and sale of picture tubs and TFT-LCD products	39.67%	41.16%
The Company, Shan-Chih Investment Co., Ltd. and Shan-Chih Asset Development Co.	Tatung System Technologies Inc. ("TSTP")	Software and hardware service and system integration	43.34%	54.40%
The Company, and Chunghwa Electronics Investment Co., Ltd	Forward Electronics Co., Ltd. ("FD")	Manufacture and sale of electronics	18.48%	20.16%
The Company	Taiwan Telecommunication Industry Company Ltd.	Telecommunication devices.	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	57.08%	57.08%
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	Note2	38.48%
The Company	Central Research Technology Co.	EMCIRF testing and certification services	100.00%	100.00%
The Company	Tatung Consumer Products (Taiwan) Co., Ltd.	Sales of home appliances and digital computer products	99.10%	99.10%
The Company	Tatung SM-Cycle Co.	Manufacture of speed reducers, speed aviators	Note3	85.33%
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	Shan-Chih Asset Development Co. ("SCAD")	Development and leasing of real estate	100.00%	100.00%
The Company, SCAD and Chih Sheng Investment Co., Ltd.	Chunghwa Electronics Investment Co., Ltd.	Professional investment holding	99.99%	99.99%

Investor	Subsidiary	Main businesses	Holding percentage	
			December 31, 2019	December 31, 2018
The Company	Tatung DIE Casting Co.	Manufacturing and sales of casting mold	51.00%	51.00%
The Company	Tatung (Thailand) Co., Ltd.	Manufacturing and sales of IT products, home appliances and AI meter	99.99%	99.99%
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 Electronics(S) Pte. Ltd.	Purchases, sales and services of raw material	90.00%	90.00%
The Company	Tatung Information (Singapore) Pte. Ltd.	Professional investment holding	100.00%	100.00%
The Company	Tatung Electric (Singapore) Pte. Ltd.	Professional investment holding	100.00%	100.00%
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	Tatung Mexico S.A de C.V. ("TMX")	Manufacture of electronic products	99.99%	99.99%
The Company	Tatung Science and Technology, Inc.	Sale and purchase of IT products	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	Tatung Netherlands B.V.	Sales of electronic products	100.00%	100.00%
The Company	TATUNG CZECH s.r.o	Manufacture of IT products	100.00%	100.00%
The Company	Tatung Medical Healthcare Technologies Co., Ltd.	Design and sales of medical instruments.	95.85%	95.56%
The Company	Toes Opto-Mechatronics Co.	Manufacture of data storage and process equipment	85.00%	85.00%
The Company	Tatung Vietnam Co., Ltd.	Manufacture and sales of home appliances	100.00%	100.00%
The Company	Tatung Electric Technology (VN) Co., Ltd.	Manufacture and sales of wire and cable	100.00%	100.00%
The Company	Chih Sheng Investment Co., Ltd.	Professional investment holding	100.00%	100.00%
The Company and Chunghwa Electronics Investment Co., Ltd.	Shan Chih Investment Co., Ltd.	Professional investment holding	100.00%	100.00%
The Company	Absolute Alpha Limited	Professional investment holding	100.00%	100.00%
The Company	Tatung Forever Energy Co., Ltd.	Solar energy related business	99.10%	97.12%
The Company	Leap High Limited	Professional investment holding	65.00%	65.00%
The Company	Tungyang Energy Co., Ltd.	Solar energy related business	100.00%	100.00%
The Company	Chih Kuang energy Co., Ltd	Solar energy related business	100.00%	100.00%

Investor	Subsidiary	Main businesses	Holding percentage	
			December 31,	December 31,
			2019	2018
The Company	Shanshin energy Co., Ltd.	Solar energy related business	100.00%	100.00%
The Company	Yau Yang Energy Co., Ltd.	Solar energy related business	100.00%	-
The Company	Ting Shin Energy Co., Ltd.	Solar energy related business	100.00%	-
The Company	Zhi Shin Energy Co., Ltd.	Solar energy related business	100.00%	-
CPT	Chunghwa Picture Tubes (Bermuda) Ltd. ("CPTB")	Investment holding and sales of TFT-LCD	100.00%	100.00%
CPTB	Chunghwa Picture Tubes (Malaysia) Sdn. Bhd. ("CPTM")	Manufacture and sale of CRT	100.00%	100.00%
CPTB	CPTF Optronics (Shen-Zhen) Co., Ltd.	Investigation of market information	100.00%	100.00%
Forward Electronics Co., Ltd.	Forward Development Co., Ltd.	Investment holding	100.00%	100.00%
Forward Electronics Co., Ltd. and Toes Opto-Mechatronics Co.	Gintung Energy Co., Ltd.	Manufacture and sale of solar module and related component	Note2	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%
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	Note2	100.00%
GET	Green Energy Global Investment	Investment holding	Note2	100.00%
Greater Power Limited and Energy Well International Limited	Ultra Energy Holdings Limited	Investment holding	Note2	100.00%
Energy Well International Limited	Golden Sunny Limited	Investment holding	Note2	100.00%
Ultra Energy Holdings Limited	Ultra Energy (WEIFANG) Technology Co. Ltd	Solar silicon wafer slicing.	Note2	100.00%
Ultra Energy (WEIFANG) Technology Co. Ltd	Weifang Jianeng Jingmao Co., Ltd.	Sale of solar energy related products	Note2	100.00%
Tatung Fine Chemicals Co. and Shang Chih International Chemical Industry Co., Ltd.	Tatung Coatings (Kunshan) Co., Ltd.	Manufacture and sale of industry coating and electro-deposition coating	100.00%	100.00%
Tatung Fine Chemicals Co.	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%
Tatung Fine Chemicals Co.	Shang Chih International Chemical Industry Co., Ltd.	Investment holding	100.00%	100.00%

Investor	Subsidiary	Main businesses	Holding percentage	
			December 31,	December 31,
			2019	2018
Shang Chih International Chemical Industry Co., Ltd.	Wujiang Shanghua Material Technology Co., Ltd	ABS plastic, color dyes	-	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%
Chih Sheng Holding HK Limited and 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. 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%
TSTI	Chyun Huei Business Technology Inc.	Information software Service	100.00%	100.00%
TSTI	Tisnet Technology Inc.	Software design and development	100.00%	100.00%
TSTI	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%
Shan-Chih Asset Development Co. and Taipei Industry Corporation	Tatung Forestry and Construction Co.	Design and construction of structural engineering.	99.87%	99.87%
The Company and Shan-Chih Asset Development Co.	Taipei Industry Corporation	Manufacturing sale of construction related material and property rental business.	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%

Investor	Subsidiary	Main businesses	Holding percentage	
			December 31, 2019	December 31, 2018
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%
Tatung Forever Energy Co., Ltd.	Sheng Yang Energy Co., Ltd.	Solar energy business	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%	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%	100.00%
Tatung (Shanghai) Co., Ltd	Tatung Xinji (Guangdong) Technology Co., Ltd.	Electrical engineering system installation service	100.00%	100.00%

Note1: Chunghwa Picture Tubes, Ltd. filed bankruptcy to the court on September 18, 2019, however, the courts decision was pending as of December 31, 2019.

Note2: Green Energy Technology Inc. resolved at its board meeting to disclaim listed company role and proposal of liquidation was approved at the board meeting held on July 15, 2019 and the provisional shareholders' meeting held on August 30 approved the proposal while the liquidators assumed their positions. The Group therefore lost control of Green Energy Technology Inc. and its subsidiaries.

Note3: In the third quarter of 2019, the Group resolved to sell 36.33% of its shares of Tatung Sm-Cyclo Co., Ltd. and completed such transaction in the fourth quarter. The Group lost control of Tatung Sm-Cyclo Co., Ltd. and the shareholding percentage in the company decreased from 85.33% to 49%. However, the Company still has significant influence on the company, therefore Tatung Sm-Cyclo was recognized as investment accounted for using the equity method following derecognition. The profits (losses) from disposing of the investment or derecognition as mentioned above was NTD266,158 thousand.

Annex 2 Products and services provided by Tatung

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, power distribution, solar photovoltaic generation system and various industrial equipment, home appliance and IT network & electronic components.	
	Motor BU	With more than 70 years of technology and experience, Motor BU researches and produces all kinds of energy saving high-efficiency, single phase, and three phase high-low-voltage motor from 1/8-50,000 HP, including a variety of special motors and applications system such as premium efficiency motors, high temperature resistant motors, electric vehicle motors, explosion proof motors, new automatic brush lifting device equipped in wound rotor motor, vertical high thrust pump motors, gear reducer, inverter motors, aluminum frame motors, brake motors, oil well pump motors, water pump motors, immersible pump motors, built-in type spindle motors, rolling mill motors, elevator motors, crane motors, permanent magnet motors, IoT connected smart motor monitoring sensor and system, railway traction motors, inverters, control panels etc., as well as provides total solutions for electrical testing equipments and plant power equipments system engineering projects to serve a variety of industries.	
Consumer Business Group	Advanced Electronics BU	The AEBU focuses on providing design and manufacturing products & solutions to global ODM/OEM customers. The product lines include: digital entertainment and Internet-of-Things (IoT) products. The digital entertainment product line includes gaming headsets, smart & noise cancelation headsets, streaming microphone, and entertainment accessories. The IoT product line includes IP & streaming camera, smart energy management and sensing-&-control products. Tatung's customers can benefit from Tatung's fast reactions to accommodate market needs and flexibility in design customization. The on-going research and development will further enhance competitiveness in features and costs of customers' products.	
	Appliance BU	Strengthen brand operation. We continued to enhance brand value with innovative design, superior quality and technical services in both domestic and overseas market. We served a wide range of products including commercial and residential energy-saving air-conditioners; smart TFT displays, 4K UHD LED TFT displays; Centennial Edition Steam rice cookers, Easy cooker lite (simplified version of Fusion cooker). We launched a series of co-branding rice cookers, and developed the new stylish juicer, electric teapots and other small appliances. We actively participated in product design competitions globally to improve the brand's exposure in the market. In the recent years, we have consecutively obtained major international design awards such as the German iF Industrial Design Award, the Reddot Design Award, the Japanese Good Design, and the Taiwan Excellence Award. We have also obtained multinational safety certification and Taiwan MIT certification. To make farm-to-table a reality, we persistently promote our health food brand "In Fresh" through careful selection of smallholding farmers, and committed to promoting Tatung Intelligent Agriculture Monitoring System, we can effectively control the greenhouse environment, provide high efficiency, high quality and high productive service. To pursue the blooming AIoT trend, we developed smart home appliances for smart energy saving and living applications. Through sensing and Internet of Things technology, a variety of terminal devices can be connected to provide smart living solutions according to user's needs, such as consumer power management, remote control, scheduling control, and personalized scenario modes, etc. Consumers can also integrate voice-activated functional services to enjoy digitalize life experience.	

Annex 3 Factories and subsidiaries participated in 3P program and Accident Prevention Pays Program in 2019

Business Groups	Business Units	Products and services	Important Certifications
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, 4G and NB-IoT communications to develop smart meter application functions to meet customer needs and improve system performance. It also became the sole aggregator of demand response in Taiwan, and the first case has been successfully completed in early 2020.	—
	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 are already 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 1960s and 1980s, this 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.	—
	Electrical Engineering Division	To comply with Government Renewal Energy policy, Tatung has integrated the resources of three plants of the Power BG 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.	—
	Solar Energy BU	In order to cooperate with the professional team promoted by the government policy, the Solar Energy Division invested in domestic public buildings and various types of solar photovoltaic fields in the long term. Solar Energy BU provides renewable energy project development, design, construction and maintenance services. The solar team leverages the Group's supply chain integration advantages, coupled with rich design planning and project management experience, the project performance is spread across Taiwan. At present, it is actively expanding ground-based landfill sites and water-based sites, and additionally take mechanics and electronics in advantage ability to enter the large-scale ground power station market. In terms of maintenance, we could through smart monitoring technology to develop business opportunities for maintenance of power plants, provide quality maintenance services, and promote renewable energy policy.	—
	Smart Energy BU	Micro-grid systems, regionally small power supply system integrated with the distributed energy sources (DERs) such as solar energy, wind power, traditional generators and energy storages systems (ESSs), can operate independently or with the main grid. Micro-grid systems can immediately enter islanding operation mode while power outage occurs in main grid and could keep functioning by using DERs and ESSs to perform the role of emergent power supply for the local areas they support. With AIoT architecture, the system provides total solution for data transfer from end-devices to the cloud: edge computing, data analytics, data visualization, and predictive maintenance by actively notifying users to perform maintenance in advance to reduce losses due to production and operation interruptions.	—

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.	
Meter Factory 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.

¹: Locates at Tayuan Plant and Taoyuan Wires and Cables Plant.

²: Includes Lungtang Plant, and Yanmei Plant and already ceased to operate due to financial situation in 2019.

³: Includes Kuanyin Plant, Kuanyin II Plant, Tayuan Plant, and ceased to operate due to financial situation in 2019.

Annex 4 Greenhouse gas emissions verified based on ISO 14064-1

The amount of GHG emissions in 2018 (verified based on ISO 14064-1)

Factory	Amount of GHG emissions (Unit: tons CO ₂ e)	
	Scope 1	Scope 2
Taoyuan Wires and Cables Plant	476.9501	10,165.0413
San-Hsia Factory	1,032.4067	8,605.5350
Taoyuan 1st Plant	34,717.0543	1,792.4321
Total	36,226.4111	20,563.0084

Note: The factories conduct GHG emission inventory and verification for the previous year by the end of each year. Hence, the amount of emissions for year 2019 will be disclosed on "2021 Tatung Corporate Social Responsibility Report".

Annex 5 GRI Standards content index

GRI Content Index			
GRI Standard	Disclosure	Pages/URL	Note
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GRI 102 : General Disclosures			
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	102-2 Activities, brands, products, and services	12	
	102-3 Location of headquarters	11	
	102-4 Location of operations	13	
	102-5 Ownership and legal form	12	
	102-6 Markets served	13	
	102-7 Scale of the organization	11	
	102-8 Information on employees and other workers	51 · 52	
	102-9 Supply chain	37 · 38 · 39	
	102-10 Significant changes to the organization and its supply chain	-	No significant change
	102-11 Precautionary Principle or approach	30 · 31 · 32	
	102-12 External initiatives	15	
	102-13 Membership of associations	14	
Strategy	102-14 Statement from senior decision-maker	Top management statement	
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Ethics and integrity	102-16 Values, principles, standards, and norms of behavior	27 · 28 · 33 · 34	
Governance	102-18 Governance structure	20	
	102-19 Delegating authority	33	
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	102-21 Consulting stakeholders on economic, environmental, and social topics	3	
	102-22 Composition of the highest governance body and its committees	21 · 22	
	102-23 Chair of the highest governance body	22	
	102-24 Nominating and selecting the highest governance body	21	
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GRI Content Index			
GRI Standard	Disclosure	Pages/URL	Note
GRI 101 : Foundation			
GRI 102 : General Disclosures			
Governance	102-27 Collective knowledge of highest governance body	22	
	102-28 Evaluating the highest governance body's performance	25	
	102-29 Identifying and managing economic, environmental, and social impacts	25 ~ 33	
	102-31 Review of economic, environmental, and social topics	25 ~ 33	
	102-32 Highest governance body' s role in sustainability reporting	About this report, 4	
	102-35 Remuneration policies	23	
	102-36 Process for determining remuneration	23	
Stakeholder engagement	102-40 List of stakeholder groups	2	
	102-41 Collective bargaining agreements	-	Tatung does not have any collective bargaining agreements at the moment.
	102-42 Identifying and selecting stakeholders	1	
	102-43 Approach to stakeholder engagement	2	
	102-44 Key topics and concerns raised	3	
	Reporting practice	102-45 Entities included in the consolidated financial statements	93 ~ 94 ~ 95 ~ 96
102-46 Defining report content and topic Boundaries		8	
102-47 List of material topics		7	
102-48 Restatements of information		About this report	
102-49 Changes in reporting		7	
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	
102-54 Claims of reporting in accordance with the GRI Standards		About this report	
102-55 GRI content index		102 ~ 108	
102-56 External assurance	109 ~ 111		

GRI Content Index			
GRI Standard	Disclosure	Pages/URL	Note
Material topics			
Corporate governance and ethical practice			
GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	8 ~ 26	
	103-2 The management approach and its components	26	
	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	8 ~ 26	
	103-2 The management approach and its components	26	
	103-3 Evaluation of the management approach		
Product quality and safety			
GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	8 ~ 40	
	103-2 The management approach and its components	40	
	103-3 Evaluation of the management approach		
GRI 416 Customer health and safety	416-1 Assessment of the health and safety impacts of product and service categories	41 ~ 42 ~ 43	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	40	
Comply with social and economic regulations			
GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	8 ~ 27	
	103-2 The management approach and its components	27	
	103-3 Evaluation of the management approach		
GRI 419 Socioeconomic compliance	419-1 Non-compliance with laws and regulations in the social and economic area	27	
Customer privacy management			
GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	8 ~ 45	
	103-2 The management approach and its components	45	
	103-3 Evaluation of the management approach		
GRI 418 Customer privacy	418-1 Substantial complaints concerning breaches of customer privacy and losses of customer data	48	

GRI Content Index			
GRI Standard	Disclosure	Pages/URL	Note
Labor/ management relations			
GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	8 ∙ 55	
	103-2 The management approach and its components	55	
	103-3 Evaluation of the management approach		
GRI 402 Labor/management relations	402-1 Minimum notice periods regarding operational changes	58	
Marketing and labeling			
GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	8 ∙ 40 ∙ 45	
	103-2 The management approach and its components	40 ∙ 45	
	103-3 Evaluation of the management approach		
GRI 417-1 Marketing and labeling	417-1 Requirements for product and service information and labeling	44	
	417-2 Incidents of non-compliance concerning product and service information and labeling	44	
	417-3 Incidents of non-compliance concerning marketing communications	45	
Occupational health and safety			
GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	8 ∙ 63	Still using GRI 403:2016
	103-2 The management approach and its components	63	
	103-3 Evaluation of the management approach		
GRI 403 Occupational health and safety	403-1 Workers representation in formal joint management-worker health and safety committees	64	
	403-2 Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities	67	
Management on the environment			
GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	8 ∙ 74	
	103-2 The management approach and its components	74	
	103-3 Evaluation of the management approach		

GRI Content Index			
GRI Standard	Disclosure	Pages/URL	Note
Comply with environmental regulations			
GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	8 ∙ 74	
	103-2 The management approach and its components	74	
	103-3 Evaluation of the management approach		
GRI 307 Environmental compliance	307-1 Non-compliance with environmental laws and regulations	76	
Promotion and management on environmental friendly products			
GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	8 ∙ 88	
	103-2 The management approach and its components	88	
	103-3 Evaluation of the management approach		
GRI 302 Energy	302-5 Reductions in energy requirements of products and services	89 ∙ 90	
Management on wastes			
GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	8 ∙ 83	
	103-2 The management approach and its components	83	
	103-3 Evaluation of the management approach		
GRI 306 Effluents and waste	306-2 Waste by type and disposal method	87	Still using GRI 306 ∙ 2016
Management on energy and GHG emissions			
GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	8 ∙ 77	
	103-2 The management approach and its components	77	
	103-3 Evaluation of the management approach		
GRI 302 Energy	302-1 Energy consumption within the organization	78	
	302-3 Energy intensity	82	
	302-4 Reduction of energy consumption	81	
GRI 305 Emissions	305-1 Direct (Scope 1) GHG emissions	79 ∙ 80	
	305-2 Energy indirect (Scope 2) GHG emissions	79 ∙ 80	
	305-5 Reduction of GHG emissions	81 ∙ 82	

GRI Content Index			
GRI Standard	Disclosure	Pages/URL	Note
Other topics			
Economic performance			
GRI 201 Economic performance	201-1	Direct economic value generated and distributed	16
	201-2	Financial implications and other risks and opportunities due to climate change	17
	201-3	Defined benefit plan obligations and other retirement plans	58
Market presence			
GRI 202 Market presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	56、57
	202-2	Proportion of senior management hired from the local community	52
Anti-competitive behavior			
GRI 206 Anti-competitive behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	45
Supplier management			
GRI 308 Supplier environmental assessment	308-1	New suppliers that were screened using environmental criteria	37、38、39
GRI 414 Supplier social assessment	414-1	New suppliers that were screened using social criteria	37、38、39
Employment			
GRI 401 Employment	401-1	New employee hires and employee turnover	51
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	54
	401-3	Parental leave	54
Training and education			
GRI 404 Training and education	404-1	Average hours of training per year per employee	59、60
Performance review and career development			
GRI 404 Training and education	404-2	Programs for upgrading employee skills and transition assistance programs	56
	404-3	Percentage of employees receiving regular performance and career development reviews	56

GRI Content Index			
GRI Standard	Disclosure	Pages/URL	Note
Human rights, equality, and non-discriminations			
GRI 405 Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	21、22、51、52
	405-2	Ratio and basic salary and remuneration of women to men	56、57
GRI 412 Human rights assessment	412-1	Operations that have been subject to human rights reviews or impact assessment	53
Freedom of association and collective bargaining			
GRI 407 Freedom of association and collective bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	53
Child labor, forced or compulsory labor			
GRI 408 Child labor	408-1	Operations and suppliers at significant risk for incidents of child labor	53
GRI 409 Forced or compulsory labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	53
Management on water and resources			
GRI 301 Materials	301-1	Materials used by weight or volume	83
	301-3	Reclaimed products and their packaging materials	92
GRI 303 Water	303-1	Water withdrawal by source	84 Still using GRI 303 : 2016
Management on water and air pollutants			
GRI 305 Emissions	305-7	NOx, SOx, and other significant air emissions	85
GRI 306 Effluents and waste	306-1	Water discharge by quality and destination	84 Still using GRI 306 : 2016
	306-3	Significant spills	76
	306-5	Water bodies affected by water discharges and/or runoff	84

Annex 6 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 2020 TATUNG Corporate Social Responsibility Report for the fiscal year 2019 ("CSR Report") against TUV Asia Pacific CSR Assurance Protocol for Sustainability Reporting and the Global Sustainability Reporting Standards (GRI Standards).

TATUNG Co. is responsible for the collection, analysis, aggregation and presentation of information within the 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 TATUNG Co. are 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 sustainability report is complete and true.

Nature and Scope the Assurance

TUV NORD has developed a set of protocols for the Assurance of Sustainability Reporting based on our professional experience, international assurance best practice and the Global Sustainability Reporting Standards (GRI Standards), include the text, and data in accompanying tables, contained in this report.

The assurance of the CSR Report for the fiscal year 2019 related to TATUNG Co. businesses (Headquarter, Taoyuan 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 CSR Report is 01.2019 to 12.2019;
- 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) 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 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

Page 1 of 3



Opinion Statement

The Company's CSR Report provides an appropriate view of the Company's CSR programs and performances during fiscal year 2019.

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. In accordance with the GRI Standards, the recommendations are as follows:

Stakeholder Inclusiveness

The company well identified its stakeholders through CSR reporting committee, and collected 295 effectiveness questionnaires for materiality from stakeholders, for 13 material topics in Economic, Environment and social aspect to be declared. The company has well identified the stakeholders, and explained how it has responded to their reasonable expectations and interests.

Sustainability Context

The report has not only clear described the relationship between sustainability and organizational strategy as well as the context in which disclosures are made, but also evaluated the material topics refers to Sustainable Development Goals (SDGs). For further report, it was expected the Company could describe how economic, environmental, and/or social topics relate to its long-term strategy, risks, opportunities, and goals, as well as expanding in its value chain.

Materiality

The material topics were identified based on the two dimensions of this reporting principle, also the aspect and boundaries were assessed through questionnaires feedback from stakeholders and prioritization of key managers & functional heads. Assessments of materiality had been taken into account the expectations expressed in international standards and agreements with which the organization was expected to comply.

Completeness

The report well included coverage of material topics, sufficient to reflect significant economic, environmental, and social impacts to assess the reporting of the company's performance. The Company has drawn up "Non-Conflict Minerals policy" in 2019, it was expected to promote this policy to all suppliers gradually. During latest years, the impact on the environment and performance evaluation are based on life-cycle thinking and performance indicators quantifying. In line with international standards, the company could strengthen the understanding of the value chain contexts.

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.

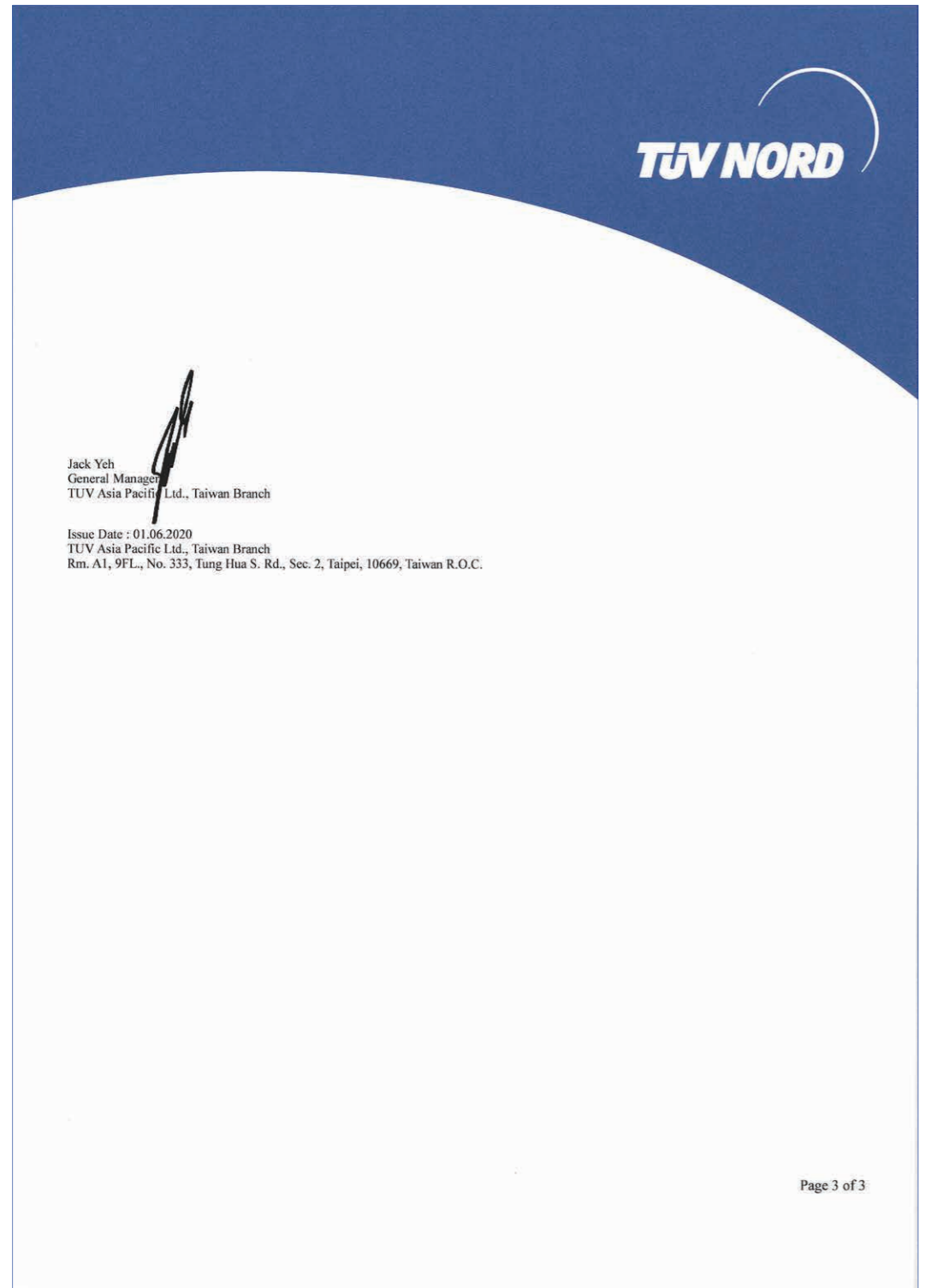
Statement of Independence and Competence

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.

TUV Asia Pacific Ltd. Taiwan Branch, affirms its' independence from TATUNG Co. and confirms that there are no conflicts of interest with the organization or any of its subsidiaries and stakeholders when performing the assurance of the CSR Report. TUV Asia Pacific Ltd. Taiwan Branch was not involved in any manner with the said Company, when the latter was preparing the CSR report.

The assurance team consists of well experienced, qualified and registered Quality - ISO 9001 · ISO 14001 · ISO 14064-1 · ISO 45001 · SA 8000 · QC080000 · ISO 50001 · ISO 27001 Lead Auditors. The team based on their qualifications, extensive knowledge and experience of the industry provided the much required expertise for this assignment.

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Annex 7 Feedback Survey Form

Thanks for reading "2020 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: Health & Safety Division, Tatung Co.,
No. 22, Chungshan North road. 3rd sec., Taipei, Taiwan
e-mail : csrreport@tatung.com

- 一、 What is your overall impression of this report?
Excellent Good Average Poor
 Opinions : _____

- 二、 In what chapters are you most impressed in this report?
Top Management Statement Identification on the stakeholders and material topics
Profile of Tatung Company Organization structure and governance Responsible supply chain, product safety, and customer service Happy workplace and social participation
Sustainable environment
 Opinions : _____

- 三、 In what chapters do you think needed to be improved in this report?
Top Management Statement Identification on the stakeholders and material topics
Profile of Tatung Company Organization structure and governance Responsible supply chain, product safety, and customer service Happy workplace and social participation
Sustainable environment
 Opinions : _____

- 四、 Please use the space below to express your opinions and advices.



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