



台灣農林股份有限公司
TAIWAN TEA CORPORATION

2020

Corporate Social Responsibility Report

企業社會責任報告書

Xiong Kong Tea Plantation



T A B L E O F

About the Report	04	Corporate Structure and Management	12
Editorial Principles	04	Communication with Stakeholders and Analysis of Material Topics Issues--	12
Guidelines and Assurance	04	1.3 Corporate Governance	17
Reporting Period and Scope	04	Structure of Governance	17
Reporting Cycle	04	Ethical Management and Legal Compliance	20
Message from Chairman	05	Risk Management	23
		Internal audit	26
CH1 Sustainable Governance	06	CH2 Products and Services	28
1.1 About Taiwan Tea Corporation	07	2.1 Technical Tea Farm	30
Company Profile	07	2.2 Food Safety	31
Business Location	08	Batch-by-batch testing method	32
The Scope of Operations	09	2.3 Supplier Management	33
Outlook	10	Supplier Selection Criteria	33
Financial performance	10	Traceability management	34
1.2 Corporation Social Responsibility	12	Supplier evaluation	34
Implementation of Corporation Social Responsibility ---	12		



C O N T E N T S

2.4 Local Procurement -----	34	Wage benefits -----	54
2.5 Customer and Consumer Service -----	36	Talent development plan -----	56
Consumer protection -----	36	CH4 Green Environment ----- 59	
Customer Service -----	36	4.1 Climate Change Risks and Opportunities -----	60
2.6 Awards and Certifications -----	38	4.2 Green Environmental Actions -----	63
Awards -----	38	4.3 Energy and Resource Management -----	65
Certifications -----	39	Energy management, Greenhouse gas management --	65
2.7 Product Innovation -----	40	Water resource management -----	66
Collaboration with channels -----	40	CH5 Social Welfare ----- 67	
TTC Shop -----	42	5.1 Community Activities -----	68
CH3 Happy Workplace ----- 44		5.2 Social Welfare Activities -----	70
3.1 Human Resources -----	45	Appendix ----- 72	
Overview of employee turnover -----	45	GRI Index Table -----	73
3.2 Building a Happy Workplace -----	46		
Care for employees -----	47		



About the Report

Editorial Principles

Since our foundation on June 15, 1950, Taiwan Tea Corporation (hereinafter referred to as the Company) has established and maintained a close relationship with the tea from the very beginning of the business. Over the century, Taiwan Tea Corporation has upheld its tradition and dedication in producing tea, demonstrating constant growth and development. Now, it has been transformed from a humble tea producer with proprietary tea plantation and factory into a distinguished TWSE-listed tea corporation. From tea plantation to sales channels, the company has upheld consistent quality management and attention to detail to ensure the utmost quality.

The Company is one of the listed companies and is well aware of the importance of sustainable corporate operation. We have the responsibility to take care of our employees, assure the human rights of our personnel, and protect the health of consumers. In addition to pursuing profits by devoting ourselves to the operation of the Company, we also value the rights and interests of consumers. We are committed to acting as a pioneer in tea production and creating more values and contributions for society, shareholders and employees.

Guidelines and Assurance

The Report was written in accordance with the GRI Standards issued by Global Reporting Initiatives (GRI) and the ISO 26000 Guidance on social responsibility as the basis for disclosing the information. The issues that stakeholders were concerned about were identified via substantive analysis and used as the framework of the chapters in the Report for the disclosure of the sustainability-related information. The GRI core options (Core) were adopted in the Report to identify, implement and disclose the information on fulfilling the Company's social responsibilities. A GRI index is provided in the appendix for quick retrieval and query.

The financial data disclosed in the Report were audited by CPAs and made available to the public. The New Taiwan Dollar was used as the unit for the calculation. Other data come from the statistics of the Company and the internal and external investigation results. The Company commissioned EY Taiwan to conduct limited assurance in accordance with the Statement of Standard on Assurance Engagements NO. 1 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" for our 2020 Corporate Social Responsibility Report compiled pursuant to the Core of the GRI Standards. After the limited assurance is conducted, the Company communicates with the governance authority on the result of the assurance. For more information on the scope and result of the assurance, refer to the independent assurance report in the appendix of the Report.

Reporting Period and Scope

The Board of Directors adopted the "Taiwan Tea Corporation Guiding Principles of Corporate Social Responsibility" on August 26, 2010 and established the "Public Affairs Office" in 2013 as a designated department for the public welfare activities of the Company. The 21st Board of Directors adopted the "Taiwan Tea Corporation CSR Policy" at its 12th meeting and reported it to the shareholders' meeting in 2016. The Company published the first corporate social responsibility report in 2015 and reported the compilation status of the "2019 Corporate Social Responsibility Report of Taiwan Tea Corporation" to the 23rd Board of Directors at its 8th meeting on November 12, 2020.

We will keep reviewing the effort and contribution that we made to society and stakeholders and communicating with stakeholders to help them understand more about the Company.

The Report covers all the business operations of the head office, branches, leisure business units and tea factories of Taiwan Tea Corporation (hereinafter referred to as the Company) in the Taiwan Area from January 1, 2020 to December 31, 2020. Where the Report refers to any important operating locations, the Taiwan area is included. The data and information contained in the Report were provided by the head office and individual departments and factories. They were sorted by the CSR report team and reviewed in the administrative procedure to confirm their compliance with the purpose of the Report. The costs and accounting data in the financial report were audited by CPA. The CSR report team compiled the first draft of the Report and distributed it to the departments so that they could check and modify the draft respectively based on their authority. The modified version was submitted to the head of the department for review and the reviewed version was then submitted to General Manager and Chairman in accordance with the administrative procedure. The final version was published after the General Manager and Chairman gave their approval.

The financial report contained in the Report was compiled for the period from January 1, 2020 to December 31, 2020. The Company will disclose the concrete actions that we take in the aspects of finance, corporate governance, employee welfare, and social responsibility on an ongoing basis to help the public understand more about the Company by reading the Report.

Reporting Cycle

This is the corporate social responsibility report issued in the 7th year. The reporting cycle is one year. The electronic version of the Report is available for download on the Company's official website.

Previous issue: September 2020

Current issue: September 2021

Next issue: September 2022 (scheduled)

Feedback

If you have any questions about Taiwan Tea Corporation's 2020 Corporate Social Responsibility Report, please feel free to tell us and help us make continue to improve. If you have any advice, opinion or suggestion relevant to the Report, please contact:

Taiwan Tea Corporation

Secretariat Office of the Board of Directors and
Human Resources Department

Address : 15F., No. 3, Yuanqu St., Nangang Dist., Taipei City (Bldg. F)

Telephone : 02-26557799

Fax : 02-26557728

Website : www.ttch.com.tw





Message from Chairman

Taiwan Tea Corporation was originally established in 1899. "Mitsui & Co., Ltd.", the predecessor of Taiwan Tea Corporation and a century-old tea producer, had a very close and inseparable relationship with tea since it started the tea business. By following the tradition and being dedicated to the production of tea over the century, Taiwan Tea Corporation has become the only leading tea making company that goes public and has tea plantations and factories in Taiwan.

The "Root" of Taiwan Tea Corporation

The tea business is the root of the Company. There will be no direction of development without the root. Hence, the primary operating strategy of the Company is to go all out in the development of the tea business and recover the value of the "TTC" brand.

Development of Leisure Business in Combination with Tea Making Techniques over the Century

Taiwan Tea Corporation can be called the second largest landowner in Taiwan. However, most of the lots are located on the slope or for agricultural and grazing use. Taiwan is a small and densely populated island. To meet the increasing needs of the people for recreational activities, the Company has developed tourism and leisure spaces of culture and care in recent years by combining the traditional tea making techniques with the buildings, creativities of the cultural industries as well as historical and local ecological elements in consideration of the characteristic landscapes and ecological resources in different areas, in the hope to create a new recreational lifestyle and provide visitors with the recreational places where they can come closer to nature and relax themselves. The endeavor of the Company has been highly praised by the tourists. We currently operate recreational tea factories and the brand new LuGao Cafe, and successfully reverse the disadvantages of the unease utilization of land to an advantageous development trend that, thanks to the tourism, facilitates the operating revenue and significantly increases the value of the land in the surrounding areas.

Full Utilization of the Land Assets

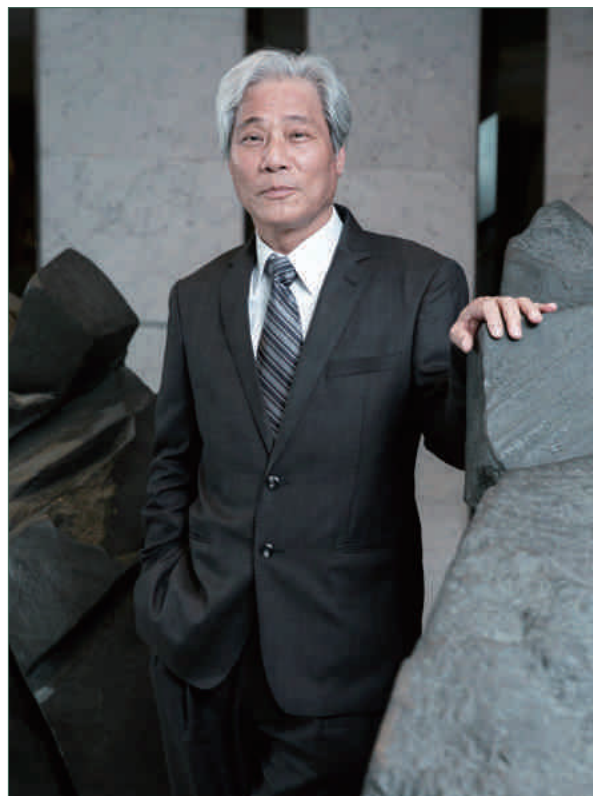
The Company's management team plans the use of the land deliberately based on the principles of "assessing the land assets of the Company comprehensively and optimizing the utilization of the land" and "creating the greatest benefit for shareholders". With the concept of industry innovation in mind and by supporting the policy of the government that encourages the establishment of factories in the hometown, we plan the utilization of the land in the mode of an industry innovation park and ensure long-term stable earnings for the Company by leasing the land with selling as a secondary approach to lay a solid foundation for the sustainable development of the Company.

Dedication to Environmental Protection

As for environmental protection, we always persist in the philosophy of "health, leisure, environment" and commit ourselves to achieve the goal of "co-existence with the land". There are many forest forms and natural ecological areas of native plants in lots of over 3,000 hectares. In recent years, the Company spares no effort in the restoration of tea plantations and operation of organic tea farms in lieu of the arecas planted by tenant-peasants. By filing applications for afforestation as planned, the Company's own afforestation achievements have reached about 475 hectares up to the end of 2020. We are the only company in the industry that improves the natural eco-environment and enhances the conservation of water and soil with these achievements.

Fulfillment of Corporate Social Responsibility

As for corporate social responsibility, as a listed company, we understand our great social responsibility with respect to the sustainable development, care of employees, assure of their human rights, and protect the health of the consumers. Facing the overwhelming COVID-19, the protection of the employees and tourists is our first priority. In addition to cleaning and sterilizing business premises, we provide masks and protective devices for the frontline personnel and request the employees to follow the pandemic prevention policies of the government to mitigate the impact of the COVID-19 on the industry, minimize its effect, and overcome this crisis jointly. We will continuously implement corporate governance, develop a sustainable environment, protect social welfare, assure the rights and interests of the employees, and enhance the disclosure of CSR information. We will also extend our efforts to social care and make contributions to a better world in the future. tion of water and soil with these achievements.



Taiwan Tea Corporation Chairman

Ching-Yung Wu



CH1 Sustainable Governance

- 1.1 About Taiwan Tea Corporation
- 1.2 Corporation Social Responsibility
- 1.3 Corporate Governance

Xiong Kong Tea Plantation

1.1 About Taiwan Tea Corporation

Company Profile

Date of incorporation: June 15, 1950

Founded in 1950, Taiwan Tea Corporation, the former "Mitsui & Co., Ltd.", is a century-old tea producer and the only leading tea making company that goes public and has tea plantations and factories in Taiwan. The Company is mainly engaged in the department store, tea, leisure and tourism, agency, and interior renovation businesses.

We have an outstanding management team and pursue sustainable development and growth with the "ethical" management concept in mind.

We uphold the philosophy of "health, leisure, environment" and "co-existence with the land" to develop a leisure business with the tea culture as the core. In addition to the overall stable business operation, our profitability is improving steadily every year, helping us become one of the outstanding companies in Taiwan. We are trying to develop our business diversely with the tea as the Company's major product. This includes the development and exploitation of land, real estate leasing, export and import business, and especially the leisure business we have gone all out to develop in recent years.

Company milestones

Please refer to the 2020 annual report.



Business Location

Corporate Information



Taiwan Tea Corporation (Head office)

Address : 15F., No. 3, Yuanqu St., Nangang Dist., Taipei City (Bldg. F)
Telephone : +886-2-2655-7799
Fax : +886-2-2655-7700



Sanxia Branch Office

Address : 2F, No. 3, Lane 142, Zhulun Road, Zhulun Village, Sanxia District, New Taipei City, Taiwan
Telephone : +886-2-2672-6151~2



Miaoli Branch Office & Sanyi Tea Factory

Address : No. 155, Ln 307, Shuimei, Shengxing Village, Sanyi Township, Miaoli County, Taiwan
Telephone : +886-37-872-011



Nantou Branch Office & Yuchi Tea Factory

Address : No. 38, Youshui Ln., Zhongming Village, Yuchi Township, Nantou County, Taiwan
Telephone : +886-49-289-5508



Pingtung Branch office & Laopi Tea Farm

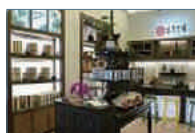
Address : No. 1, Zhongsheng Rd., Longquan Village, Neipu Township, Pingtung County, Taiwan
Telephone : +886-8-770-8596

Store Information



TCC Tea Store - Headquarters Store

Address : No. 372-1, Sec. 6, Nanjing E. Rd., Neihsu Dist., Taipei City, Taiwan (Taipei Industrial Park of Cooperation Headquarters : opposite to Building A4)
Telephone : +886-2-2630-8009
Opening hours : 09:00~17:00 (Sun and Mon. off)



TCC Tea Store - Jiaoxi Store

Address : No. 236, Sec. 2, Zhongshan Rd., Jiaoxi Township, Yilan County, Taiwan
Telephone : +886-39-882-556
Opening hours : 10:00~21:00

Recreational Tea Farm



Daliao Historical Tea House Hall 1

Address : No. 2, Lane 142, Zhulun Road, Zhulun Village, Sanxia District, New Taipei City, Taiwan
Telephone : +886-2-2668-1928
Opening hours : 10:00~17:30 admission free



Daliao Historical Tea House Hall 2

Address : 1F, No. 3 and No. 5, Lane 142, Zhulun Road, Zhulun Village, Sanxia District, New Taipei City, Taiwan
Telephone : +886-2-2668-1928
Opening hours : 10:00~17:30 admission free



Xiong Kong Forestry Tea Plantation

Address : No. 238, Zhulun Road, Zhulun Village, Sanxia District, New Taipei City, Taiwan
Telephone : +886-2-2668-1589
(Prior reservation is needed for a guided tour.)
Opening hours : 09:00~17:00
Website : www.xionggongtea.com

Business item

- (1) Brand tea products of "Daliao Historical Tea House", including "wild tea" and "old tree tea".
- (2) Tea culture interpretation, guided tour, and exhibition.
- (3) Brand tea products of the "Daliao Historical Tea House" - organic black tea, green tea, and our "TTC" tea products, including various loose tea/ tea bags/ gift boxes with tea leaves cultivated using organic, natural and conventional farming methods.
- (4) Our "LuGao Coffee" products and "TTC Shop" teatime snacks, tea cakes, dried fruit, etc.
- (5) Externally procured tea ware, iron teapots, clothing and creative products in connection with tea.
- (6) Initial courses on tea.

Business item

- (1) "Xiong Kong" brand - certified "Organic Bi-Lo-Chung Green Tea" and "Organic Honey Flavor Black Tea".
- (2) Strolling in organic, ecological tea plantations to enjoy china fir, cherry blossoms and other flowers in four seasons, or taking a rest and enjoying the landscape at a coffee house located between the woods.
- (3) Brand tea products of "Xiong Kong" and our "TTC" tea products, including various loose tea/ tea bags/ gift boxes with tea leaves cultivated using the organic, natural and conventional farming methods.
- (4) Organic plums, lemons, peaches, vegetables, and processed products without additives such as plum vinegar, plum sauce, and plum wine.
- (5) Our "LuGao Coffee" products and "TTC Shop" teatime snacks, tea cakes, dried fruit, etc.
- (6) Externally procured tea ware, iron teapots and creative products in connection with tea.
- (7) Supply of cold and hot food.



Daxi Tea Factory

Address : No. 80, Lane 732, Section 2, Fuxing Road, Daxi District, Taoyuan City, Taiwan
Telephone : +886-3-382-5089
Opening hours : 09:30~17:00
Website : www.daxitea.com

Business item

- (1) "Daxi Tea Factory" Honey Flavor Black Tea made from local tea leaves cultivated using natural farming techniques.
- (2) Guided tour activities to demonstrate the tea factory's culture, history, building, and tea processing procedures in the past.
- (3) Brand tea products of "Daxi Tea Factory" and our "TTC" tea products, including various loose tea/ tea bags/ gift boxes with tea leaves cultivated using organic, natural and conventional farming methods.
- (4) Special vegetable food buffets with procured handmade desserts and super popular herbal tea eggs.
- (5) Our "LuGao Coffee" products and "TTC Shop" teatime snacks, tea cakes, dried fruit, etc.
- (6) Externally procured tea ware, iron teapots and creative products in connection with tea.
- (7) Supply of cold and hot food.



Tongluo Tea Factory

Address : No. 132-16, Jiuhu Village, Tongluo Township, Miaoli County, Taiwan
Telephone : +886-37-987358
Opening hours : 09:30~17:00
Website : www.tongluotea.com

Business item

- (1) "Oriental Beauty" as the brand tea product of the factory.
- (2) Guided tour around the tea farm, tea-picking DIY, personal tea processing experience.
- (3) Brand tea products of "Tongluo Tea Factory" and our "TTC" tea products, including loose tea/ tea bags/ gift boxes with tea leaves cultivated using organic, natural and conventional farming methods.
- (4) Our "LuGao Coffee" products.
- (5) Our "TTC Shop" teatime snacks, tea cakes, dried fruit, etc.
- (6) Externally procured tea ware, iron teapots and creative products in connection with tea.
- (7) Supply of cold and hot food in the factory.

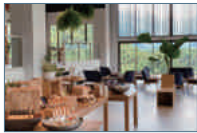


Sun Moon Lake Antique Assam Tea Farm

Address: No. 38, Youshui Ln., Zhongming Village, Yuchi Township, Nantou County, Taiwan
Telephone: +886-49-289-5508
Opening hours: 08:00~17:00
Website: www.assamfarm.com.tw

Business item

- (1) The black tea made from tea leaves produced by the tea farm (including products produced using organic farming, natural farming and conventional farming techniques).
- (2) Other products: Vinegar series made using local natural farming techniques, seasonal processed agricultural products without chemical additives, fair-trade organic coffee, natural tea food without chemical additives, seasonal fresh agricultural products.
- (3) In-depth natural ecotourism and vegetable food buffets in the tea farm.



LuGao Cafe

Address: No. 31-6, Xiangcha Ln., Xincheng Village, Yuchi Township, Nantou County, Taiwan
Telephone: +886-49-289-5520
Opening hours: 09:00~17:00
Website : www.lugaocafe.com

Business item

- (1) A complex cafe.
- (2) The Arabica bean is the major species is the major bean with a few Typica, SL34, and Geisha species.
- (3) Different coffee drinks such as coffee of single origin, Italian coffee, light meals, dessert, etc., are offered.

The Company persists in the business philosophy of "health, leisure, environment" and "co-existence with the land". We are also dedicated to environmental protection and take different measures in our tea business and related leisure business with the "local production, reduction of carbon footprint, energy saving and carbon reduction, more vegetables, and less plastics" as the core objectives.

The Company was presented with a certificate of appreciation by "the UN Sustainable Development Goals Advisory Council of the Legislative Yuan" on October 16, 2020 in recognition of our long-term dedicated efforts in sustainable development works, which have provided positive impacts and leadership for the Taiwanese society.



Affiliated Companies



Great Construction System Inc.

Address : 15F., No. 3, Yuanqu St., Nangang Dist., Taipei City (Bldg. F)
Telephone : +886-2-2655-7655
Fax : +886-2-2655-7656
Website : www.gcsi.com.tw

The Scope of Operations

Tea Business and Related leisure Business

Since establishing an organic tea seedling experimental area in 2003 and becoming the first organic-certified Assam tea farm in Taiwan, Taiwan Tea Corporation has systematically started the re-cultivation of the tea plantations in the north, central and south Taiwan using natural farming techniques and expanded the area of the organic tea farm. With regards to food safety, the company has implemented stringent measures to protect its consumers and minimize non-natural elements from affecting tea quality. The production process is safeguarded by strict quality control measures such as "ISO22000", "HACCP", and production/sales traceability, allowing locally cultivated and produced tea to tantalize the palates of tea connoisseurs around the world with its safe, stable, consistent, and premium quality taste.



Sale and Production of Tea

Commercial tea channel	Hand-shaken tea chain store, fast-food chain store, 5-star hotel, Chinese and western restaurants, coffee shop, beverage factory, wholesale in the same trade, breakfast chain store, distributor
Packaged tea channel	Supermarkets, hypermarkets, tax-free shop at airports, hotels, online stores

Marketing Channel and Project Businesses

Types of Marketing Channels	General Retail Channel	1. Convenience Stores, chain supermarkets, wholesale stores, PX Mart, supermarkets in department stores, chain drug stores, grocery stores, and boutiques. 2. Distributors, catering channel		
	Key Account Channel	1. Beverage Manufacturer 4. Bubble Tea Shops 7. Office Channel	2. Chain Beverage Store 5. Breakfast Shops 8. General Consumers	3. Hotels, Restaurants 6. Airlines 9. Others
Project Business	Product Distribution	1. Australian Gossips Red/White Wines 2. Hennessy sold in PX Mart 3. Italian Divella Series		
	Taiwan Tea Corporation's Self-Owned Brands	1. Tea Leaf Finished Products: Canned tea leaves, boxed tea leaves, cold-brewed tea bags, and Chinese New Year and Holiday gift boxes 2. Finished Coffee Products: Coffee beans, drip bags, and Chinese New Year's and Holiday's gift boxes 3. TTC Shop Product Series 4. Tea leaf raw material 5. Bottled water: Bamboo charcoal-filtered water		

Land Assets and Development Business

The areas where our land assets stated in accounts are distributed include Taipei City (Zhongzheng, Neihu, Nangang), New Taipei City (Wulai, Xindian, Sanxia), Taoyuan City (Daxi, Fuxing), Wenshuikeng in Hsinchu County, Miaoli County (Tongluo, Sanyi), Nantou County (Yuchi, Puli), Kaohsiung City and Pingtung County. As of the end of January 2021, the total area of our land assets was 3,731 hectares.

We have filed the relevant information through computers to manage such massive land assets. All branches are responsible for carefully performing inspection and management and recording the results of regular inspections. We carry out irregular audits to prevent deforestation or overbuilding. The Company is making use of and developing the land to improve its value and disposing of unused and fragmentary land lots to generate the best benefit for the shareholders.

Utilization of the land has been the primary goal since 2007. In addition to checking the land resources and their use, we keep implementing land development projects to optimize the utilization and value of the land. As for the land development projects, we hire professional teams to make feasibility assessments in recreation, housing, industry, and plantation in consideration of the market trends and our business development needs. The development schedule and total cost are controlled strictly based on the nature of the development and the condition of the land in the region. We launch development projects every year to generate overall assets value and ensure the liquidity of the assets. In addition, we assist in the expansion of the existing business locations by incorporating the Company's leisure business according to our operating strategies to speed up the transformation of the agricultural facilities.

Construction Engineering Business

In recent years, the construction works that are taken by the Internal Engineering Department include decoration works, compartment work, ceiling work, anti-smoke vertical wall work, painting work, flooring work, windowsill Board work, curtain box work, stonework, and so on. The team members are the elites who have been engaged in the industry with professional work performances for up to ten years and consist of interior building decoration engineering Design technician, interior decoration work, and management technician, labor safety management personnel, public work quality control personnel, who provide integrated services including all kinds of different places and buildings, construction works, as well as system installation. Due to the rapid changes in protection technology at this stage, the team has worked with several fire protection building materials companies so as to provide customers with more options in the adaptation of a variety of new buildings as well as more economical and effective solutions. Coupled with the increasing attention paid by the government and the general public in the fire prevention and environmental issues in recent years as well as the increasingly stringent laws and regulations, improving the user quality for customers has become an important responsibility and mission of the team.

The renowned successful projects finished by Taiwan Tea Corporation are Taipei Arena, CPcity, and Phase I and Phase II of the Nankang Software Park. The projects that have been completed and in progress in recent years include the new project of Ocean Palace, DaCin Construction Co., Ltd./clip-in ceiling over the hall on the first floor; smoke curtain project for The Ocean 3, DaCin Construction Co., Ltd. (in progress); partition and ceiling projects for a MAT station in Zhonghe District, BES Engineering Inc. (as-build drawing in progress); expiration of the warranty for the Boai project of the Ministry of Defense; renovation project at Leli Road (completed and handed over). The main business in 2020 was to assist our stores and recreational farms in planning, reconstruction and renovation to utilize the assets of the Company to the maximum extent, such as planning and renovation for the "Headquarters Store" in Neihu; expansion of the business for the "Tongluo Tea Factory" including setup of additional seats and alteration and decoration of relevant facilities; construction of wastewater treatment facilities to discharge the wastewater into the sewer system completed for "Daxi Tea Factory" in Taoyuan; and constructions of public toilets and relevant maintenance completed for "LuGao Cafe" in Yuchi. In addition, we completed externally contracted projects including the renovation of the Astronomy-Mathematics Building of ASIAA and several residence houses, and construction of lightweight partition walls for BES Engineering's Hua Nan Bank, Tucheng Branch, construction project.

In the future, we will also uphold the professional and mature interior installation engineering management and technology to provide a good quality of interior renovation and actively expand our interior renovation business.

Outlook

On April 15, 2015, the Laopi Tea Farm of 750 hectares in Neipu Township, Pingtung County, was acquired successfully in a tendering project of a court as resolved by the Board of Directors. The Farm was planned to become the largest tea production base in Taiwan where the mechanical farming mode will be used in conjunction with the integrated farm management technique, automatized planting technique, efficient irrigation system and technique, and automatized processing technique in consideration of the land-friendly and ecological environment to implement an efficient tea production mode. The planting in the main area of 0.8 hectares started in 2016. Phase I of the new tea plantation to a total area of 110.59 hectares was completed in 2017. The planting of tea tree saplings in the entire area of 452 hectares was completed during the period from 2018 to 2020 Q1. The small production in Laopi Team Farm began in 2018 and the tea sales have grown stably since 2019. In the future, we will use the safe and completed machine-cut tea leaves to compete with those imported from Vietnam and that have pesticide residue. We will also develop Laopi Tea Farm to the largest tea plantation of commercial tea in Taiwan, hoping to bring the Company steady and plentiful revenues and make up for the shortage of the tea supply in the coming 3 to 5 years.

In the short term, the Company may suffer a decline in the business performance and loss of customers due to the cancelled sale of imported tea. However, we will earn the trust of the consumers by partnering with honest suppliers of materials and products in consideration of sustainable development and the health of the consumers. This transformation will additionally provide new opportunities for the Company.

Financial performance

[Material Topic] Business Performance		
Policy	The Company establishes internal policies, follows them according to relevant laws and regulations, analyzes each department's business, and reviews the operating data on a regular basis to measure the operating efficiency and identify the risk of deficiencies in the business.	
Commitment	The Company conducts internal control and review to understand the usage of the funds, enhances the business performance, improves the company's value, and creates the best benefit for the shareholders.	
Objective	Short-term	※ Enhancement of departmental budget control, reduction of costs and expenses, and improvement of overall profitability. ※ Enhancement of information systems and introduction of smart fields and warehouses.
	Medium and long term	※ Improvement of operating performance including cost control, improvement of processes, and improvement of the corporate business performance of business.
Communication / Complaint	Suggestions or complaints may be made to the Financial Department or relevant units.	
Specific measure	Investment of resources Unit: NT\$thousand ※ The Financial Department holds meetings on a regular basis to facilitate communication on internal and external business performance. Track records ※ The Chairman and General Manager attend the monthly business management meeting to review all the business data to identify operational problems in advance.	

Operating performance

The Company's 2020 paid-in capital was NT\$7,900,000,000 in total. There were 320 employees generating a business revenue totaling NT\$505,994 thousand. The operating revenue, including the revenue from the sale of products, construction contract revenue, rental income and other operating revenue, totaled NT\$311,765 thousand. The non-operating revenue, including the earnings from the disposition of property and the investment earnings recognized using the equity method, totaled NT\$194,229 thousand.

Item	Basic Element	2018	2019	2020
Direct economic value generated	Revenue (including net sales, income from financial investment, income from assets sale)	428,183	492,721	505,994
Economic value allocated	Operating cost	138,634	178,150	187,121
	Employee compensation and welfare	222,150	234,942	248,894
	Payment to investor (Dividend distributed in the current year)	236,965	-	-
	Payment to government	13,080	-	-
	Invest in community	3,016	1,597	308
Economic value retained	"Direct economic value generated" minus "economic value allocated"	- 185,662	78,032	69,671

Year	2018	2019	2020
Main operation			
General goods trading	90.93%	91.92%	94.56%
Leases	4.63%	3.85%	2.09%
Engineering	0.95%	1.82%	2.17%
Others	3.49%	2.41%	1.18%
Total	100.00%	100.00%	100.00%

Note: Consolidated financial statements were used in 2018, and individual financial statements were used in 2019 and 2020.

The sale of land referred to here means the operating revenue excluding the non-operating disposition of investment property.

Production Volume/Value in the Recent Three Years

Major Product	2018			2019			2020		
	Capacity	Volume	Value	Capacity	Volume	Value	Capacity	Volume	Value
Tea	539,061	511,982	171,053	764,658	808,186	215,108	695,606	619,208	183,768
Others (Note 3)	-	-	7,983	-	-	11,520	-	-	17,024

Note1 : Capacity means the quantity of production that a company creates using existing production equipment under normal operation in consideration of downtime and holidays. Unit: Kg/NTD thousand

Note2 : If the production of products is replaceable, it can be incorporated in the calculation of the capacity and a note of description is needed.

Note3 : Others include dried fruit, fruit crisp, honey, pomelo vinegar, candy, bamboo charcoal-filtered water, tea vermicelli, camellia oil, and coffee.

Sales Volume/Value in the Recent Three Years

Major Product	2018		2019		2020	
	Domestic sales		Domestic sales		Domestic sales	
	Quantity	Value	Quantity	Value	Quantity	Value
Tea leaf	202,769	166,078	316,870	203,887	347,780	193,234
Chemical products	-	-	-	-	-	-
Food	464,384	33,347	152,916	35,680	227,692	30,492
Agricultural product	17,051	4,642	2,288	3,188	3,852	3,086
Alcoholic drink	12,765	8,938	2,458	9,608	3,629	8,942
Interior construction	-	2,417	-	5,448	-	6,768
Land inventory	-	-	-	-	-	-
Others	-	38,815	-	41,186	-	69,243
Total	696,969	254,237	474,532	298,998	582,953	311,765

Unit : Sales Quantity-Kg/Ton/Bottle
Sales Value-NTD thousand

Subsidies from the government (2020)

- (1) Workforce Development Agency, Ministry of Labor - A youth's employment subsidy of NT\$568,400 in 2020.
- (2) Kaohsiung-Pingtung-Penghu-Taitung Regional Branch of Workforce Development Agency, Ministry of Labor - A subsidy of NT\$52,000 pursuant to the employment incentive measures specified in the Regulations of the Implementation of the Employment Promotion of Employment Insurance.
- (3) Occupational Safety and Health Administration, Ministry of Labor - A subsidy of NT\$60,960 for SMEs to implement health services.
- (4) Ministry of Labor - A subsidy of NT\$20,000 for setup of breastfeeding (breast milk collection) rooms.
- (5) Council of Agriculture, Executive Yuan - A subsidy of NT\$3,740,000 for the technology development project of "Research and Development of Manufacturing Management Systems for Different Flavors of Tea Products" in agriculture.
- (6) Department of Economic Development, Taipei City Government - A subsidy of NT\$440,249 for LED lamps.

Domestic Trade Council and Association

Taiwan Tea Manufacturers Association Director	Taipei Tea Merchants Association Member	Taiwan Tea Exporters Association Member	Importers and Exporters Association of Taipei Member
Taiwan Stock Affairs Association Member	New Taipei City Industrial Tourism Association Member	Taipei Association of Interior Designers Member	The Institute of Internal Auditors - Chinese Taiwan Member
Rice Business Association of Taipei City Member	Tea Research and Extension Station Council of Agriculture, Executive Yuan, as the advisor Advisee	College Development Committee of the College of Agriculture, National Pingtung University of Science and Technology Advisory Committee Member	Taoyuan Tourism Factory Advance Association Member

1.2 Corporation Social Responsibility

Implementation of Corporation Social Responsibility

The CSR committee members are comprised of the heads and employees of the department concurrently. The Business Management Team is responsible for implementing the corporate governance system and establishing the CSR policy, including the planning, promotion, implementation, review, and improvement of the Company's corporate social responsibilities. The Social Engagement Team is mainly responsible for planning and implementing community engagements, social service events, and public welfare activities. The Environmental Protection Team is responsible for implementing the Company's environmental protection-related measures.

Taiwan Tea Corporation takes the sustainable development of the company, care for employees, secured employment, protection of the consumer's health, development of the sustainable environment, and participation in public welfare activities as the corporate social responsibilities.

Our commitments are described below :

- (1) Maintain good corporate governance and observe laws and business regulations.
- (2) Provide employees with a safe and healthy work environment and equal employment opportunities.
- (3) Emphasize the consumers' health with the goods produced or sold under agency surpassing or complying with safety and health regulations.
- (4) Enhance the business performance, improve the value of the Company, and create the best benefit for the shareholders.
- (5) Be actively engaged in social services and encourage our employees to take part in social welfare events.
- (6) Emphasize the environment protection responsibility, persist in the business philosophy of "health, environment, leisure", support the government's policies on energy saving and carbon reduction, and make contributions to the effective reduction of the damage to the environment.

To achieve our goals, we will conduct internal dissemination and education and participate in external communication on an ongoing basis to incorporate our CSR policy in the daily operation and optimize its effectiveness.

Corporate Structure and Management

The CSR policy of the Company shall be approved by the Board of Directors and forwarded to the Corporation Social Responsibility Committee for coordination and monitoring of the progress. The Committee shall report the important CSR issues and the result of the communication with the stakeholders to the Board of Directors.

Management Representative	Li-Chuan Kao (Assistant General Manager)
Policy	To be approved by the Board of Directors
Meeting Frequency	At least once every quarter
Implementation	The CSR Secretariat Office is responsible for planning relevant policies and actions; the Public Affairs Office is responsible for establishing action plans and preparing budgets. The units involved shall cooperate to promote and implement the action plans.
CSR Report Approval	To be reviewed by relevant department heads and submitted to the Chairman for approval.
Implementation Result	The Corporation Social Responsibility Committee held four meetings in 2020 to discuss the issues including enhancing the implementation of the corporate governance, assessing the climate risk and other external risks, and proposing countermeasures.



Communication with Stakeholders and Analysis of Material Topics Issues

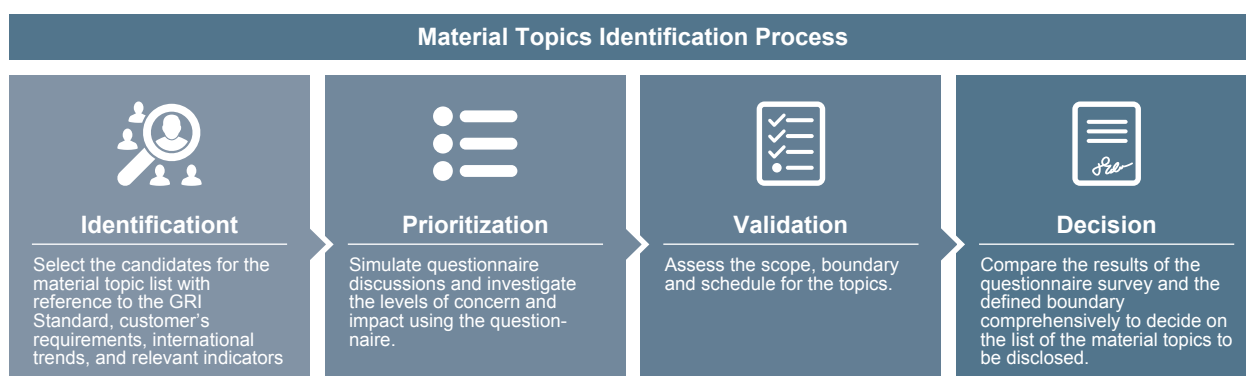
The CSR report this year was compiled with reference to the recommendations in the GRI's guide. It focused on GRI's material aspects and disclosed the actions, performance, and results regarding the determined "material topics".

To determine the impact of the material aspects, we made sure the potential effect of these material topics on the organization both internally and externally (i.e. the positive, negative or potential effect on the economy, environment and society) based on the internal considerations, the status of the industry, the industry chain practices, and suggestions of the stakeholders. We will invite and encourage internal and external units to be incorporated in CSR disclosure.

Identification of Stakeholders, Concerned Issues, and Communication Channels and Frequency

Taiwan Tea Corporation emphasizes the rights of the shareholders and stakeholders and sets up a contact (complaint) window for the employees, investors and partner companies on our website. In addition to the regular shareholders' meeting held once a year to discuss the financial report and operating status of the Company, we disclose the information on the corporate governance status, business operation announcements, financial statements, material messages, and internal audits on our website and the Market Observation Post System in a real-time manner. With reference to the experiences of the departments and the five principles of the AA1000 Stakeholder Engagement Standard (SES), i.e. Dependency, Responsibility, Influence, Diverse Perspectives, and Tension, we identify 6 major stakeholders and set up different smooth communication channels based on the property of each department. The comments and needs of the stakeholders are fully understood and the issues they are concerned about and the feedback is collected through effective communication channels. (See the table below.) In addition to being used as a basis for the compilation of this report, these collections will be used as a reference for the development of our strategies and goals.

Communication with Stakeholders and Analysis of Material Topics Issues			
Stakeholder	Concerned Issue	Communication Channel	Communication Frequency
Brand Manufacturer / Customer / Prospect	Competitiveness in quality, quantity, delivery period and price; supply and demand; service or strategic collaboration; environment-friendly material; saving of energy and water resources; reduction of emissions and recovery status; interaction with stakeholders; employee recruitment procedure and compliance with relevant laws and regulations; work environment and occupational safety management system; gender equality; human-based management; customer's privacy; protection of human rights.	Telephone / e-mail / personal visit / presence at meetings	Irregular
Shareholders / Investment Trust Institution	Expected goals and actual operating performance; level of profitability and dividend payments; corporate governance status; indicators on long-term shareholdings of foreign investors and investment trust companies.	Board of Directors / Stock Affairs Office under shareholders' meeting / interview with spokesperson / letter	Every two months / one year / irregular
Government	Environmental protection system and verification; pension management; action plans for saving water and energy; marking of products, safety of products, fair competition environment.	Visit and discussion / official document / telephone	Irregular
Supplier	Partnership in reciprocity, mutual benefit and growth; transparency in environmental protection information; proper compliance with labor systems; fair competition in tendering and price negotiation; technical capability; incoming inspection; compliance of the supplier's quality with laws and regulations.	Telephone/e-mail / personal visit	Irregular
Employee / Labor-Management Conference	Explicit regulations on the wage, promotion, performance evaluation, training, and discipline systems applicable to the employees; verification of fair treatment among employees; safety of work environment and compliance of labor regulations with international human rights clauses; job security and welfare system; career planning and room of development; full availability of communication channels.	Personal communication / e-mail/complaint box / regular labor-management conference and other regular meetings	Irregular / every three months
Community / Local Organization	Smooth communication with communities; maintenance of public relations; interactive community activities; care for local disadvantaged people; allocation of resources for accidents and emergency aids; promotion and support for educational and other public welfare events; energy saving and carbon reduction; reduction of environmental hazards.	Personal communication / telephone	Irregular



The above-mentioned figure shows the framework based on the material topics acquired from the discussions. It contains the identified material indicators and the corresponding internal and external boundaries of the organization, and is adjusted pursuant to the global trend of sustainability and the benchmark of the industry. The analysis and integration are made in accordance with the feedback from the management. A total of 11 material topics were identified in 2020.

Material Topics, Scope and Boundary								
Material Topic	Management Guidelines and Measurement Mechanism	Boundary of Impact						Chapter
		Internal		External				
		TTC	Employee	Client (Consumer)	Supplier / Contractor / Subcontractor	Shareholder / Investor	Channel Partner	
Food Safety and Quality Control	The management guidelines focus on quality inspection, food safety protection, and premium products. A food safety center will be founded to monitor, support, and manage matters to control the quality at the sources and ensure compliance with relevant regulations. The actions include incoming quality analysis, (raw) material testing and analysis; tasting evaluation and analysis; quality trend; and regular review and improvement of quality components. The management reviews and follows up on the effectiveness of the food safety management at food safety meetings on a regular basis.	V	V	V	V	V	V	2.2 Food Safety
Sustainability Strategy	A CSR policy committee was founded in 2015, with the General Manager acting as the chairman and the Assistant General Manager of the Public Affairs Office acting as the management representative. Four responsible teams are established under the committee, with the supervisors of the Company at the level of manager or higher acting as the leaders. They hold meetings irregularly to ensure the consistency of the sustainability strategy with the operating direction of the Company.	V	V		V	V	V	1.3 Corporate Governance
Product Marking	The R&D and QA units fully understand the alteration of the laws and regulations and disclose the product information on the package in a user-friendly manner. Multiple control points review all the markings from the specifications to the package designs.	V	V	V	V	V	V	2.5 Customer and Consumer Service
Supplier and Traceability Management	The management guidelines focus on food safety protection, local food source management and protection, product traceability management, and close attention to the news related to food safety regulations. All the (raw) materials are controlled by batch and date from their purchase, production to shipment. The source management is achieved through traceability thanks to the easily acquired information on local food materials.	V	V	V	V	V	V	2.3 Supplier Management
Creative R&D	The focus of the management is on the in-depth development of the brand name, development of new products, improvement of the package design, and enhancement of the product identification on the market.	V	V	V		V	V	2.7 Product Innovation
Food Health and Nutrition	Many scientific studies demonstrate that tea leaves can contribute to our good health. We improve our existing products and actively look for raw materials for compound products. The formulas for our products feature natural flavors and contain no spice or essential oil. We keep track of the situation in the markets and hold regular meetings to track product development progress	V	V	V	V	V	V	2.4 Local Procurement

Material Topics, Scope and Boundary

Material Topic	Management Guidelines and Measurement Mechanism	Boundary of Impact						Chapter
		Internal		External				
		TTC	Employee	Client (Consumer)	Supplier / Contractor / Subcontractor	Shareholder / Investor	Channel Partner	
Risk Control	The Chairman and General Manager attend the monthly business management meeting to review all the business data in the hope of identifying operational problems in advance and taking measures against potential risk as early as possible. We regularly review the production of raw materials, perform incoming material analysis, raw material inspection and analysis, and quality evaluation, analysis and monitoring, and improve ingredients. Any updates on the regulations as well as domestic and international food safety news are conveyed to the employees to reduce food safety risks. The Company's Board of Directors serves as the top unit making risk-related decisions and takes the final responsibility for the risk management system and its implementation. It is responsible for the prevention of any possible losses pursuant to the operating guidelines and within the acceptable risk exposure of the Company. The Board of Directors shall increase the wealth of the shareholders and optimize the capital allocation on the premise of a balance between the risk and return. It also formulates risk management policies and guidelines and oversees the risk management operation of each department. In case any factors that may bring about crises are found, the Audit Office makes an immediate report on the risk upon assessment. The coordinator of the crisis management team holds a team meeting to instruct and coordinate with the relevant department and personnel according to the type of the risk in order to find out the truth as soon as possible.	V	V	V		V		1.3 Corporate Governance
Business Performance	The Chairman and General Manager attend the monthly business management meeting to review all the business data to identify operational problems in advance and improve the business performance.	V	V			V		1.1 About the Taiwan Tea Corporation
Complaint and Communication Mechanisms	Optimize the customer service process and improve the service quality in the hope of acquiring and understanding the consumers' opinions. The Company sets up the "employee mailbox and hotline" and holds the factory meeting every week on a regular basis to announce the messages of the Company and collect the opinions of the employees in the hope of ensuring more harmonious labor-management relations.	V	V	V	V	V	V	2.5 & 3.2
Employee Incentives and Retention	The management focuses on the employee wage, retirement and welfare systems, and the systems and practices for the recruitment, cultivation, education and training of the employees, in the hope of creating a good occupational environment.	V	V					3.2 Building a Happy Workplace
Impact of Operations on the Environment	The management includes the positive or negative effect of the Company's operations on the environment and ecosystem and the plan of the Company for management of the environmental aspect, including energy consumption, GHG emissions, etc.	V	V	V	V	V	V	CH4 Green Environment

The Mechanism of Communication with Stakeholders and Description

We reviewed the impact of the material topics on the Company in 2020 both internally and externally and defined the boundary for the disclosure of the information with reference to the GRI Standards and the features of the industry to respond to the concerns of the stakeholders.

Subject	Mechanism	Description
Employee	1. Chairman and General Manager Mailboxes 2. HRD Manager Mailbox 3. Special section on Intranet 4. Establishment and promulgation of the "Employee Complaint" regulations. 5. Department conference 6. Labor-management conference 7. Performance evaluation	1. The Chairman and General Manager Mailboxes are available for the employees to express their opinions at any time. 2. The HRD Manager Mailbox is available for the employees to express their opinions or file a complaint. 3. A special section is set up on the Intranet for bringing up opinions at any time. 4. The "Employee Complaint" regulations were established and announced on the Company's website on December 22, 2015. 5. Irregular department conferences are held to form identification of the employees with the Company. 6. Labor-management conferences are held every quarter to protect the employees' legal rights. 7. Performance evaluation in bilateral meetings can enhance the communication between the employees and managers.
Shareholders	1. Spokesperson mechanism 2. Investor section on the website 3. Shareholders meeting	1. A spokesperson and a deputy spokesperson are appointed to deal with and reply to the suggestions and opinions of the shareholders. 2. Designated personnel are responsible for collecting and disclosing the Company's information for reporting public information to the Internet. 3. Personnel are designated for regular updates and maintenance of the business information on the official website to ensure that shareholders can fully understand the business of the Company by combining this with the stock and financial information published on the Market Observation Post System (MOPS).
Supplier	1. Audit Office 2. Legal Affairs Department 3. Procurement Division, Management Department	1. The Company selects the best suppliers in the aspects of products, services, quality, price, delivery period and after-sale services. It establishes long-term partnerships with them based on the ethical and fair principles that we always uphold. The Company absolutely prohibits sales representatives and their family members from receiving or asking for improper kickbacks, commissions, capital contributions, gifts, bribes, travels, entertainments, or other private interests from any suppliers. 2. Employees may report any violation of ethical management, employee's ethics or Code of Conduct to the Audit Office or Legal Affairs Department.
Customer	1. ISO22000 2. HACCP food safety certification 3. Customer hotline 4. 0800-089-188 5. 0800-089-288	1. We place importance on food safety. In addition to introducing a third-party monitoring system to ensure the quality of the tea leaves that we produce, including adopting traceability certification for all tea farms and carrying out organic certification for organic tea farms. We have acquired the "ISO22000:2005" and "HACCP" certifications. The tea leaf raw material has passed the SGS pesticide residue test. The manufacturing process is controlled strictly at all the control points to ensure the trustworthy quality of the tea leaves. 2. The Company's products or the goods that we sell as an agent surpass (or comply with) the health and safety regulations. 0800 toll-free customer service and complaint hotlines are in place to provide timely service and assistance and protect the interests of the customers.
Government/ Mass Media	Public Affairs Office	1. The Company's products or the goods that we sell as an agent meet the requirements of the safety regulations. 2. All the land development projects of the Company comply with the laws and regulations
Community	We encourage engagement in the communities in Taipei City, New Taipei City, Taoyuan City, Miaoli County, Nantou County and Pingtung County, where our branches are located. For example, we purchase patrol cars and build sentry boxes for the neighborhood watch team of the Community Development Association of Shengxing Village in Sanyi Township; improve the roads, streetscape and hygiene in Jiuhu Village, Tongluo Township; maintain the environment of Longquan Village, Neipu Township, Pingtung County; and dredge the sediments in large ditches in Zhonglin Village, Neipu Township.	

Contact with Stakeholders

The management of Taiwan Tea Corporation has dedicated to the fulfillment of the commitment to the society and stakeholders and respect as well as safeguard the legitimate rights and interests. In addition to the following communication channels, stakeholders may provide suggestions by e-mail from <http://www.ttch.com.tw/index.php?categoryid=336>. We will deal with them and give a positive reply as soon as possible.

Subject	Mechanism/Channel	Contact (Complaint) Method	Ext.	E-mail
Supplier/ Contractor	Procurement Division, Management Department Audit Office Legal Affairs Department	Mr. Lai Mr. Cheng Ms. Chiang	833 821 826	ShiHua.Lai@ttch.com.tw JamesCheng@ttch.com.tw sadalyn@ttch.com.tw
Shareholders	Spokesperson Deputy Spokesperson Deputy Spokesperson Disclosure of Financial and Important Information	Li-Chuan Kao, Assistant General Manager, Public Affairs Office Kuang-Chih Cheng, Manager, Audit Office Pei-Chen Huang, Manager, Financial Department, Company website http://www.ttch.com.tw	813 821 860	LeeKao@ttch.com.tw JamesCheng@ttch.com.tw Eva.Huang@ttch.com.tw
Client	Customer Service Hotline	Toll-free hotline 0800-089-188 0800-089-288		
Bank	Financial Department	Ms. Yen, Cashier Manager	862	
Government/ Mass Media	Public Affairs Office	Li-Chuan Kao Assistant General Manager, Public Affairs Office	813	LeeKao@ttch.com.tw
Employee	Labor-Management Conference (Labor Representative) Executive Secretary of the Employee Welfare Committee Guarantee of Gender Equality in Right-to-Work and Approach to Sexual Harassment Claims	Mr. Wu / Ms. Hsu Mr. Chiang / Ms. Chen / Ms. Wen (08)770-5398#301 Mr. Chou, Engineering Department, Development Division Ms. Wan, Director, Administration Division	827 / 883 885 / 836 951 806	 113@ttch.com.tw

1.3 Corporate Governance

[Material Topic] Sustainability Strategy		
Policy	A CSR policy committee was founded in 2015, with the General Manager acting as the chairman. Four responsible teams are established under the committee, with the supervisors of the Company at the level of manager or higher acting as the leaders. They hold meetings irregularly to ensure the consistency of the sustainability strategy with the operating direction of the Company and are dedicated to the following: (1) Maintain good corporate governance and observe laws and business regulations. (2) Provide employees with a safe and healthy work environment and give them equal employment and promotion opportunities to ensure fairness in the compensation, recruitment, training and promotion. (3) Emphasize the consumers' health with the goods produced or sold under agency surpassing or complying with safety and health regulations. (4) Enhance the business performance, improve the value of the Company, and create the best benefit for the shareholders. (5) Be actively engaged in social services, care for disadvantaged people, and assist in the creation of a society where we can share the benefits. (6) Emphasize the environment protection responsibility, persist in the business philosophy of "health, environment, leisure" and "co-existence with the land", and be dedicated to environmental protection.	
Commitment	Enhance the company's business performance, sustainable development, create interests for shareholders, care for employees, secure employment for employees, protect the consumer's health, and develop a sustainable environment.	
Objective	Short-term	※ Conduct the performance evaluation of the Board of Directors continuously and comply with laws and regulations for the implementation of the corporate governance. ※ Provide employees with a safe work environment, organize systematic occupational safety and health education and training and in-service training for employees, and establish a pass-on system to help employees grow together with the Company. ※ Comply with food safety regulations (appointment of food safety and health management personnel for each factory). Laopi Tea Farm in Pingtung will undergo the "FSSC 22000", "HACCP", "Rainforest Alliance" and "TAP" certification processes to ensure the thorough implementation of the food safety management system, strict hazard control and analysis throughout the process from raw material to product, application of control measures at critical control points, and preventive monitoring of the production process.
	Medium and long term	※ Improve the operating performance and profitability to create the best benefit for the shareholders and employees in the improvement of the society where we can share the benefits. ※ Create a happy enterprise and restore the golden brand name of TTC to make it the leading brand in the tea industry again. The Company ensures long-term stable profitability with the help of the growing tea business and the effective development of the land resources. We use the advantages of the self-owned land to develop the carbon credit for the company's development in the next one hundred years.
Communication/ Complaint	Employees may make complaints to the Board of Directors, Chairman, General Manager, Public Affairs Office, Secretariat Office of the Board of Directors, and CSR policy committee.	
Specific measure	Investment of resources ※ The Company adopts large-scale mechanized farming practices and introduces production and sales management procedures in the Laopi Tea Farm in Pingtung. An area of 452 hectares of land was planted with tea tree saplings in the first quarter of 2020. We have entered the second phase of promoting automated standard tea production. It is expected that our output of tea will increase year by year. ※ Laopi Tea Farm has acquired the factory registration certificate. The construction of the natural gas pipelines in the farm commenced in November 2020 after the problem of protest that local people organized was solved. Track records ※ The Company has established the "Intellectual Property Rights Management Regulations" based on the latest indicators of the Corporate Governance Evaluation and disclosed the Regulations and the implementation thereof on the Company's website. ※ The Company resolved at the 8th meeting of the 23rd Board of Directors on November, 2020 to establish the Company's "Regulations on Risk Management Policies and Procedures" and reported the implementation of risk management in 2020 at the 9th meeting of the 23rd Board of Directors on January 2021. ※ We completed the performance evaluation of the Board of Directors for 2020 and reported the result at the Board of Directors meeting in March 2021. ※ We started to prepare an English version of 2017 separate and consolidated financial statements in 2018 to improve information transparency. An English version of the notice of annual shareholders' meetings started to be prepared in 2018. In 2021, we begin to prepare an English version of the annual report and meeting handbook to protect shareholders' rights and interests and allow foreign companies to receive the same information. ※ The result of the 7th (2020) corporate governance evaluation showed that the Company ranked Level III (21%-35%) among the listed companies.	

Structure of Governance

The Company persists in ethical management, implements corporate governance actively, and pursues sound discussions at Board of Directors meetings. The Board of Directors is the highest governance unit and decision-making center of the Company. It authorizes the subordinate Compensation Committee and Audit Committee to assist in the fulfillment of its supervision responsibilities. With the effective internal audit, internal control and comprehensive internal bylaws and rules, the Company monitors and reduces existing and potential operating risks effectively and takes corresponding improvement measures.

Board of Directors

The Company conducted early reelection of all the board members on August 1, 2019. There are currently 13 directors including 3 independent directors, all of which are male; there are 2 female and 8 male regular directors.

The Company has held Board of Directors meetings, followed the rules of procedure, recorded the whole meeting and prepared meeting minutes in detail pursuant to the Articles of Incorporation and the Rules and Procedures of Board of Directors Meetings. Any important resolution made at Board of Directors meetings shall be disclosed on the Company's website and in the annual report for shareholders' reference, and the information shall be complete.

The board members of the Company shall have the knowledge, technique, and quality needed for the implementation of their duties. To achieve the ideal goals of the corporate governance, the Board of Directors shall overall have the following abilities: the ability to make judgments about operations; accounting and financial analysis ability; business management ability; crisis management ability; knowledge of the industry; international market perspective; leadership ability; and decision-making ability. In addition, the board members take training courses in finance, business, commerce, accounting, auditing, and legal knowledge relevant to corporate governance on an irregular basis.

Operation of the Board of Directors and Related Organizations

2019.08.01-2022.07.31

Members of the 23rd Board of Directors			
Title	Name	Educational Background and Work Experience	Concurrent posts in the Company or other companies
Chairman	Shan Young Asset Management Co., Ltd.	Not applicable.	Not applicable.
	Representative: Ching-Yuan Wu	Master, Department of Architecture & Urban Planning, Chung Hua University Director of Sanyang Motor Co., Ltd. Vice Chairman of Sanyang Motor Co., Ltd. Chairman of Sanyang Motor Co., Ltd.	Chairman and General Manager of Sanyang Motor Co., Ltd. Chairman of Nan Yang Industries Co., Ltd. Chairman of Ching-Ta Investments Limited
Director	Chin-Yen Lin	Department of Accounting, Fu Jen Catholic University General Manager and Chairman of Taiwan Tea Corporation Chairman of Tai-Ling Biotech Inc. and Tai-Lin Investments Limited Director of Chinese Products Promotion Center	General Manager of Taiwan Tea Corporation Director of Chinese Products Promotion Center
Director	DeChuan Development Ltd.	Not applicable.	Not applicable.
	Representative: Hsuan-Yu Liao Chen	Master, College of Management, National Taiwan University Special Assistant to the Chairman of Taiwan Tea Corporation Supervisor of Taiwan Tea Corporation General Manager of VeeTIME Corp. Special Assistant to the Chairman & Trading Officer of Hwa Fong Rubber Ind. Co., Ltd. Chairman of Hwa Fong Rubber Ind. Co., Ltd. Chairman of Alibaba International Ltd. Chairman of DeChuan Development Ltd.	Master, College of Management, National Taiwan University Special Assistant to the Chairman of Taiwan Tea Corporation Supervisor of Taiwan Tea Corporation General Manager of VeeTIME Corp. Special Assistant to the Chairman & Trading Officer of Hwa Fong Rubber Ind. Co., Ltd. Chairman of Hwa Fong Rubber Ind. Co., Ltd. Chairman of Alibaba International Ltd. Chairman of DeChuan Development Ltd.
Director	Shan Young Asset Management Co., Ltd.	Not applicable.	Not applicable.
	Representative: Yu-Chang Huang	Graduated from a vocational high school Managing Director of Sanyang Motor Co., Ltd. Director of Sanyang Motor Co., Ltd.	Director of Sanyang Motor Co., Ltd.
Director	WE-FU Investment Co., Ltd.	Managing Director of United Real-Estate Management Co., Ltd. Director of United Asset Management Co., Ltd. Director of Lung-Jih Construction Co., Ltd.	Managing Director of United Real-Estate Management Co., Ltd. Director of United Asset Management Co., Ltd. Director of Lung-Jih Construction Co., Ltd.
	Representative: Chih-Kuang Yen	Master, Columbia University, USA A jury member for the Taiwan Management Institute Master's Thesis Selection President of EO Taipei (2017~2018) (Entrepreneurs' Organization Taipei) Director and General Manager of Pu-Lai-Ssu Securities Investment Co., Ltd. Fund Manager of Invesco Securities Investment Trust Co., Ltd. Analyst of Core Pacific Securities Co., Ltd. Director and General Manager of Pu-Lai-Ssu Securities Investment Co.	Chairman of WE-FU Investment Co., Ltd. Vice Chairman of Kainan University Vice Chairman of Taipei Kai-Nan Vocational High School Director and General Manager of United Real-Estate Management Co., Ltd. Director of United Asset Management Co., Ltd. Director of United Construction Co., Ltd. Director of APEXLENS CO., LTD. Real-Estate Management Co., Ltd. Director of United Asset Management
Director	An-Mei Investment Co., Ltd.	Not applicable.	Not applicable.
	Representative: Hsiu-Chi Lin	Department of Geosciences, National Taiwan University Director of Taiwan Tea Corporation General Manager and Chairman of Oriental Silicas Corporation Chairman of An-Mei Investment Co., Ltd.	Director of Taiwan Tea Corporation Chairman of Oriental Silicas Corporation Chairman of An-Mei Investment Co., Ltd.
Director	YSC Marketing Co., Ltd.	Not applicable.	Not applicable.
	Representative: Wei-Lin Shao	Department of Chemical Engineering, National Cheng Kung University Chairman of Vitalon Foods Co., Ltd. Chairman of VITALON Foundation	Chairman of Vitalon Foods Co., Ltd. Chairman of YSC Marketing Co., Ltd. Chairman of Douball Tea International Co., Ltd. Director of YEC Biotechnology Co., Ltd.
Director	Hsin-Shih-Hsin International Co., Ltd.	Not applicable.	Not applicable.
	Representative: Ling-Chi Chang	Master, University of Illinois at Urbana-Champaign Special Assistant to the Chairman of Global Interactive Technologies Corporation Chairman of Hsin-Shih-Hsin International Co., Ltd.	Chairman of Hsin-Shih-Hsin International Co., Ltd. Chairman of CHAINTEK CORPORATION Director of Thinco Co., Ltd.

Members of the 23rd Board of Directors			
Title	Name	Educational Background and Work Experience	Concurrent posts in the Company or other companies
Director	Hsin-Shih-Hsin International Co., Ltd.	Not applicable.	Not applicable.
	Representative: Chia-Ming Chang	Master, University of Oxford Special Assistant to the Chairman of International Currency Technologies Corp. Chairman of Thinch Co., Ltd.	Chairman of Thinch Co., Ltd. Director of Hsin-Shih-Hsin International Co., Ltd. Director of CHAINTEK CORPORATION Director of International Currency Technologies Corp. Director of Global Interactive Technologies Corporation
Director	Chou Chin Industrial Co., Ltd.	Not applicable.	Not applicable.
	Representative: Lien-Kai Chan	Provincial San-Chung Commercial and Industrial Vocational High School Managing Director of Taiwan Tea Corporation	Chairman of Health-Elite Technology Co., Ltd. Director of Hsu-Feng Asset Management Co., Ltd.
Independent director	Sheng-Chen Li	Master, Institute of China Studies, National Sun Yat-sen University Bachelor of Laws, College of Law and Business, National Chung Hsing University Judge and Division-Chief Judge of Taiwan Taitung District Court Judge of Taiwan Kaohsiung District Court	Convener of the Audit Committee of Taiwan Tea Corporation Convener of the Compensation Committee of Taiwan Tea Corporation Partner of Yuan, Chen & Partners Attorneys-at-Law Director of Taiwan Styrene Monomer Corporation Independent Director of D-Link Corporation Independent Director of Tatung Co., Ltd.
Independent director	Chung-He Sung	Master, Institute of Law, Central Police University Doctor, Institute of Crime Prevention and Corrections, Central Police University Prosecutor of Taiwan Hsinchu District Prosecutors Office Head of Chung - Ho International Law Office	Member of the Audit Committee of Taiwan Tea Corporation Member of the Compensation Committee of Taiwan Tea Corporation Head of Chung - Ho International Law Office
Independent director	Li-Chi Yeh	Master, College of Law, University of Southern California Lawyer of Yeh Li Chi Law Office	Member of the Audit Committee of Taiwan Tea Corporation Member of the Compensation Committee of Taiwan Tea Corporation Lawyer of Yeh Li Chi Law Office Senior Lawyer of Formosan Brothers Attorneys-at-Law

Compensation Committee

The Company established the "Rules of Compensation Committee of Taiwan Tea Corporation" based on the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" announced by the Financial Supervisory Commission, and resolved at the 5th board meeting of the 20th Board of Directors on October 13, 2011 to appoint the 1st Compensation Committee.

The three independent directors, Sheng-Chen Li, Chung-He Sung and Li-Chi Yeh of the 4th Compensation Committee, were still appointed as the members in 2020. The term of the three members is the same as the term of the 23rd Board of Directors (from August 12, 2019 to July 31, 2022).

The responsibility of the Compensation Committee is to assist the Board of Directors in the implementation and assessment of the compensation for the directors and managerial officers of the Company:

- (1) Review the Rules of Compensation Committee on a regular basis and raise revision proposals.
- (2) Establish and regularly review the annual and long-term performance goals for the directors and managerial officers and the policy, system, standard and structure of the compensation.
- (3) Regularly evaluate the achievement status of the performance goals of the directors and managerial officers and establish the scope and amount of the compensation individually.

Approval and adjustment of compensation:

- (1) The compensation for the directors, supervisors, and managerial officers (including financial officer, Assistant General Manager, and General Manager) is approved by the Committee and submitted to the Board of Directors for resolution.
- (2) The compensation for the employees (lower than the level of directors) is submitted by the Human Resources Department to the General Manager/Chairman for approval pursuant to the "Taiwan Tea Corporation Employee Title, Level, and Remuneration Approval Table" based on their educational background, work experience, professional knowledge and technique. (The compensation for the personnel higher than the manager level is submitted to the Chairman for approval.)
- (3) The Company has established the "Performance Evaluation Regulations". The employee and his/her supervisor conduct bilateral communication at the beginning of the year to determine the annual goals and carry out the personal performance evaluation meeting at the end of the current year. The result of the performance evaluation, the work attitude during the year, and the training performance of the employee affect his/her interim dividend payment, year-end bonus, and promotion.
- (4) A special year-end bonus will be granted in accordance with the status of the participation in the social welfare events of the Company in the current year.

Information on the 4th Compensation Committee Members

Title	Name	Actual attendance rate (%)	Educational Background and Work Experience	Part-time Job
Compensation Committee Convener	Sheng-Chen Li (Reelected on August 12, 2019)	2/2 100%	Master, Institute of China Studies, National Sun Yat-sen University Bachelor of Laws, College of Law and Business, National Chung Hsing University Judge and Division-Chief Judge of Taiwan Taitung District Court Judge of Taiwan Kaohsiung District Court	Independent Director of Taiwan Tea Corporation Convener of the Audit Committee of Taiwan Tea Corporation Partner of Yuan, Chen & Partners Attorneys-at-Law Director of Taiwan Styrene Monomer Corporation Independent Director of D-Link Corporation Independent Director of Tatung Co., Ltd.
Compensation Committee	Chung-He Sung (Newly elected on August 12, 2019)	2/2 100%	Master, Institute of Law, Central Police University Doctor, Institute of Crime Prevention and Corrections, Central Police University Prosecutor of Taiwan Hsinchu District Prosecutors Office Head of Chung - Ho International Law Office	Independent Director of Taiwan Tea Corporation Member of the Audit Committee of Taiwan Tea Corporation Head of Chung - Ho International Law Office
Compensation Committee	Li-Chi Yeh (Newly elected on August 12, 2019)	2/2 100%	Master, College of Law, University of Southern California Lawyer of Yeh Li Chi Law Office Head of Chung - Ho International Law Office	Independent Director of Taiwan Tea Corporation Member of the Audit Committee of Taiwan Tea Corporation Lawyer of Yeh Li Chi Law Office Senior Lawyer of Formosan Brothers Attorneys-at-Law

Audit Committee

The Company elected independent directors and established the Audit Committee in 2017 pursuant to the regulations. All the board members' early reelection was conducted to appoint three independent directors at the extraordinary shareholders' meeting on September 29, 2016. The Audit Committee was established in lieu of the supervisors. A full reelection was conducted at the extraordinary shareholders' meeting on August 1, 2019 to appoint the members of the 2nd Committee.

The Audit Committee is mainly responsible for the supervision of the following matters:

- (1) Fair presentation of the Company's financial statements
- (2) Appointment (dismissal) of CPAs and evaluation of their independence.
- (3) Effective implementation of the Company's internal control system.
- (4) The Company's compliance with the relevant regulations and rules.
- (5) Control over the Company's existing or potential risks.

Information on the 2nd Audit Committee Members

Title	Name	Actual attendance rate in 2020 (%)	Educational Background and Work Experience	Part-time Job
Audit Committee Convener	Sheng-Chen Li (Reelected on August 1, 2019)	5/5 100%	Master, Institute of China Studies, National Sun Yat-sen University Bachelor of Laws, College of Law and Business, National Chung Hsing University Judge and Division-Chief Judge of Taiwan Taitung District Court Judge of Taiwan Kaohsiung District Court	Independent Director of Taiwan Tea Corporation Convener of the Compensation Committee of Taiwan Tea Corporation Partner of Yuan, Chen & Partners Attorneys-at-Law Director of Taiwan Styrene Monomer Corporation Independent Director of D-Link Corporation Independent Director of Tatung Co., Ltd.
Audit Member	Chung-He Sung (Newly elected on August 1, 2019)	4/5 80%	Master, Institute of Law, Central Police University Doctor, Institute of Crime Prevention and Corrections, Central Police University Prosecutor of Taiwan Hsinchu District Prosecutors Office Head of Chung - Ho International Law Office	Independent Director of Taiwan Tea Corporation Member of the Compensation Committee of Taiwan Tea Corporation Head of Chung - Ho International Law Office
Audit Member	Li-Chi Yeh (Newly elected on August 1, 2019)	5/5 100%	Master, College of Law, University of Southern California Lawyer of Yeh Li Chi Law Office	Independent Director of Taiwan Tea Corporation Member of the Compensation Committee of Taiwan Tea Corporation Lawyer of Yeh Li Chi Law Office Senior Lawyer of Formosan Brothers Attorneys-at-Law

Ethical Management and Legal Compliance

Ethical Management

We believe that providing the most competitive products and services is the best way to maintain long-term partnerships. The Company selects the best suppliers in the aspects of products, services, quality, price, delivery period and after-sale services. It establishes long-term partnerships with them based on the ethical and fair principles that we always uphold. The suppliers of the Company do not need to present any gifts or offer any entertainment. According to the "Code of Conduct or Ethics for Employees" and "Ethical Management Best Practice Principles", we absolutely prohibit sales representatives and their family members from receiving or asking improper kickbacks, commissions, capital contributions, gifts, bribes, travels, entertainments, or other private interests from any suppliers.

All the employees and suppliers shall observe this integrity policy and create fair and transparent business relationships. The Company communicates the importance of "integrity and honesty" to the Board of Directors, officers at different levels, and employees on an irregular basis. Since 2014, the Company has organized internal and external education training courses on ethical management and disclosed its implementation and training status in our annual report.

We have regularly organized internal and external training regarding ethical management since 2014. Moreover, we have collaborated with the Intellectual Property Right Protection Service Team of the Ministry of Economic Affairs since 2018 for three consecutive years to invite Attorney Ruey-Sen Tsai of Lee and Li, Attorneys-at-Law and Professor Fa-Chang Cheng of a national university of science and technology to give lectures on the topic of "Trading Secrets and Trademarks" in order to help our employees understand more about the regulations on the protection of intellectual property rights. To enhance corporate information safety and reinforce risk management in response to the policy of the competent authority, an investigator from the Taipei City Field Division, Minister of Justice Investigation Bureau, was invited to be the speaker of the lecture on "Corporate Anti-Corruption" to share actual cases and provide our employees with correct actions for information safety protection so as to ensure the confidentiality of our data and the protection of personal data. In 2020, we organized internal and external training courses (including insider trading prevention, ethical management legal compliance, food safety and health management and inspection, accounting system, labor laws and regulations, and internal control) in relation to ethical management; a total of 136 people participated in these courses, totaling 410.5 hours. We also convey the importance of ethical management to our employees and management in internal training on an irregular basis.

The ethical management of the Company is described below:

- (1) The Company established the "Ethical Management Best Practice Principles" at the 17th meeting of the 19th Board of Directors. It then disclosed the same on the Company's website and MOPS after the Principles were adopted at the annual meeting of shareholders in 2011. The implementation status of the ethical management was reported to the 6th meeting of the 21st Board of Directors, and the amendment of some provisions of the "Ethical Management Best Practice Principles" was adopted at the meeting. The amendment report was reported to the shareholders' meeting in 2015.
- (2) The Board of Directors and management of the Company are the designated responsible units for the promotion of corporate ethical management. To achieve sound ethical corporate management, the Secretariat Office, Board of Directors, a specific unit for the Board of Directors, shall be responsible for establishing ethical management policies and prevention programs and supervising the implementation thereof together with the Human Resources Department and Legal Affairs Department.
- (3) No employees of the Company are allowed to receive any improper benefit, directly or indirectly, during the business activities. This is communicated to the employees during the educational training on an irregular basis.
- (4) If there is any decision or transaction that is likely to involve a conflict of interest of directors, supervisors or managerial officers, such director or managerial officer shall not participate in the process of the decision or voting.
- (5) Prior to any business transactions, the Company shall take into consideration the legality of the counterparts and whether they have any record of unethical conduct, and shall avoid any dealings with persons so involved.
- (6) The Board of Directors and management shall implement the concept of ethical management. The Company requests the Secretariat Office of the Board of Directors and the Legal Affairs Department to implement the ethical management and report to the Board of Directors on an irregular basis.
- (7) All important contracts between the Company and others shall include ethical management policies. If the trading counterpart is discovered to be engaged in unethical conduct, the Company may terminate or rescind the contract at any time. A system for avoidance of conflict of interest of directors has been specified in our Rules and Procedures of Board of Directors Meetings.
- (8) The Company communicates an image of honesty, integrity, and strict self-discipline to all of our trading counterparts and partners. The Legal Affairs Department of the Company has established the "Honesty and Integrity Agreement" in the hope of maintaining a long-term good collaboration relationship. Regardless of the template provided by the Company or the counterpart, the agreement that the Company enters into with any partner or counterpart shall be attached with the "Honesty and Integrity Agreement" as one of its attachments.
- (9) Each of our employees has signed an "employee employment contract" with the Company. With respect to ethical management, the regulations to prohibit receiving endowments, rebates or commissions have been specified in the contract. We have also established the "Code of Conduct or Ethics for Employees" and "Code of Conduct for Directors, Supervisors and Managerial Officers."

Anti-Corruption (Report and Complaint System)

The System is established to govern the professional conduct of the directors, supervisors, management personnel, and employees of the Company, and encourage them to strictly observe relevant laws, industry regulations and guidelines, professional ethics, and the rules and bylaws of the Company to create good practices of integrity, diligence and professionalism, and avoid the occurrence of any conduct that may affect the interests of the Company and shareholders, such as acting in violation of ethical management regulations, pursuing improper benefits, and receiving or offering bribes in business occasions.

The reported party may also file a complaint through the same channel for clarification of the facts.

Protection of Privacy and Intellectual Property Rights

The "Intellectual Property Rights Management Regulations" of the Company was established at the 6th meeting of the 23rd Board of Directors and the result was reported to the Board of Directors. The implementation status in 2020 is described below: occasions. The reported party may also file a complaint through the same channel for clarification of the facts.

- (1) Definition of the intellectual property management goals: Reduction of the intercultural property risk in the business operation, improvement of the competitive advantages, and creation of the brand value.
- (2) Establishment of the intellectual property management policies: Prevention and reduction of the intellectual property risk: Implementation of the intellectual property management, establishment of the trade secret management system, enhancement the joint management of the intellectual property risk with the suppliers and external developers, Freedom to Operate Search (FTO), and organization of educational training to enhance the intellectual property protection awareness among the employees.
- (3) Establish regulations: Establish the Intellectual Property Rights Management Regulations and the Trademark Management Regulations.
- (4) Organization of educational training: Provision of the education training on the basic concepts of trademarks, the process for collection of trademark use evidence, and ethical management. A lecture on "Corporate Anti-Corruption" was provided together with the Justice Investigation Bureau in 2020 to share the actual corporate anti-corruption cases, the goals of the corporate anti-corruption, the protection of the trade secrets, and the analysis of the laws and regulations. 33 employees participated in the event. Professor Fa-Chang Cheng of the Graduate Institute of Science and Technology Law, National Kaohsiung University of Science and Technology, was invited to share the "Introduction of the Trading Secrets Act and Trademark Act". He analyzed both acts and the practical issues during the lecture.



▲ "Corporate Anti-Corruption" Lecture



▲ Introduction of the Trading Secrets Act and Trademark Act" Lecture

The protection of privacy and intellectual property rights that the Company implements is described below:

- (1) The Company's employees shall mutually respect personal privacy and shall not spread any rumor or slander. They shall also carefully retain any matters or confidential information known thereby due to their functions. They shall not disclose such matters or information to others or use them for any purpose other than work unless such matters or information are disclosed by the Company or must be provided for the performance of duties. The same shall apply after termination of their employment.
- (2) The confidential information referred to in the preceding paragraph includes the Company's personnel and client information, inventions, business secrets, technical data, product design, manufacturing professional knowledge, financial and accounting data, intellectual property rights, and any other undisclosed information which may be used by competitors or may cause damages to the Company or our clients after being disclosed.
- (3) The Company's employees shall ensure the correctness and completeness of the documented information in any form handled thereby and retain such information appropriately.
- (4) The Company's employees shall protect the Company's data, information systems and network equipment from being stolen, interrupted, destructed and invaded when performing their duties to ensure the confidentiality, completeness and availability of all the data.
- (5) The Company's employees shall abide by the laws related to intellectual property rights. They shall not illegally use or copy any intellectual property protected by copyright, including books, magazines and software.
- (6) Computers are the equipment necessary for the Company's employees. In order to govern the employees' behavior of using electronic equipment, the Company establishes the Information Safety Policy, the Regulations on Use of Software, and the Internet and E-mail Management Rules for our employees.
- (7) The use and development of the Company's software correlate to our daily work. In order to protect intellectual property rights, the Company specifies on our employment agreements that any intellectual property rights of any third parties shall not be infringed.
- (8) Protect customer privacy. We have established the policies and strict internal control mechanism for the information and data that our customers provide to us. All the employees are requested to protect the privacy of the customer properly, and a non-disclosure agreement shall be entered into with the customer and supplier in advance, including our logistics companies with whom an agreement on non-disclosure of personal (customer's) data is entered into.
- (9) We also incorporate the "protection of customer's privacy" in the training courses for new employees when they take office to ensure that, through training and management, all the employees who trade with customers can fulfill their non-disclosure obligations. With the help of the specific control mechanism, there was no violation of the customer's privacy and no damage to the rights and interests of the customer occurred due to the loss of the customer's data.

Legal Compliance

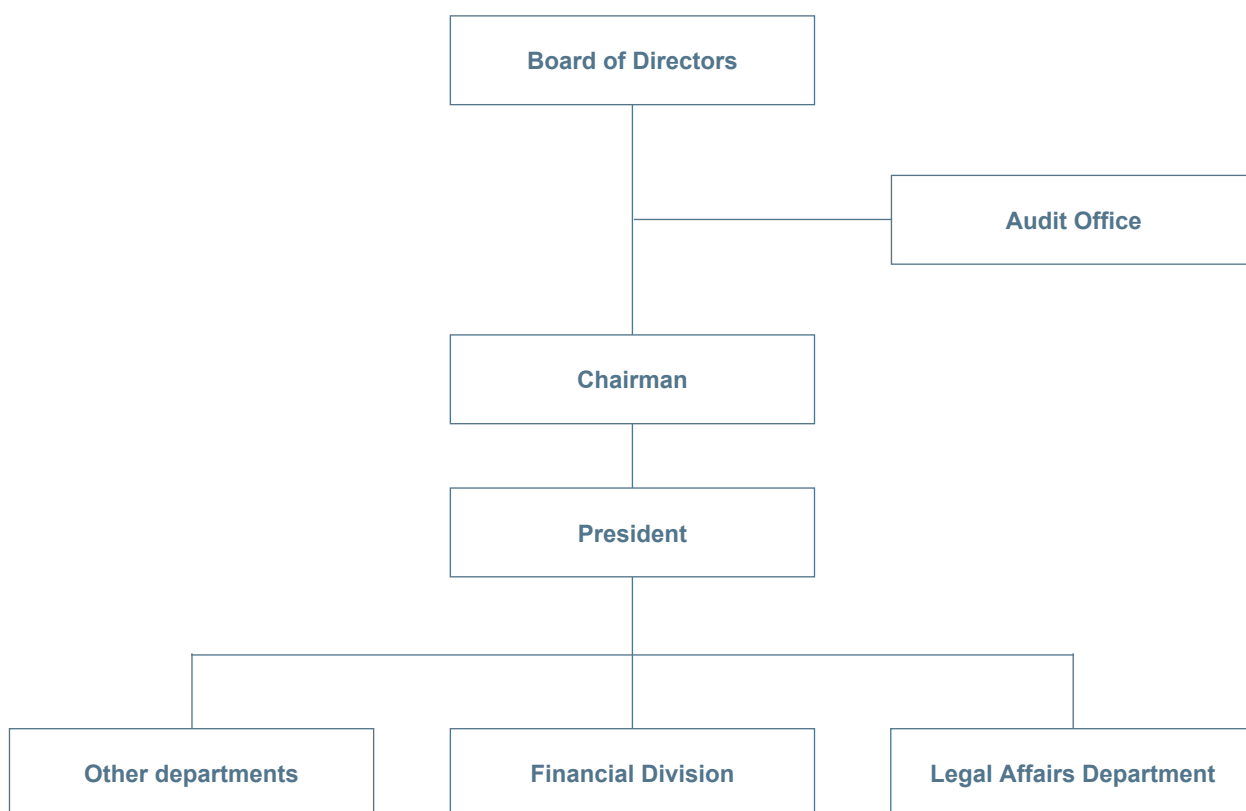
The daily operation of the Company complies with domestic and international laws. Attention is paid to developing domestic and international policies and the changes to the laws and regulations. Relevant information is collected and used as a reference for the management. The 21st Board of Directors of the Company adopted the revised edition of the "Matters Relating to Compliance with Applicable Laws, Regulations, and Bylaws" at its 4th meeting on November 11, 2014 pursuant to Article 13 of the "Regulations Governing Establishment of Internal Control Systems by Public Companies" promulgated by the Financial Supervisory Commission with its Order Jin-Guan-Zheng-Shen-Zi No. 1030036318 on September 22, 2014. In 2020 there was no violation of the laws and regulations with respect to environmental protection and social economy.

Relevant Units and Major Regulations to be Observed					
Unit	Entire Company	Development Department	Engineering Department	Tea Division	Marketing Business Division
Major Regulations	1.Labor Standards Act. 2.Occupational Safety and Health Act. 3.Act of Gender Equality in Employment. 4.Sexual Harassment Prevention Act. 5.Personal Data Protection Act.	1.Spatial Planning Act. 2.Regional Plan Act, Enforcement Rules for the Regional Plan Act 3.Urban Planning Law, Taiwan Province's Enforcement Rules of Urban Planning Law 4.Regulations on Non-urban Land Use Control, Enforcement Directions Governing Use of Non-urban Land 5.Regulations for Examination Operations of Non-urban Development 6.Agricultural Development Act, Enforcement Rules of Agricultural Development Act 7.Regulations for Examining the Application of Structuring Farming Facilities on Agricultural Land, Regulations for the Competent Agricultural Authority to Agree on the Change in Use of Agricultural Land 8.Regulations for Guidance and Management of Recreational Agriculture, Guidelines for the Review of Applications for Building Facilities for Recreational Agriculture on Agricultural Land in Recreational Farms 9.Statute of Industrial Innovation and Enforcement Rules for the Statute of Industrial Innovation, Regulations for Alteration of Land-Use Planning within Industrial Parks 10.Environmental Impact Assessment Act and Environmental Impact Assessment Enforcement Rules, Operational Regulations for Environmental Impact Assessments for Development Activities, Standards for Determining Specific Items and Scope of Environmental Impact Assessments for Development Activities 11.Soil and Water Conservation Act and Enforcement Rules of Soil and Water Conservation Act, Regulations of Soil and Water Conservation, Soil and Water Conservation Plan Review, Approval and Supervision Regulations 12.Slopeland Conservation and Utilization Act and Enforcement Rules of Slopeland Conservation And Utilization Act 13.Directions for Further Review of Miscellaneous Licenses for Hillside Development and Inspection of Construction 14.Regulations for the Appropriation and Allocation of Fees for Alteration of the Use of Agricultural Land, Regulations for the Payment of Fees for Hillside Development 15.Building Act, Building Technical Regulations	1.Building Act 2.Labor safety and health laws and regulations of the Republic of China 3.Standards for Construction Safety and Health Installations 4.Environmental protection laws and regulations of the Republic of China	1.Act Governing Food Safety and Sanitation. 2.Water Pollution Control Act. 3.The Commodity Inspection Act. 4.Commodity Labeling Act. 5.Fair Trade Act. 6.Consumer Protection Act.	1.Customs Act. 2.Act Governing Food Safety and Sanitation. 3.The Tobacco and Alcohol Administration Act.

Risk Management

[Material Topic] Risk Control	
Policy	※We regularly review the production of raw materials, perform incoming material analysis, raw material inspection and analysis, and quality evaluation, analysis and trend prediction, and improve ingredients. Any updates on the regulations and related administrative orders as well as domestic and international food safety news, are conveyed to the employees to reduce food safety risks. ※The Board of Directors serves as the top unit making risk-related decisions and takes the final responsibility for the risk management system and its implementation. It formulates risk management policies and guidelines and oversees the risk management operation of each department. If any risk of crisis is found, the Audit Office makes an immediate report on the risk upon assessment. The coordinator of the crisis management team holds a team meeting to instruct and coordinate with the relevant department and personnel according to the type of the risk in order to find out the truth and come up with solutions.
Commitment	We will avoid any potential loss at an acceptable level of risk exposure according to the Company's operating policy to make every effort to achieve the highest return with the lowest risk, increase our shareholders' wealth, and optimize capital allocation.
Objective	Short-term ※ Identify corporate risks and take preventive actions
	Medium and long term ※ Lower the probability of risk occurrence in business activities ※ Reduce the risk handling cost
Communication/Complaint	Suggestions or complaints may be made to the Legal Affairs Department, Human Resources Department, Secretariat Office of the Board of Directors, Audit Office and Executive Office..
Specific measure	Investment of resources ※ Departments hold meetings regularly to facilitate internal and external communication. Track records ※ The Chairman and General Manager attend the monthly financial meeting to review all the business data to identify operational problems in advance to eliminate potential risks.

Risk management structure



Risk management policy

The Board of Directors is the highest risk decision making organization of the Company. It takes the final responsibility for the risk management system and implementation, and prevents any and all potential losses according to the operating policy of the Company within the scope of acceptable risk exposure. The Board of Directors is also responsible for increase of shareholders' wealth under the prerequisite of balanced risk and return, in addition to optimizing capital allocation, developing risk management policies and guidelines, and supervising individual departments to implement risk management mechanisms. The Audit Office under the Board of Directors is responsible for assessment of the internal control system, measurement of the operating efficiency, and raising proposals in a timely manner.

The "Regulations on Risk Management Policies and Procedures of Taiwan Tea Corporation" was established in 2020 and then submitted to the 8th meeting of the 23rd Board of Directors on November 12, 2020 for adoption to strengthen the audits and prevent unethical conduct. In addition, the implementation status of the risk management in 2020 was reported to directors at the 9th meeting of the 23rd Board of Directors on January 21, 2021.

Risks' impacts and opportunities

Responsible risk management units and their responsibility	
Segment	Responsibility
Board of Directors	The Board of Directors is the highest risk decision making organization. It takes the final responsibility for the risk management system and implementation, and prevents any and all potential losses according to the operating policy of the Company within the scope of acceptable risk exposure. The Board of Directors is also responsible for increase of shareholders' interests under the prerequisite of balanced risk and return in addition to optimizing capital allocation.
Top management (Chairman, General Manager and Assistant General Manager)	1.Implement risk management decisions. 2.Coordinate for inter-department risk management interaction and communication. 3.mplement review of operating outcomes at the monthly business management meeting.
Audit Office	Supervise executive departments to follow the approval authority and related management regulations and procedures. Be responsible for internal control and audit and raise deficiency review reports on an irregular basis to ensure the Company implements effective operation risk management.
Legal Affairs Department	Provide legal advice and take the responsibility for draw-up and review of the Company's external contracts, coordination and handling of litigations, and management of all the trademarks of the Company to protect the rights and interests of the Company.
Financial Division	1.Be responsible for fund procurement for all the business departments and review of the fund utilization status of each business unit. 2.Follow the International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), and the laws and regulations of the government. 3.Assist the competent authority in the annual financial audit. 4.Assist in the review of operating outcomes at the monthly business management meeting. 5.Prepare quarterly and annual financial statements on a regular basis. 6.Report important financial activities to the Board of Directors for reviewing according to relevant regulations and internal control systems.
Department heads	1.Summarize the implementation results of risk management activities. 2.Assist in and supervise risk management activities of each department. 3.Determine risk types and propose risk-taking methods depending on changes in external environment and internal strategies. 4.Conduct performance measurement and coordination after risk adjustment.
Heads of units subordinate to departments	1.Implement routine risk management activities. 2.Conduct self-assessment with respect to risk control activities.

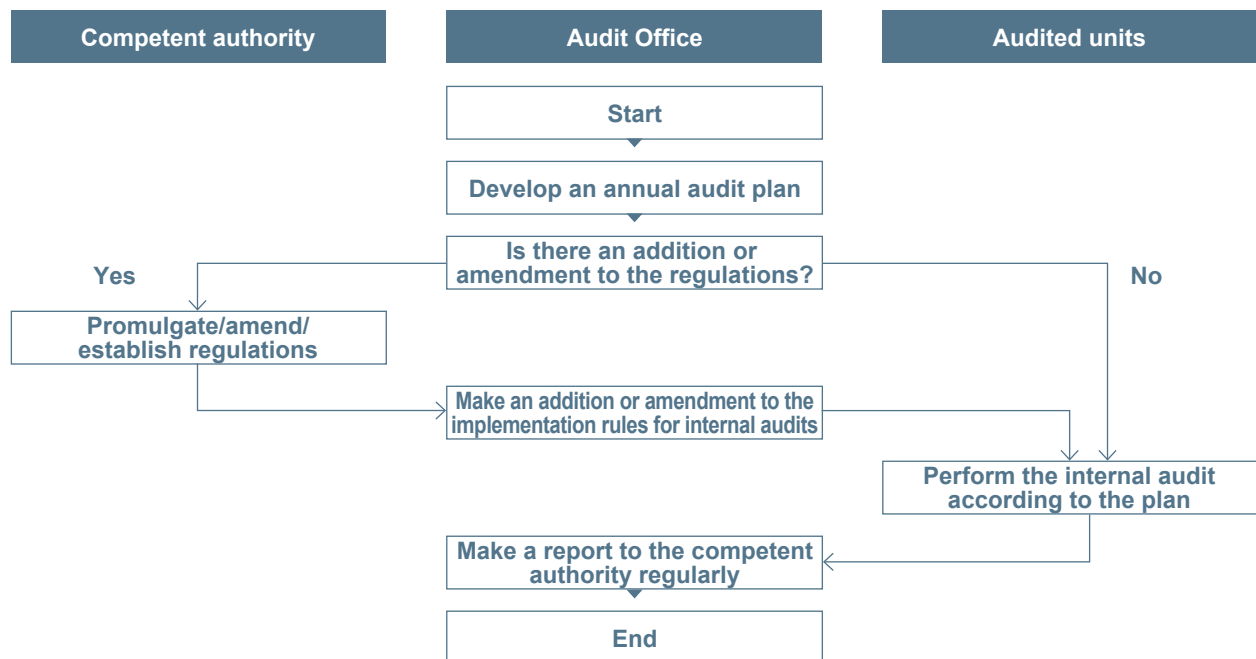
Risks' impacts and opportunities

Risk issue	Impact	Countermeasure	Opportunity
Climate risk	Energy supply	(1) By lowering the carbon emissions and using raw materials produced locally, the fuel consumption and carbon footprint of transportation can be reduced. (2) Laopi Tea Farm in Pingtung uses an Israeli company's water-saving drip irrigation system to save water. (3) In the Company's Laopi Tea Farm located in Pingtung, the nameplate capacity of the solar photovoltaic system installed on the roofs of the new factory and dormitory built in 2019 is 538.47KW, with an annual power generation capacity of around 688,000kWh. (4) The new factory built in Pingtung Laopi Tea Farm in 2019 only uses energy saving tube lights, which helps save at least one-third of the cost for utilities compared to conventional lights. (5) In response to the government's promotion of reducing energy use and carbon emissions, our head office in Nangang replaced the conventional lights in offices with 58 LEDs costing about NT\$0.88 million in September 2019, and a half of the cost was subsidized by the government. It is estimated that the electricity cost can be reduced by around NT\$0.18 million a year, enabling us to recover the replacement cost in less than 3 years. (6) The old boilers fueled by heavy oil and used as heat sources in factories are replaced with low-polluting gas-powered boilers. (7) We prioritize purchasing processing equipment featuring heat recovery and having better heat insulation that prevents heat loss to effectively reduce fuel consumption. Our existing machines and equipment are improved in design or replaced every year. (8) The Company pays attention to the energy consumption of the agricultural machinery and uses energy-efficient agricultural machines to mitigate air pollution.	(1) As we develop our business on the basis of the philosophies, "health, leisure, environment" and "co-existence with the land", the environmental protection issues will make the consumers support the philosophies even more. We have expanded our tea farms in recent years and adopted natural or organic farming techniques to replace the areca trees planted by tenant-peasants. The action has made us the only company in the industry that improves the natural eco-environment and the conservation of water and soil by such a method. It is also an indicator showing our enhanced competitiveness. The Israeli drip irrigation system adopted for soil protection in our Laopi Tea Farm in Pingtung has delivered a significant reduction in the expense for fertilizer, pesticide and personnel. Reducing energy use and carbon emissions can not only mitigate negative environmental impacts, but also lower the utility cost and operating expenses. There are many forest forms and natural ecological areas of native plants in the Company's land lots of over 3,000 hectares, and we are dedicated to planned afforestation in recent years. As a result, the Company has a considerable amount of carbon sink assets. This will be a great advantage for us regarding carbon credits or carbon exchanges.

Risk issue	Impact	Countermeasure	Opportunity
Climate risk	Soil issues	(1) We are devoted to planned afforestation to plant new types of trees in the forests on a yearly basis. Up to the end of 2020, the total area of the Company's afforestation has reached about 475 hectares. In recent years, the Company has spared no effort in the restoration of tea plantations and the expansion of organic tea farms. (2) The Israeli drip irrigation system used to cultivate tea trees in Laopi Tea Farm in Pingtung has lowered the water consumption by 70% and reduced the use and waste of fertilizer, thereby saving the expense for purchasing fertilizer and the wages to workers for applying the fertilizer, and protecting the environment. The coverage rate of the drip irrigation system reaches 100%. Conduct planting management in a quality agriculture manner. Use liquid fertilizer of aerobic fermentation and trace elements to nourish crops. Grow the trees in a vegetative cultivation manner to provide organic materials needed for the crops whenever necessary. (4) Improve the soil structure to minimize the impact of climate change on the crops. Create a harmonious agricultural environment and produce quality products.	Ditto
	Typhoons, floods	(1) Strengthen emergency power supply and back-up mechanisms for information systems. Prepare protective measures for stores, factories and offices whenever a strong typhoon warning is issued. (2) In order to protect the lives of staff and visitors, work and business will be suspended in the event of typhoons or heavy rains that meet the standards announced by the city/county governments. (3) Land and farming areas should be built with enhanced capacity for effective soil and water conservation facilities to improve the ability of land and farming areas to cope with climate risks. (4) A consultation mechanism with experts will be introduced for environmental development and utilization so that the concept of environmental conservation is integrated into the operating system at the planning stage.	(1) A huge amount of trees planted by the Company in recent years and the forests in our land lots not only serve as a source of fresh air and help develop our carbon credit, but also reduce the Earth's temperature and contribute to an eco-friendly and sustainable operating environment in the industry. (2) Afforestation helps prevent soil from being washed away by rain or eroded by wind, thereby avoiding disasters caused by rain and improving water and soil conservation.
Food Safety	Food safety issues	(1) To ensure the quality of the tea leaves we produce, the mechanical farming mode is used in conjunction with the integrated farm management technique, automatized planting technique, efficient irrigation system and technique, and automatized processing technique in consideration of the land-friendly and ecological environment to implement an efficient tea production mode. The planting in the main area of 0.8 hectares started in 2016. The planting of tea in the entire area of 452 hectares was completed in 2020 Q1. (2) The North District Finery Factory passed the certification of the "ISO22000, 2005" and "HACCP" in 2012. All of our tea leaves pass the SGS pesticide residue test. With the production procedures under strict control and the implementation of the control point system, the quality of our tea is trustworthy. (3) The rough and refinery processing factories of Laopi Tea Farm will undergo the "FSSC 22000", "HACCP", "Rainforest Alliance," and "TAP" certification processes in 2021 to ensure the thorough implementation of the food safety management system, strict hazard control and analysis throughout the process from raw material to product, application of control measures at critical control points, and preventive monitoring of the production process. All of our products are subjected to the 473 pesticide residue tests carried out by a third party, SGS, to ensure they meet the national food safety standards and regulations. The tea plantations of the Company will establish TAP certification and some of them have acquired the Tse-Xin Organic Certificate.	(1) The tea leaves we sell are produced in the tea plantations and factories managed by the Company independently. Thus, the quality and safety of our products, from tea cultivation in the tea plantations to tea production at the factories, can be ensured. (2) The Laopi Tea Farm cultivates tea plants that grow on plains, utilizes automated breeding and harvesting equipment, and promotes the management of tea plantations on plains with the aim of replacing Vietnamese tea that may contain pesticide residue with our tea products with stable output and high quality to meet the great demand of bottled drink sellers and beverage stores. (3) The Company's tea factories comply with the food safety regulation and adopt third-party certification systems to make our tea leaves more competitive. (4) Companies that can control the safety of raw materials at their place of origin are most likely to earn the trust of consumers, which unlocks the biggest opportunity for the Company. (5) To sum up, the Company is dedicated to improvement of the product quality and service in a professional and serious attitude to improve the image of the Company.
Market risk	Market competition and climate change will lead to a higher price of tea leaves.	(1) Sale of the tea produced in the tea plantation of Laopi Tea Farm is the core of the business. (2) We provide customized services for large chain store customers and reasonably satisfy the demands of different customers. (3) Laopi Tea Farm is engaged in development of new species, including planting, modern irrigation system, mechanical tea tree breeding and harvesting system, automated tea factory, and investment in other agricultural technologies. We cooperate with beverage manufacturers to development new customized tea products.	(1) Our competitors acquire materials from small farmers or import them, and thus the pesticide, product flavor, and yield cannot be well-controlled. The Company possesses competitive advantages. (2) We have our own tea plantations and factories for management, production, manufacture, and sale of tea products to ensure segmentation from other tea factories in competition.
Financial risk	Interest and exchange rate changes, inflation, bad debts	(1) The Company will pay attention to the market information at any time, judge the trend and make measurements to reduce the impact of the interest and exchange rate changes and inflation on the Company. (2) We stay in close contact and partnership with our banks. The relevant information is reported to the Company's management to identify, assess and avoid financial risks. (3) The Company selects banks with good credit and reasonable interest rates. (4) Customer credit management guidelines are established to allow the business units to score our customers. The score is used as a reference when offering a credit line and payment terms based on the approval authority.	(1) We can avoid foreign exchange losses resulting from a payment term that is too long and use funds in the same currency (if any) to repay loans so as to minimize the exchange rate difference arising from a settlement. (2) We visit our customers on a regular basis to create opportunities to develop new customers or boost sales. A payment collection notice is sent to the sales representatives to collect payments as soon as possible to avoid overdue payments. (3) If the market interest rate increased/decreased by 0.1%, the profit or loss in the entire year decreased/increased by NT\$5,743 thousand; the changes in exchange rate and inflation did not have a significant impact on the Company.
Information security and cyber risks	External factors (e.g. power failure, natural disasters, etc.) or intentional human destruction result in simultaneous equipment failure.	(1) All of our core information systems are installed with dual redundancy equipment to reduce the risk of out-of-service due to failure of the hardware. Nevertheless, the redundancy function may be affected by external factors (e.g. power failure and natural disaster) or sabotage. Therefore, we set up software and hardware capable of preventing malware or cyber attack, store backup data remotely, and conduct an annual drill for restoring the backup data. (2) Relevant information guidelines are developed and information security training programs are carried out regularly.	The Company is dedicated to protecting the information assets from any threats or destructions, regardless of whether they are internal/external or intentional/accidental, to reduce the probability of information security incidents and ensure that the risk arising from management incidents is reduced to the acceptable level, to maintain the Company's operation.

Internal audit

Internal audit process



The Audit Office of the Board of Directors is responsible for assessing the Company's internal control system and measuring the operating efficiency. It proposes the upcoming year's audit plan at the end of each year. After the Board approves the audit plan of Directors, the Office of Audit Service audits each unit based on the transaction cycle in each month. A report will be delivered to the independent directors before the end of the next month and submitted to the Audit Committee and Board of Directors. Follow-up reports are prepared on a quarterly basis.

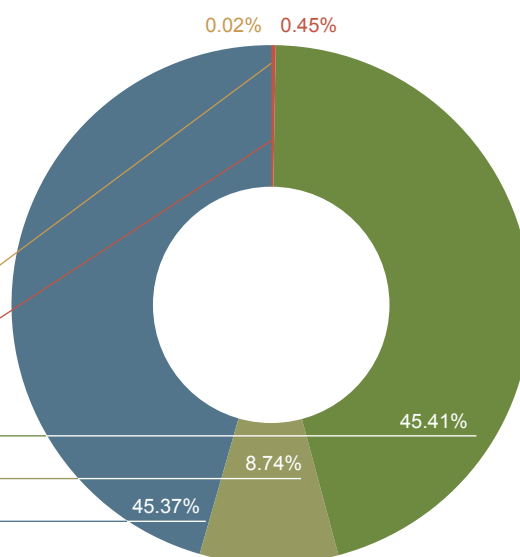
Transaction cycle	Audited unit	Item
Property, Plant and Equipment	Administration Department, Assets Department, Development Department, branch offices	※General asset change management and records (checklist and inventory) ※Land change management and records (checklist and inventory) ※Land accounting management ※Lease management and rent collection ※Insurance ※Asset management guidelines
Production	Tea Division	※Purchase requisition and procurement ※Cost calculation ※Sales payment collection
Trading	Marketing Business Division, Interior Installation Engineering Department	※Credit and accounting control ※Procurement, payment requisition, payment ※Sales payment collection ※Stock management
Payroll and personnel	Human Resources Department	※Personnel appointment/dismissal, attendance and reward/punishment management, performance evaluation, personnel management rules, pensions, labor and health insurance, tax withholding
Investment	Financial Department	※Investment assessment ※Securities inventor
Financing	Financial Department	※Financial statement preparation and management, accounting consistency ※Cashier procedures
Subsidiaries	Financial Department, subsidiaries	※Review and analysis of the subsidiaries' financial statements ※The subsidiaries' audit reports
Compliance with laws and regulations	Entire Company	※Matters in compliance with laws and regulations
Compliance with the Ethical Management Best Practice Principles	Directors, top managerial officers	※Ethical Corporate Management Best Practice ※Principles for TWSE/GTSM Listed Companies
Board of Directors/ Audit Committee	BOD Secretariat Office	※Operation of the Board of Directors ※Operation of the Audit Committee ※Directors and managerial officers' remuneration and the operation of the Compensation Committee
Information	Entire Company	※Information security ※Disaster drills ※Operation authority review ※Internal authority review

Shareholders' meeting

The Company is a listed company and regularly holds annual meetings of shareholders pursuant to the Company Act and relevant laws and regulations. The Company's annual meetings of shareholders are held in accordance with the Rules of Procedure for Shareholders' Meetings. The shareholders have the right to take part in the decision-making on material matters and the election of the Board of Directors' members. All the information related to the Board of Directors is disclosed on the Market Observation Post System and the Company's website.

2020 Structure of shareholders

- Government
- Financial projects
- Other juridical persons
- Foreign corporation and individual
- Individuals



Structure of shareholders

	Government	Financial institution	Other corporate shareholders	Foreign corporation and individual	Individuals	Total
Number of personnel	23	101	646	139	94,922	95,831
Shareholding	169,365	3,564,241	358,759,936	69,056,644	358,449,814	790,000,000
Shareholding ratio	0.02%	0.45%	45.41%	8.74%	45.37%	100.00%

Note: The company listed in Taiwan as a primary TWSE-listed or TPEX-listed company or registered as an emerging stock company shall disclosed the shareholding ratio of the investors from Mainland China; investors from Mainland China mean the nationals, corporations, groups, other institutions or their investees in any third areas specified in Article 3 of the Regulations for Permission of Mainland Chinese Investment in Taiwan.

Dividend Policy

Year	Cash dividends
2020	No dividends
2019	No dividends
2018	0.3

The company's dividend policy in considering the future need for funds and meet the requirement: If the Company has a profit at the year's final accounting, it shall first pay the income tax and make up any cumulative losses in accordance with laws, and then make a 10% contribution of the balance to the legal reserve, unless the legal reserve reaches the amount of the Company paid-in capital, and also make provision/reversal of special reserves pursuant to laws. The residual balance shall be added to accumulated undistributed earnings as earnings to be allocated that may be retained by the Board of Directors, depending on operational requirements. The Board of Directors shall also draft a motion for allocation of the residual balance plus the undistributed earnings, and submit the same to a shareholders' meeting to resolve whether shareholder bonus shall be allocated.

The Company may allocate shareholder bonus in cash or shares, and the dividend in cash shall not be less than 10% of the total shareholder bonus.

2020
Corporate Sustainability
Report

CH2 Products and Services

- 2.1 Technical Tea Farm
- 2.2 Food Safety
- 2.3 Supplier Management
- 2.4 Local Procurement
- 2.5 Customer and Consumer Service
- 2.6 Awards and Certifications
- 2.7 Product Innovation

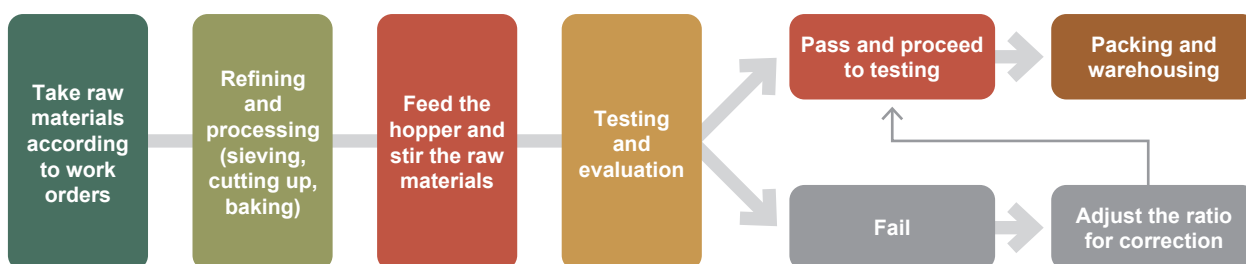
Xiong Kong Tea Plantation

CH2 Products and Services

We value the quality and hygiene of our products beyond all things. Our products are produced under the strictest control and supervision. Their quality is also ensured through external verification. TTC applies high standards to the production and manufacture of products complying with food safety regulations. With such a strict control mechanism, we did not incur any related penalty in 2020. By adopting the said approaches, the safety of our products is guaranteed to allow the consumers to use them safely.

During the production of the products, to ensure their quality, hygiene and safety, we implement hygiene control in the relevant environments, factories and facilities and conduct health management for the personnel according to the ISO 22000. In addition, the products are tested in the food safety laboratory for measuring moisture in tea leaves and performing sensory evaluations. The quality control is carried out by taking the seven production steps shown in the following graph. In response to the pesticide residue issue in tea leaves concerning the consumers the most, we commission SGS (SGS Taiwan Limited), a trusted entity, to conduct relevant tests to ensure the products' quality.

QC Acceptance Process



To meet our product quality standards, we established the quality requirements in early 2020. The details are shown as follows:

2020 Quality Goals	
Team	Quality Goals
Quality Control Department	24 hygiene defects during hygiene inspections per year
(Rough) Production Team	3 foreign matter contamination incidents/month
(Refinery) Production Team	2 customer complaints/month
Storage and Transportation Section	3 abnormal returns or exchanges/month
Procurement Section	5 abnormal incidents related to raw materials/month



2.1 Technical Tea Farm

Traditional tea farms require manual checking and picking as the area for cultivation is limited or the relief is high and thus, such tea farms are labor-intensive. As a result, the lack of labor becomes the biggest worry for the tea farms in Taiwan. If we want to maintain the tea industry in Taiwan, we have to make a shift towards mechanization and smart transformation.

TTC engaged in technical cooperation with the Institute for Information Industry (III) and Netafim, the world's largest automatic drip irrigation equipment supplier in Israeli, to introduce big data technologies, drip irrigation equipment and automatic technologies in order to make Laopi Tea Farm in Pingtung to be the first smart tea farm in Taiwan. In 2020 Q1, the cultivation of tea in the whole farm was completed, and the brand-new automatic tea factory was officially put into service in the middle of 2020.

For the mechanization, large-size agricultural machinery was introduced at Laopi Tea Farm. Take the transplantation of tea saplings as an example. The number of tea saplings transplanted using a transplantation machine can increase tenfold compared to that transplanted manually.

With regard to the smart transformation, in addition to the collaboration with Netafim in adopting the smart drip irrigation equipment, we also had 14,000 drip holes per hectare to precisely drip the liquid fertilizer and water needed by tea seedlings, thereby reducing nearly 70% of water consumption and 50% of fertilizer usage.

Moreover, with the 6 miniature weather stations and soil sensors used to monitor the temperature and moisture content of different plots, rainfall, wind speed, and conductivity (a parameter affecting plants' absorption of water and fertilizer), the system can automatically analyze the cultivation conditions most suitable for each plot. In case of rain, the drip irrigation equipment will automatically stop watering to avoid water waste.

Stock Management Process on the Smart Agri-management Platform



We also adopted the field dispatching application developed by the IIL. Our employees use the app to clock in/out. The information about their absence from work or overtime and the progress of each work group is presented in real-time to fully grasp the planting schedule of every plot. This app serves as our ERP system for field management connected to the Smart Agri-management Platform.



In recent years, people in Taiwan have paid more attention to food safety issues. The Company has developed an app called Plant Health Doctor 4.0 to analyze big data and record the production process from field to table to achieve a seamless transition from farms to factories. This app can also keep a record of detailed field operations and identify the best management model by utilizing the backend analysis data. As long as producers do the right things and consumers can directly access the information they need through technologies, relevant risks can be reduced and the consumers' confidence and stickiness can be increased.

Plant Health Doctor 4.0	
Main functions of the app	This app can help achieve a seamless transition from farms to factories, record field operations in detail, and identify the best management mode by utilizing the backend analysis data.
Benefits	Traditional agricultural industries have advanced. Farmers can use technologies for sales management to enhance the reliability of production records and improve consumers' confidence to enable the general public, as the consumers, to know the origin of the food they eat. The platform allows the farmers to manage their production and marketing processes in a one-stop manner. The information about the planting processes can be gathered to create a data analysis mode to facilitate data management. The whole process can also be recorded so as to gain experience in cultivation and share agricultural knowledge with others to discuss problems together.
Application	Technologies are applied to agriculture. Consumers can fully understand the process from the field to the table through the production and marketing platform using a cloud service. Field production management can be realized by downloading the app.
Remarks	As people in Taiwan have increasingly cared about food safety in recent years, TTC utilizes big data technologies to record the production process from field to table. As long as producers do the right things and consumers can directly access the information they need through technologies, relevant risks can be reduced and the consumers' confidence and stickiness can be increased.

2.2 Food Safety

[Material Topic] Food Safety and Quality Control	
Policy	We persist in our efforts to ensure our products' quality throughout the from-farm-to-table process. All hazardous factors are controlled in every step, including physical, chemical and biological hazards. Our tea farms, rough processing, refinery processing, raw material acceptance, sensory evaluation, inspections and analyses, storage, transportation, and marketing are under systematic management according to the Hazard Analysis and Critical Control Point (HACCP) System to offer consumers safe and quality products.
Commitment	TTC will stick with the initial goal, pursue innovation, ensure quality and provide customers with safe products.
Objective	Short-term 1. Carry out employee training to improve their skills and techniques. 2. Have efficient monitoring measures and conditions to prevent, reduce and eliminate the factors that may cause hazards in food products. 3. Test raw materials batch by batch and attach a label on products after they are tested or offer the products along with the SGS test reports.
	Midterm 1. Conduct pesticide residue testing thoroughly to have all the products meet the standards. 2. Implement the digital/smart adjustment for quality control with tea inspectors assisting in correction to provide products and services with stable and high quality
	Long-term ※ Introduce a digital food safety and quality control system to reduce human management errors
Communication / Complaint	Suggestions or complaints may be made to the Tea Division or Public Affairs Office
Specific measure	Investment of resources ※The Tea Division appointed 20 production and R&D personnel to develop the [Smart Agri-management Platform System for Farms] to ensure pesticide safety at the initial stage and keep the quality stable.
	Track records ※ In the tea industry, we were the first to plan out the revision of the ISO 22000:2018 and the introduction of the FSSC 22000 certification in 2019.

My Safety Net :
https://pse.is/vg29d



Given the food safety incidents in recent years, we officially launched an ISO22000 certification guidance program in 2010 and passed the certification in 2012. The rough and refinery processing factories of Laopi Tea Farm will undergo the certification process in 2021. To upgrade TTC's quality and food safety system, we took the lead to adopt the revised ISO22000:2018 and introduced the FSSC 22000 certification system in 2020.

TTC not only is persistently dedicated to its tea business, but also takes the quality and safety management of the products' packaging materials seriously. All the (SGS) pesticide residue testing results of our tea leaves are disclosed in the TTC section on My Safety Net for the public's reference.

Pursuant to the Act Governing Food Safety and Sanitation, the Company built a food safety laboratory in 2016 to protect the health of the consumers.

■ Establishment of the laboratory: It was put into service in 2016.

■ Laboratory planning:

The food safety laboratory is intended for the measurement of the moisture in tea leaves (Picture 1) and sensory evaluation (Pictures 2, 3). To improve the reliability of the pesticide residue testing, SGS is commissioned to test our products batch by batch every year, and relevant records are kept for future reference. On top of that, a water quality test is conducted in our factories annually and the instruments and equipment are calibrated internally (once/six months) and externally (once/year).

■ Capital expenditure of new equipment in 2020:

A desktop vacuum packing machine and a chest freezer with a lift-up door in the QC Office, totaling NT\$27,619.



(Picture 1)



(Picture 2)



(Picture 3)

Laboratory-related expenses and the percentage thereof to the net operating revenue			
Year	Total net operating revenue	Laboratory-related expenses	Percentage
2020	311,765,596	6,059,060	1.94%
2019	298,997,673	7,011,805	2.35%
2018	254,236,578	7,322,532	2.88%

Addition of laboratory equipment over the years		
Year	New equipment	Expenditure
2020	Desktop vacuum packing machine	20,000
	Chest freezer with a lift-up door	7,619
2019	Water cooled grinder	32,000
	Moisture analyzer	42,857
	BUNN tea brewer in the cold drink laboratory	42,200
	Ice maker in the cold drink laboratory	68,000
	Stainless steel cabinet in the cold drink laboratory	103,429
2018	Moisture analyzer	42,857

Batch-by-batch testing method

Taiwan Tea Corporation has used the highest standards to ensure food safety. SGS is commissioned to conduct multiple pesticide residue tests for our tea leaves. The samples in line with our quality standards are selected from the raw materials (such as Ceylon tea, Indian tea, etc.) to be purchased and the tea leaves of our tea farms through sensory evolution and then sent to SGS for testing. We purchase the raw materials and make a registration with truthful information on the food business registration systems "Fadenbook" and "Ftracebook" only when they pass the tests.

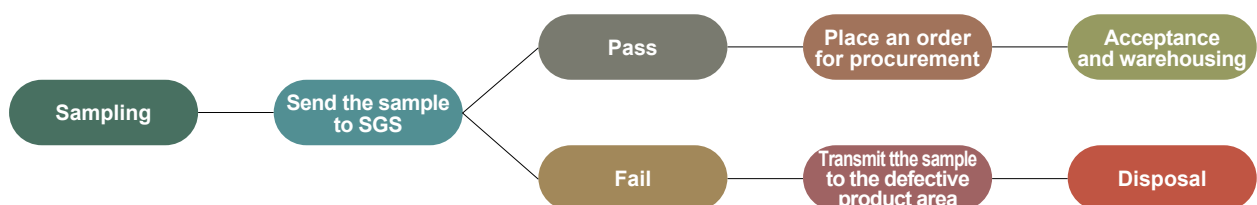
Every batch of incoming raw materials and finished goods is sampled for testing regardless of how many batches there are. After each batch of tea leaves undergoes a series of inspections and passes the tests, the tea leaves may be packed for sale. Serial numbers are indicated on our products for the consumers to check pesticide residue testing results. We also conduct biological assays on an on-demand basis before releasing our products. TTC spends over 1 million NT dollars on inspection annually to test 236 products a year on average. Most businesses inspect a set percentage of their products before or after acceptance. There are no specific requirements. We mark the products that failed the tests and send them to the accounting personnel of the Administration Division for the disposal process. The batch-by-batch testing method that we have adopted for years is the most rigorous testing approach in the industry. In 2020, 269 products underwent inspections and up to 99.2% of them passed tests. Over the last five years, we had a total of 1178 tea leaf products sent to SGS for testing.



See the website index at

<https://ftraceindustry.fda.gov.tw/>

Product Testing Process



2.3 Supplier Management

[Material Topic] Supplier and Traceability Management		
Policy	1.We source from more local suppliers 2.Regular supplier evaluations are implemented every year according to the ISO programs. Suppliers whose indicator scores are too low will be screened out to keep the remaining Grade A suppliers. 3.We use the products in line with international standards if possible.	
Commitment	We will ensure food safety, maintain local food source management and product traceability management, and pay close attention to the news related to food safety regulations	
Objective	Short-term	• Achieve a 3 percent cost reduction in procurement per year • Increase the number of backup suppliers every year
	Medium and long term	• Ask the suppliers to provide the certificates issued by SGS, OHSAS, HACCP, ISO, BRC, FSC
Communication/Complaint	Suggestions or complaints may be made to the Procurement Section or relevant units	
Specific measure	Track records ※We evaluate the quality, delivery performance and after-sales service of the suppliers that we often cooperate with once a year ※In 2020, 175 suppliers were evaluated, accounting for 50% of our total suppliers. The Company assessed the quality of their materials, their delivery performance, cooperation with us, after-sales service and environmental/safety and health compliance. All of the suppliers passed the evaluation.	

Supplier Selection Criteria

- (1) Qualified professional contractors are commissioned for the construction works taken by the Interior Installation Engineering Department or to supply materials or equipment for the works. The quality of the construction, materials or equipment should meet the requirements specified in the clients' contracts to ensure construction quality. We may outsource construction technologies, materials, equipment and responsible construction projects.
- (2) To become our suppliers, all suppliers must undergo an on-site evaluation conducted by our personnel to assess their qualifications and should have their "corporate licenses or factory registration certificates" or other relevant legal supporting documents issued by the government. If the suppliers do not meet the qualifications, they will be screened out. The procurement and relevant units evaluate the suppliers that pass the initial assessment to decide if they are eligible for transactions based on their capacity, production technologies, quality control, product quality, delivery performance, financial status, after-sales service, etc.
If the suppliers that we have worked with are considered to have good reputation and after-sales service, reasonable prices, stable quality and no history of bad delivery upon assessment, we may engage in long-term cooperation with them as needed.
The procurement unit arranges an evaluation for our qualified suppliers at the end of every year to evaluate their product quality, delivery performance, product price, cooperation with us and after-sales service. The suppliers that pass the evaluation remain, and those that fail it are eliminated.
- (3) The increased awareness of environmental protection and food safety has driven suppliers to make a gradual shift to using eco-friendly biodegradable natural raw materials that can be decomposed naturally in nature through a burial process, thereby reducing environmental pollution and body burden. The contractors collaborating with TTC in development projects include the professional consultant teams at planning and design stages and the civil engineering contractors, water and soil conservation service providers and architectural contractors at the construction stage. To ensure good project outcomes and quality, a project team selection mechanism is established, which is briefly described as follows:

(1) Management mechanism for consultant teams

A consulting team is responsible for project assessment, planning, delivering proposals and presentations, reviews, and preparing and publishing statutory documents. It should appoint a professional project manager to manage all the documents and control the outcome and quality throughout a project.

At the initial stage of the selection process for the consulting team, we assess consulting firms' qualifications including the level for the technical evaluation for engineering consultants, licenses for civil engineering, water and soil conservation engineering and architecture, past project designs, project achievements, as well as the educational background and working experience of their members, and also inquire local competent authorities about the firms' performance, to not only eliminate unqualified firms, but also make sure that our development team members are fully qualified and can provide above-average performance.

During the planning process, a project manager having experience in urban and rural planning, architecture, engineering and environmental engineering is responsible for monitoring and integrating the proposals of the contractors in the team, including the core tasks, to-do items and commitments in the project, to ensure that the project items are in line with the set development goals and the competent authority's document review requirements. A coordination and communication channel is also built between the consulting firm and the contractors and builders.

(2) Management mechanism for contractors and builders

To have good construction quality and ensure the contractors' capacity on implementation, we evaluate the contractors based on their comprehensive construction business level, total capital, recent project achievements, the quality of the projects they have done with us, and cooperation willingness to select the qualified contractors. Material and machine requirements, construction management conditions (construction safety, construction hygiene, traffic and environmental management), inspection items for construction quality control, and countermeasures against natural disasters are set forth in construction contracts according to the nature of projects. Quality control is performed in stages through pre-planning, specifying contractual requirements, supervision during construction, and acceptance upon completion to ensure that the construction works are completed as scheduled.

Traceability management

In addition to adopting the ISO 22000 certification system, the information related to our products is uploaded to the Food Traceability Management Information System every month to achieve food safety. The products are traced and managed with batch numbers. The traceability status of our products in 2020 is shown as follows:

Product Traceability in 2020			
Product	Voluntarily/ As required by regulations	Traceability management	Percentage to total products
T1101110 Sri Lanka Black Tea FOP	As required by regulations	The product-related information was uploaded on the Food Traceability Management Information System (Ftracebook) every month. The products made from the raw materials were traced and managed with batch numbers.	2.53%
T1101109 Sri Lanka Black Tea FOP	As required by regulations		6.54%
T1101210 Sri Lanka Black Tea Flakes BOP1	As required by regulations		4.04%

Supplier evaluation

TTC evaluates its suppliers once a year. The number of suppliers evaluated has been increased substantially since 2019. The material quality, delivery performance and cooperation willingness of all the suppliers undergoing the evaluation meet our requirements. By carrying out the evaluation, we show the suppliers how much we care about the quality and safety of food products.

Table Supplier Evaluation Result						
Year	Evaluation frequency	Number of evaluated suppliers	Total suppliers	Supplier evaluation rate	Evaluation item	Pass rate (%)
2020	Once a year	175	350	50%	Material quality, delivery performance, cooperation willingness, price, after-sales service, environmental/safety and health compliance	100
2019	Once a year	156	351	44%	Material quality, delivery performance, cooperation willingness	100
2018	Once a year	54	359	15%	Material quality, delivery performance, cooperation willingness	100

2.4 Local Procurement

[Material Topic] Food, Health and Nutrition		
Policy	Many scientific studies demonstrate that tea leaves can contribute to our good health. We improve our existing products and actively look for raw materials for compound products. The formulas for our products feature natural flavors and contain no spice or essential oil. We also keep track of the situation in the markets and hold regular meetings to track product development progress.	
Commitment	We will ensure traceability management to provide assurance. Food Traceability Platform : https://ftraceindustry.fda.gov.tw/	
Objective	Short-term	Create tea formulas with health benefits continuously.
	Medium and long term	Develop tea extract products beneficial to health.
Communication/ Complaint	Suggestions or complaints may be made to the Technical R&D Department of the Tea Division	
Specific measur	Investment of resources We develop health products and give priority to the products receiving the approval of international accreditation bodies or in compliance with international standards when making purchases.	



The Company prioritizes the procurement of all products from the suppliers in Taiwan, including production machinery and equipment, vehicles, raw materials, packaging materials, appliances at stores, office equipment, agricultural equipment in tea farms, agricultural materials, etc. We only purchase equipment or machines from overseas when they are unavailable from local suppliers (e.g. riding-type tea harvesters, drip irrigation tubes). In 2020, the percentage of the products purchased by the Company locally and from overseas was 95.3% and 4.7%, respectively.

Procurement Ratio by Business Locations in 2020							
Head office	Sanxia Branch Office	North District Finery Factory	Daxi Tea Factory	Miaoli Branch Office	Nantou Branch Office	Pingtung Branch Office	Total
4.78%	0.66%	0.01%	0.56%	1.55%	5.42%	87.02%	100%

Procurement of FSC-certified Products

Year	Amount	International accreditation or standardization bodies	Procurement percentage
2020	\$6,350,507	FSC	1.71%
2019	\$3,851,376	FSC	0.94%
2018	\$4,169,676	FSC	1.35%

The majority of the healthy meals served at the Daxi Old Tea Factory and the Sun Moon Lake Antique Assam Tea Farm are made from low-mileage local produce, which is the mainstay of our natural cuisine. Since we emphasize the importance of "eating at the right time," the menu features seasonal and local ingredients to offer meals made of natural and non-toxic fruit and vegetables and reduce food miles while allowing tourists to enjoy the freshest and organic food.

The Company not only focuses on food safety and quality, but also hopes to make efforts to protect the Earth. In the last three years, TTC commissioned the printing companies using FSC-certified paper to produce packaging for our products, and the total purchases amounted to NT\$14,371,559.

Statistics on Products Certified by International Bodies

Year	Procured items	Amount	International accreditation or standardization bodies	Procurement percentage
2020	PET mesh 2514S Cotton yarn - PP yarn246 Nonwoven fabric 1206AP-S PLA thread PLA mesh PP woven bags (green/red) Aluminum foil bags/PET bags Meeting handbooks/annual reports Packaging material - Cardboard boxes Packaging material - Colored boxes Packaging material - Stickers Packaging material - Gift boxes Packaging material - Handbags	\$14,442,590	SGS HACCP FSSC ISO_14001 ISO_9001 ISO_22000 FSC	3.90%
2019	PET mesh 2514S Cotton yarn - PP yarn246 Nonwoven fabric 1206AP-S PP woven bags (green/red) Aluminum foil bags/PET bags Meeting handbooks/annual reports Packaging material - Cardboard boxes Packaging material - Colored boxes Packaging material - Stickers Packaging material - Gift boxes Packaging material - Handbags	\$9,081,210	SGS HACCP FSSC ISO_14001 ISO_9001 ISO_22000 FSC	2.23%
2018	PET mesh 2514S Cotton yarn - PP yarn246 Nonwoven fabric 1206AP-S PLA thread PLA mesh PP woven bags (green/red) Aluminum foil bags/PET bags Meeting handbooks/annual reports Packaging material - Cardboard boxes Packaging material - Colored boxes Packaging material - Stickers Packaging material - Gift boxes Packaging material - Handbags	\$8,548,484	SGS HACCP FSSC ISO_14001 ISO_9001 ISO_22000 FSC	2.77%

2.5 Customer and Consumer Service

TTC ensures food safety for the consumers to maintain their health. Improvements and adjustments are also made according to the feedback from them. The Company has taken the products and services seriously and adhered to ethical marketing. The information transparency and safety of our products and services are ensured throughout the R&D, procurement, production, operational and service processes by formulating and disclosing the consumer policies of the products and services. Up to now, there has been no violation of laws and regulations in the provision and use of our products and services.

Consumer protection

[Material Topic] Product Labelling		
Policy	The R&D and QA units keep track of all changes in the laws and regulations to display information about our products on their packages as per the laws.	
Commitment	We will meet customer expectations, provide truthful information on our product labels pursuant to laws, follow and control the whole process from tea cultivation, picking to production, respond to customers' feedback, and clearly indicate the products' place of origin, tea source, and factory. The whole process from tea cultivation, picking, to production will be under the control of TTC's tea factories (Our organic tea farms will be free of chemical fertilizer or pesticide. The Plant Health Doctor app will be used for the monitoring and control of pesticide usage in the conventional tea farms). Our products' place of origin, tea source and factory will be clearly displayed and all the tea products will pass the SGS tests. The packages for our packed tea will be designed to be eco-friendly by using food-grade PLA paper that is biodegradable.	
Objective	Short-term	※ Provide truthful information on product labels as per laws and regulations
	Medium and long term	※ Increase customer satisfaction on a continuous basis
Communication/ Complaint	Suggestions or complaints may be made to the Tea Manufacture Department of the Tea Division, Marketing Department and Public Affairs Office	
Specific measure	Investment of resources ※ We keep our eyes on any changes in the laws and regulations related to product labeling Track records ※ The production process of our products is under control from the beginning. The clear and correct information about our products is visible to our customers through product labeling. ※ We provide our customers with the suggested product preservation methods and assure them of the product quality by telling them that all of our products passed the SGS certification tests and pesticide residue tests.	

- (1) To further develop our core business of tea leaves, we expand the planting area in our tea farms year by year and work together with the Tea Research and Extension Station to improve our tea cultivation and production techniques. In addition, a tea leaf safety system is built by obtaining the certification of the Tse-Xin Organic Agriculture Foundation and traceability certifications.
 - All the raw materials that we outsource undergo the "Standard Procedure for the Inspection and Management of Incoming Materials" and meet the requirements and regulations of the CNS and Act Governing Food Safety and Sanitation. Our raw material suppliers must provide the relevant test reports on a regular basis, such as the test reports for pesticide or heavy metal in the raw materials and heavy metal, plasticizers or fluorescent brighteners in the packaging materials.
 - In 2014, the Company started to progressively cancel the sale of imported tea leaves and shifted towards integrating the production, manufacturing, and sale for food safety.
- (2) The goods of our suppliers must comply with the "Commodity Labeling Act" of the Ministry of Economic Affairs, the "Act Governing Food Safety and Sanitation and its Enforcement Rules" of the Department of Health, the "Fair Trade Act and its Enforcement Rules" of the Executive Yuan, and other relevant government regulations. The suppliers should also take full responsibility for the matters related to their goods.
- (3) The Company's products or the goods that we sell as an agent surpass (comply with) the health and safety regulations. 0800 toll-free customer service or complaint hotlines are in place to provide timely service and assistance and protect the interests of the consumers.
- (4) The Company assures product safety, protects the consumers and forbids the sale of controversial products.

Customer Service

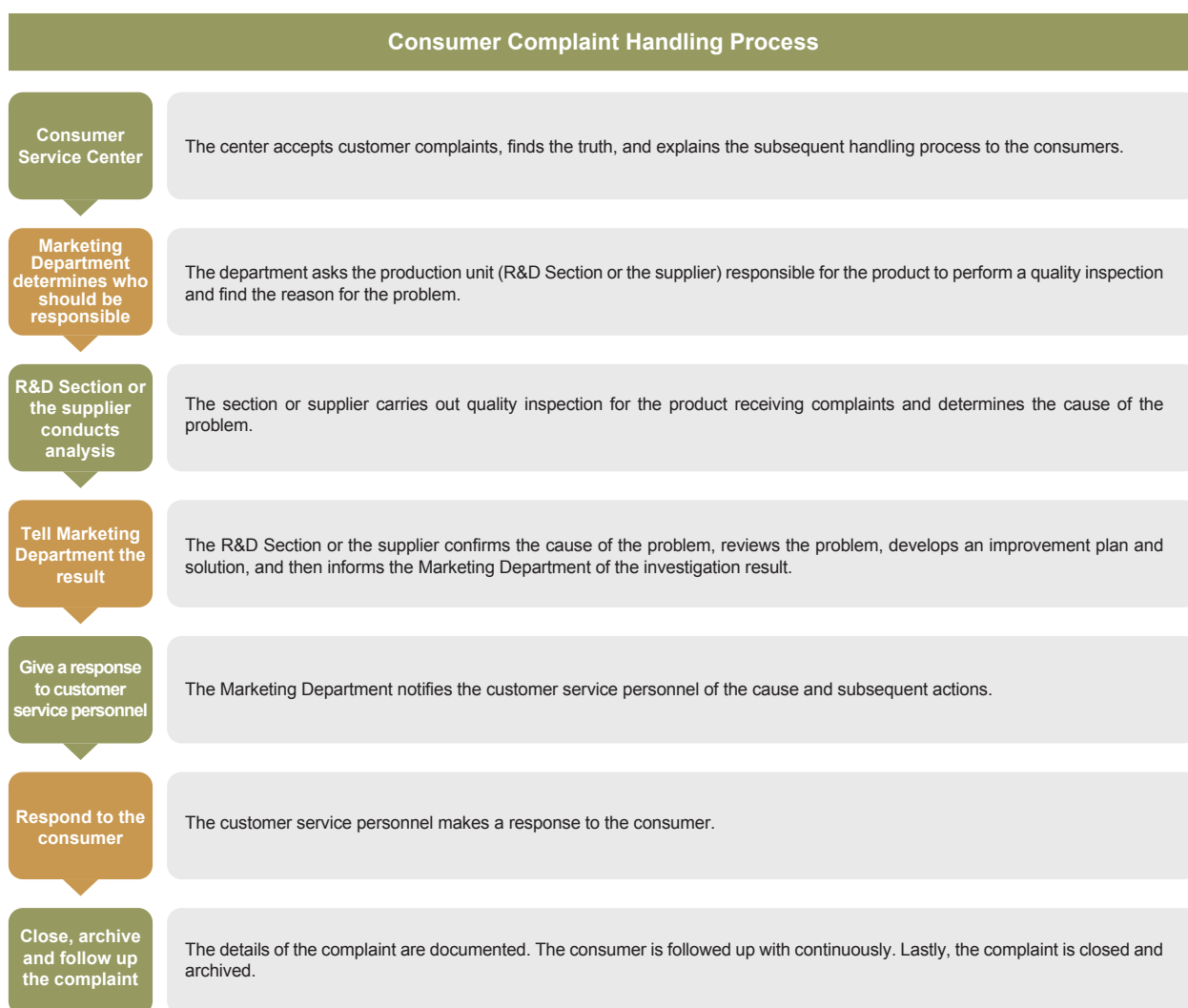
[Material Topic] Complaint and Communication Mechanisms (for Customers)		
Policy	Our online platforms offer customer service mailboxes and hotlines to receive consumers' questions. These questions are reported to relevant units to provide solutions or make improvements to deliver the best service with the highest quality to the consumers.	
Commitment	We will protect our customers' rights, prevent problems and optimize customer service efficiency so as to effectively use customer feedback and market trends as a reference to improve quality.	
Objective	Short-term	Enhance the training for our frontline employees and customer service personnel continuously
	Medium and long term	Follow up with customers individually and reduce the customer complaint rate Boost the revenue and improve the corporate image and customer satisfaction
Communication/ Complaint	Suggestions or complaints may be made to the customer service personnel, Marketing Department and production units	
Specific measure	Service mailboxes and phone numbers or 0800 customer service hotlines are provided on the websites of TTC and its recreational sites to facilitate the customer complaint process. The Marketing Department first confirms the problems of different products with the R&D Section or the supplier, finds out the causes for the problems, draws up improvement plans, and then keeps the complaint forms for follow-up after responding to the customers.	

Meeting our customers' needs is our first priority. To specifically satisfy their requirements and respond to their expectations, we hold a business meeting every week to review the customer feedback rate and satisfaction. The frontline sales representatives and assistants must report on the customers' needs, develop corresponding improvement plans, and follow up the implementation to ensure that all the consumer satisfaction goals are met.

Our customer satisfaction indicators reflect our product quality, delivery performance, and after-sale service and our performance in fulfilling our corporate social responsibility. Recently, food safety and labor safety issues have drawn the attention of the global supply chain and corporate clients to labor rights, environmental management, and energy management. As such, we set up a dedicated department to regularly gather TTC's CSR information for communication and response.

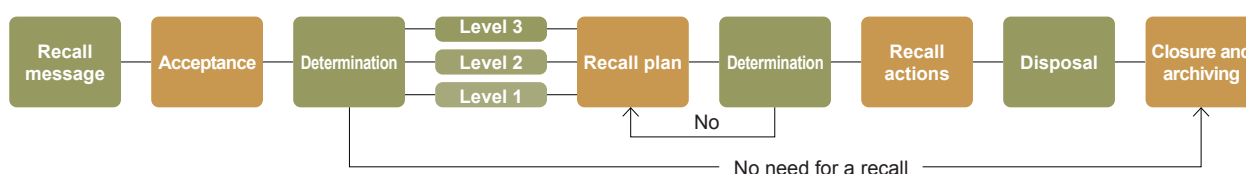
Daxi Tea Factory conducts questionnaire surveys on consumer satisfaction among the visitors who have tasted its buffets to convey the idea that we offer them meals made from healthy and local ingredients and non-GMO food products and use their suggestions as a reference for future adjustments and improvements. Moreover, we take the initiative to invite the customers to participate in our service satisfaction surveys on an irregular basis after offering them our services. For customers who give negative feedback in the surveys, we reach out to them and help them solve their problems. We accomplish the commitments and goals that satisfy our customers by taking action.

If there is a recall message or an incident that may lead to a recall, such as customer complaints, consumers or customers' requests, health authorities or government agencies' notices or factory problems, the relevant personnel should be informed of the message or incident immediately. The food safety team leader serves as the general coordinator to ask the related departments to deal with the message or incident instantly.



To reduce and prevent the damages incurred by our customers, the Company holds a drill annually for product recalls according to the following finished product recall process:

Figure Finished Product Recall Process



2.6 Awards and Certifications

Awards

- (01) In 2010, the Company won the third prize and excellence award in the winter tea leaf evaluation organized together by the Alishan Township Farmers' Association and Alishan Tea Production Cooperative. We were also awarded the first prize, second prize, third prize, third-plum award, second-plum award and two first-plum awards in the Miaoli County Oriental Beauty Tea Evaluation.
- (02) TTC received the second prize, third prize, third-plum award, second-plum award and first-plum award in the 2011 Miaoli County Oriental Beauty Tea Evaluation.
- (03) TTC got the first prize, second prize, third-plum award, second-plum award and first-plum award in the 2012 Miaoli County Oriental Beauty Tea Evaluation. The Company won the second prize, third prize, third-plum award and second-plum award in the 2012 National Oriental Beauty Tea Evaluation.
- (04) In the 2013 Miaoli County Oriental Beauty Tea Evaluation, we were awarded the second prize, third prize, third-plum award, second-plum award and first-plum award. In the 2013 National Oriental Beauty Tea Evaluation, we were awarded the first prize, second prize, third prize, third-plum award, second-plum award and first-plum award.
- (05) In the 2014 Miaoli County Oriental Beauty Tea Evaluation, TTC was awarded the first prize, second prize, third prize, third-plum award, second-plum award and first-plum award. We won first place and fifth place under the Top Class category and were presented the third-plum award, second-plum award and first-plum award in the 2014 National Oriental Beauty Tea Evaluation.
- (06) The Company won third place under the Top Class category and received the second prize, third prize, third-plum award and second-plum award in the 2015 Miaoli County Oriental Beauty Tea Evaluation. In the 2015 National Oriental Beauty Tea Evaluation, we won third place under the Top Class category and were awarded the second-plum award and first-plum award.
- (07) In the 2016 Miaoli County Oriental Beauty Tea Evaluation, we won second place and third place under the Top Class category and received the second prize, third prize, third-plum award and first-plum award. In the 2016 National Oriental Beauty Tea Evaluation, we were awarded the first prize, second prize, third prize, third-plum award, second-plum award and first-plum award.
- (08) The "Daxi Tea Factory" won the first prize and owner award under the category of "Old House Renovation" in the "Far Eastern Architectural Design Award."
- (09) The "Daxi Tea Factory" stood out from 377 tea factories participating in the "2015 Safe and Hygienic Tea Factory" evaluation organized by the Council of Agriculture, Executive Yuan and won the top "Five-Star Award" (Registry Number: H10001).
- (10) In 2016 the "Daliao Historical Tea House" passed the renewal evaluation of the New Taipei City Tourism Certification.
- (11) In 2016, TTC was ranked 13th under the Little Giant category of the "Excellence in Corporate Social Responsibility Top 100" evaluation held by the CommonWealth Magazine.
- (12) We won the "Best Corporate Growth Award" in the "Visible Abilities with Unlimited Employment Opportunities" evaluation organized by the Department of Labor, Taipei City Government in 2016.
- (13) In 2017, we were presented the special prize in the Miaoli County Black Tea Evaluation.
- (14) The Company got the second prize and third prize in the 7th National Oriental Beauty Tea Evaluation in 2017.
- (15) The Company won third place under the Top Class category and got the first, second, and third prizes in the Miaoli County Oriental Beauty Tea Evaluation in 2017.
- (16) In 2017, TTC was presented an acknowledgment certificate for "actively reviving the tea industry in Taiwan" by the Taiwan Tea Manufacturers Association.
- (17) The Company participated in the Sun Moon Lake Coffee Evaluation Contest, won the first and second places in 2017 and thereby had a qualification to represent the Sun Moon Lake to contend for the national top 12 list in the 2018 competition.
- (18) The Company participated in the Excellence in Corporate Social Responsibility Award of the CommonWealth Magazine in 2017 and once again achieved better results. We were ranked 10th under the Little Giant category.
- (19) In 2018, we won the golden prize and silver prize in the Quality Miaoli Black Tea Evaluation.
- (20) We were awarded the first prize, second prize and third prize in the Miaoli County Oriental Beauty Tea Evaluation in 2018.
- (21) In the 2018 National Oriental Beauty Tea Evaluation, we won third place under the TOP Class category and were awarded second and third prizes.
- (22) Our employee Yu-Te Wu was the champion in the 2018 Miaoli County Oriental Beauty Tea Making Competition.
- (23) TTC won first place, second place and third place under the Top Class category and received the first prize, second prize, third prize, third-plum award, second-plum award and first-plum award in the 2019 Miaoli County Oriental Beauty Tea Evaluation.
- (24) In the 2019 National Oriental Beauty Tea Evaluation, the Company was awarded the first prize, second prize and third prize.
- (25) We participated in the 2019 Quality Miaoli Black Tea Evaluation and won the first prize, golden prize, silver prize, etc.
- (26) The Company received the second prize, third prize, third-plum award, second-plum award and first-plum award in the 2020 Miaoli County Oriental Beauty Tea Evaluation and won the third prize, third-plum award, second-plum award and first-plum award in the 2020 Winter Miaoli County Oriental Beauty Tea Evaluation.
- (27) The Company won third place under the Top Class category and was presented the first prize, second prize, third prize, second-plum award and first-plum award in the 2020 National Oriental Beauty Tea Evaluation.
- (28) In 2020, we were awarded the golden, silver, bronze, and excellence awards in a Miaoli black tea evaluation.
- (29) The Company received the first prize, golden prize and excellence award in the 2020 Small Leaf Black Tea Competition held in Mingjian in Nantou County.
- (30) In the 2020 Sun Moon Lake Coffee Evaluation Contest, we won the excellence award.



Certifications

- (01) An organic tea seedling experimental area was established in 2003.
- (02) Passed the certification of the Tse-Xin Organic Agriculture Foundation in 2004, making it become the first organic-certified Assam tea garden in Taiwan.
- (03) In 2006, the Yuchi Tea Factory in Nantou became one of the "organic agricultural demonstration farms" of the Liu-Kung Agriculture Foundation, Taipei.
- (04) The Company was certified by the Taipei City Government for meeting and exceeding the disability employment quota in 2011.
- (05) The North District Finery Factory adopted the ISO system and obtained the "ISO22000" and "HACCP" certifications in 2012.
- (06) We received the "Healthy Workplace Certification" and "Health Promotion and Tobacco Prevention" marks in 2015.
- (07) The Company was presented the award of "2019 Excellent Unit Employing Workers with Disabilities in Pingtung County" by the Pingtung County Government to acknowledge our efforts to actively employ disabled workers, which was in line with the government's policy.
- (08) The Company was presented a certificate of appreciation by the "UN Sustainable Development Goals Advisory Council of the Legislative Yuan" in recognition of our long-term dedicated efforts in sustainable development, which have provided positive impacts and leadership for the Taiwanese society.
- (09) In 2020, we were awarded the "Excellent Unit Employing Workers with Disabilities in Pingtung County" award. (Since 2018, the Pingtung Branch Office has been recognized as an Excellent Unit Employing Workers with Disabilities in Pingtung County for three consecutive years.)



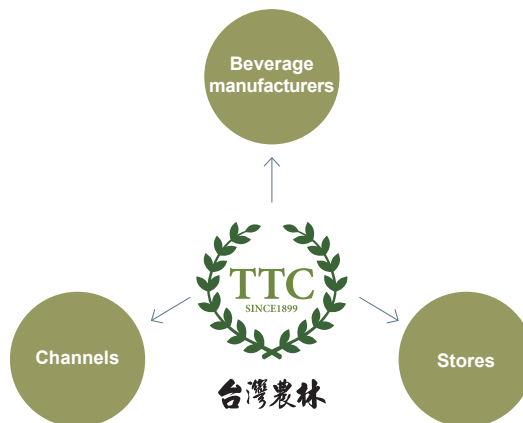
See the certifications at : <https://ppt.cc/fUDW8x>

2.7 Product Innovation

[Material Topic] Innovative R&D		
Policy	1. Conduct surveys to understand consumers' needs 2. Develop or launch new products in collaboration with other companies	
Commitment	We will satisfy the consumers' needs and strictly control food safety to offer them safe food products.	
Objective	Short-term	※ Develop a variety of products continuously ※ Upgrade packages to make them eco-friendly
	Midterm	※ Leverage our advantages of having materials coming from our own coffee and tea farms to develop healthy, LOHAS-oriented and eco-friendly products
	Long-term	
Communication / Complaint	Suggestions or complaints may be made to the Marketing Business Division or Tea Division	
Specific measure	Invested resources The Marketing Department works together and communicates with our distributors, beverage manufacturers and stores. Track records ※ "Taiwanese Spring Tea" was developed and launched in collaboration with "Spade Tea", a drink chain store. ※ "Jasmine Green Tea," "Chrysanthemum Oolong Tea" and "Cassis Black Tea" were developed and launched with Chou Chin Industrial. ※ We launched the "Formosa Black Tea", "Formosa Milk Tea" and "Formosa Black Tea Ice Cream" with our marketing channels.	

As consumers' tastes and preferences change rapidly, satisfying their varied needs and developing novel products are two of our main priorities. We conduct market surveys to understand the consumers' needs and utilize our advantage of producing materials on our own to cooperate with drink brands, distributors and stores in the market in developing novel products. Our brand's reputation is improved through online and offline promotion using social media. We also offer our beverage manufacturing partners suggestions related to tea leaves and flavor combinations to highlight our role as a professional "tea manufacturing partner"

Figure Communication between TTC and Its Partners



Collaboration with channels

The Company has cooperated with Taiwan FamilyMart Co., Ltd. and Chou Chin Industrial Co., Ltd. in developing tea products since 2019. We continuously launch new products for the consumers. The status of the collaboration is as follows:

Cooperation between TTC and Chou Chin Industrial Co., Ltd.

The Company has cooperated with Taiwan FamilyMart Co., Ltd. and Chou Chin Industrial Co., Ltd. in developing tea products since 2019. We continuously launch new products for the consumers. The status of the collaboration is as follows:

Product	Nature of products	Launch time	Main channels	Sales	Remarks
Jasmine Green Tea	Refrigerated	September 2019 ~ August 2020	7-11, Hsin Tung Yang Rest areas, SHOWBA	NT\$1.18 million	7-11 stores sold 1.47 million cartons
Chrysanthemum Oolong Tea	Refrigerated	October 2019	7-11, Hsin Tung Yang Rest areas, SHOWBA	NT\$5.35 million	7-11 stores sold 2.17 million cartons
Cassia Black Tea	Refrigerated	August 2020	7-11, Hsin Tung Yang Rest areas, SHOWBA	NT\$1.35 million	7-11 stores sold 1.77 million cartons



▲ TTC's private brand Chrysanthemum Oolong Tea/Cassia Black Tea

Cooperation with Taiwan FamilyMart Co., Ltd.

Taiwan FamilyMart Co., Ltd. has over 3000 complex convenience stores around Taiwan with many brands such as LET'S CAFÉ, FamilyMart Collection and Fami Ice Cream. It also serves as the exclusive agent for brands (e.g. ITOEn, Tea Time, I-MEI, Wang De Chuan, Twinings, Chia Meei's frozen food). The Company mainly works with its commodity and fresh food departments.

Product	Collaborative unit	Launch time	FamilyMart stores	Sales	Remarks
Formosa Black Tea Formosa Milk Tea	LET'S CAFÉ	May 2019 ~ March 2020	3548 stores	Sales NT\$6.6 million	It was awarded gold under the "Outstanding Guided Shopping" category in 2019. Over a million cups were sold in a single month and 2.5 million cups were sold during the year.
Formosa Black Tea Ice Cream	Fami Ice Cream	June 2019 Available for a limited time only	1334 stores	Sales NT\$0.85 million	It was sold out in two weeks after the launch and became a product recommended by many Internet celebrities on Instagram.
Formosa Black Tea Pancake Freshly-brewed tea sold on a trial basis	Fresh food department	December 2019 ~ March 2020	Only available in specific stores	Sales NT\$0.2 million	With derivative products



▲ TTC's private brand FamilyMart - Formosa Black Tea



▲▲ TTC's private brand FamilyMart - Sun Moon Black Tea/Sun Moon Milk Tea



Collaboration with “Spade Tea” to use milk from smallholder farms

To offer the consumers better products and support local suppliers, we have partnered with “Spade Tea” to use milk from smallholder farms since 2020. Spade Tea has had 9 local farm partners as of 2020, which is in line with our expectations regarding localization and freshness. Since we started the partnership with it, Spade Tea has delivered the milk directly to TTC to combine the milk and tea made from our tea leaves to release a series of fresh milk tea products. The co-branded product “Taiwanese Spring Tea” is available at all the stores of Spade Tea.



TTC Shop

The “TTC Shop” develops a series of products made from local ingredients produced on the basis of the core spirit, “entirely made in Taiwan, without adding any artificial colors, preservatives, or sweeteners”. The products released in 2020 include: Stone-ground classic peanut butter, stone-ground seed peanut butter, stone-ground peanut sesame paste, Guanxi mesona tea bags, sun-dried radish rice, sun-dried green beans, Taiwanese black soybean tea bags, soybean powder made in Taiwan, salted corn bars, rice crackers (ruby black tea flavor), etc.††



Stone-ground
classic peanut butter



Stone-ground
seed peanut butter



Stone-ground
peanut sesame paste



Guanxi mesona
tea bags



Sun-dried
radish rice



Taiwanese black soybean
tea bags



Soybean powder
made in Taiwan



Sun-dried
green beans



Salted corn roll biscuits



Rice crackers
Red Jade Black Tea flavor

Seasonal agricultural products produced in our own farms are packed and then sold at our stores, including red cluster pepper and pomelos.



Red cluster pepper at TTC Shop



Pomelos at TTC Shop

The Company started a trial to cultivate a variety of agricultural products in the northern, central and southern regions of Taiwan according to the weather, environment, and soil to produce crops with high quality and cost-effectiveness. These crops will not only give us high revenue, but also become featured products that help improve asset utilization. The agricultural products include organic plums at the Xiong Kong Tea Plantation, pomelos grown by TTC in Tongluo, Miaoli, and strawberries at the Pingtung Branch Office.



Strawberries at Pingtung Branch Office



Plums at Xiong Kong Tea Plantation

CH3 Happy Workplace

3.1 Human Resources

3.2 Building a Happy Workplace

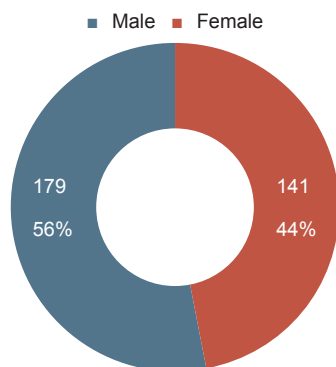
TCC Tea Store - Headquarters Store



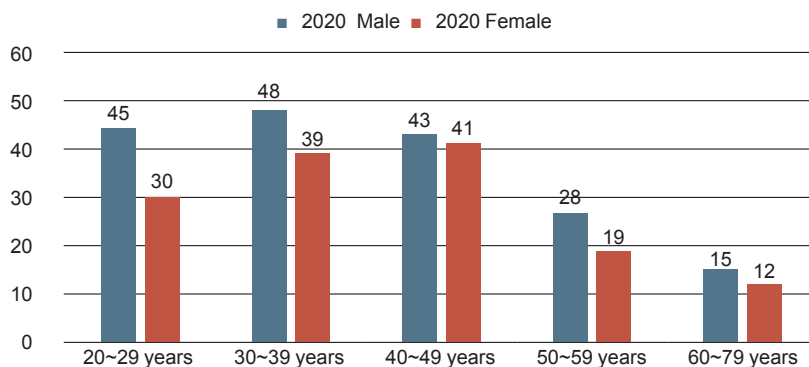
3.1 Human Resources

Up to the end of December 2020, TTC had a total of 320 employees, of which 141 are female and 179 are males, accounting for 44% and 56%, respectively. 57 were section managers (grade 8) or higher-level executives, of which 24 are female and 33 are male, taking up 42% and 58% of the total employees, respectively

Employee Distribution by Gender in 2020



Employment by Age and Gender



Job grade	Title	Percentage of male and female employees in 2020	
		Male	Female
Grade 11 or higher	Chairman, General Manager, assistant general manager, director	70%	30%
Grade 10	Consultant, manager, special assistant, project manager	65%	35%
Grade 9	Factory director, assistant manager, senior specialist, engineer	68%	32%
Grade 8	Assistant factory director, section manager, intermediate specialist, deputy engineer	36%	64%
Grade 7	Executive, junior specialist, assistant engineer	58%	42%
Grade 6	Section assistant, recreational store manager, technician, sub-division chief, 1st- to 3rd-level senior technicians	38%	62%
Grade 5	Clerk, assistant recreational store manager, assistant technician, deputy sub-division chief, 1st- to 3rd-level intermediate technicians	62%	38%
Grade 4	Assistant, store manager, team leader, associate technician, foreman of tea makers, junior technician, 2nd- and 3rd-level senior technical workers	50%	50%
Grade 3	Employee, assistant store manager, tea maker, technical worker, assistant team leader, recreational store personnel, 1st-level senior technical worker, 3rd-level intermediate technical worker	42%	58%
Grade 1-2	Store personnel, shift manager, 1st- and 2nd-level intermediate technical workers, junior technical worker, assistant clerk, operator, packer, cleaner	68%	32%

Overview of employee turnover

For employee turnover in 2019, there were 64 new employees, of which 34 are male and 30 are female; 54 employees resigned, of which 28 are male and 26 are female. In the same year, 13 newcomers resigned and the newcomer retention rate was at 79.69%.

In 2020, the Company had 85 newcomers (including one who resumed work after her parental leave without pay), accounting for 26.56% of the total employees. Of the 85 newcomers, 34 are females, accounting for 40%. 69 employees resigned, representing 21.56% of the total employees. In the same year, 16 newcomers resigned and the newcomer retention rate was at 81.18%.

person \ Unit		Head office	Sanxia Branch Office	Miaoli Branch Office	Nantou Branch Office	Pingtung Branch Office	Dalliao Historical Tea House	Xiong Kong Tea Plantation	Daxi Tea Factory	Tongluo Tea Factory	Sun Moon Lake Antique Assam Tea Farm	LuGao Cafe	Fu Xing Tea Factory	Xiong Kong Tea Factory	San Yi Tea Factory	Yuhi Tea Factory	Laopi Tea Farm	Technical R&D Department	North District Finery Factory	Total	Total
Newcomer	Female	1	1					3				2			1	3	40			51	85
	Male	4						2	3	4	1	1					19			34	
Resigned employee	Female	1						1				1	1		3	1	22		4	34	69
	Male	3						4	1	5		1					16		5	35	

	Gender		Age				Total
	Female	Male	Under 30 years	31-40 years	41-50 years	Over 51 years	
Newcomer	34	51	53	15	10	7	85
	10.63%	15.94%	16.56%	4.69%	3.13%	2.19%	26.56%
Resigned employee	35	34	23	24	11	11	69
	10.94%	10.63%	7.19%	7.50%	3.44%	3.44%	21.56%

	Gender		Age				Total
	Female	Male	Under 30 years	31-40 years	41-50 years	Over 51 years	
Resigned newcomer	8	8	9	4	2	1	16
Retention rate	76.47%	84.31%	83.02%	73.33%	80.00%	85.71%	81.18%

Newcomer retention rate = 1 - (the number of resigned newcomers for the year ÷ the number of total newcomers for the year)

3.2 Building a Happy Workplace

[Material Topic] Employee Incentives and Retention		
Policy	1. We implement talent management on the basis of the people-oriented core value centering around our business philosophy. 2. The Company offers equal employment opportunities as well as a safe and promising working environment. 3. We take care of our employees and their family to ensure their health.	
Commitment	1. We will establish a friendly environment with diversity that treats our employees without bias and offers them promotion opportunities. 2. Labor rights and working conditions will be guaranteed. 3. We will listen to our employees and establish an employee communication mechanism to provide them with multiple complaints and communication channels.	
Objective	Short-term	※ Increase recruitment channels (e.g. job boards, employment service centers and government employment incentives such as the Youth Employment Navigation Program, Youth Employment Flagship Program, Employment Incentive Program for Middle-aged and Elderly Indigenous People, etc.) ※ Carry out employee health management.
	Medium and long term	※ Accelerate talent development, formulate a competency standard, and adopt a competency-oriented training program. ※ Gives chances to employees to advance their career and train them to reserve talents for the future.
Communication/Complaint	Suggestions or complaints may be made to the Human Resources Department, department heads, Executive Office and Chairman Office.	
Specific measure	Invested resources ※ In 2020, the Company invested a total of NT\$140,710 in training. There were 2,951 participants with 3,144.2 training hours in total. As labor safety is one of our priorities, we had 2,733 employees participate in the occupational safety training and the training hours added up to 2,255.7. Track records ※ To cultivate and retain talents, the Company has actively developed professional technicians, improved the water and soil conservation, food management and tea leaf cultivation in the Laopi Tea Farm, and helped our employees enhance their professional knowledge. In 2020, we appointed two employees to attend the Bachelor's (Master's) programs in the "Department of Food Science" and "Department of Soil and Water Conservation" of National Pingtung University of Science and Technology and fully subsidized their tuition and fees totaling NT\$70,656.	

Care for employees

Compliance with international conventions to protect human rights

TTC respects and protects internationally recognized human rights and treats all the employees equally regardless of their gender, race, religion, political stand, and marital status. Multiple communication channels are provided to ensure respect and fair treatment for all related parties. In support of the UN's "Universal Declaration of Human Rights" and the "ILO Convention", the Company ensures laborers' (workers') safety at work, takes human rights seriously, and prohibits all forms of forced labor and child labor in accordance with the provision related to the ILO's C155, the "Occupational Safety and Health Convention", in the "International Covenant on Economic, Social and Cultural Rights."

In addition, the "Policy of the Rights of Labor" was established pursuant to the Social Accountability 8000 International Standard on March 16, 2018, to ensure labor rights and working conditions and fulfill our corporate social responsibility.

Focus on human rights and high-standard professional ethics

We highly value labor rights and pay equity at TTC without giving different treatment based on gender. On top of that, the Company offers equal employment opportunities and smooth promotion channels to support the government's disability employment policies.

Our employees may voice their opinions to their supervisors through the Company's stakeholder mechanism at any time. It is also a good way to convey their thoughts to their supervisors at the annual face-to-face target setting interview and performance evaluation interview.

In 2020, all of our locations underwent human rights reviews or human rights impact assessments.

(1) Meeting the disability employment quota and offering equal promotion opportunities

To support the government's policy and fulfill the corporate social responsibility of hiring people with disabilities, we employ disabled people and give them equal opportunities for promotion. Our tea factories (farms) also have part-time vacancies for them. Up to the end of 2020, the Company had 8 full-time and 3 part-time employees with disabilities.

(2) Anti-discrimination and anti-harassment

We treat our employees on the basis of the principles of equity and anti-discrimination. Thus, there are equal and fair employment opportunities provided to all. The Company does not discriminate because of race, gender, age, disability, religion, nationality, political stand or any other status protected by the related laws when it comes to hiring talents.

In addition to the maternity leave required by the Labor Standards Act, we grant 5 days of paid leave for pregnancy checkups and paternity pursuant to the Act of Gender Equality in Employment. Female employees may take one day of half-pay leave for menstruation each month if it is difficult for them to work because of their menstruation. Moreover, to maintain gender equity at work and give our employees a work environment free of sexual harassment, we amended the "Measures, Complaint and Punishment Guidelines for Sexual Harassment Prevention". We developed the "Handling Rules for Sexual Harassment Complaint and Investigations" disclosed on our website in 2015. A sexual harassment complaint hotline and mailbox are also provided for all the employees, and sexual harassment prevention posters are displayed on the bulletin board in the company.

Complaint hotline: 2655-7719

Complaint fax: 2655-7728

Complaint mailbox: 113@ttch.com.tw



(3) Prohibiting the employment of children

TTC forbids all branches and locations to employ children not over 15 years of age. All the people we hire are required to present their identifications showing their age in order to ensure compliance with the Labor Standards Act and other relevant regulations. All of our employees are over the legal working age.

(4) Parental leave without pay

According to the Labor Standards Act, Act of Gender Equality in Employment, and Regulations for Implementing Unpaid Parental Leave for Raising Children, the Company develops a leave system to support the government's policy for unpaid parental leave, enable all of our female workers to apply for leave for parental checkups and maternity, and allow employees eligible for paternity leave to take such leave. Employees who are unable to work temporarily may apply for unpaid parental leave to take care of their family and go back to work once they feel ready to do so. When an employee applies for unpaid parental leave, the Human Resources Department will inquire the employee about the renewal of his/her labor and health insurance during the unpaid leave and help apply to the Bureau of Labor Insurance for a subsidy for unpaid parental leave. One female employee applied for unpaid parental leave in 2020 and returned to work in the same year, with a 100% return rate. In 2019, two employees returned to work from unpaid parental leave and worked for a year afterward, showing a retention rate of 100%.

Item	Female	Male	Total
A: Total employees applying for unpaid parental leave in 2020	1	-	1
B: Employees planning to return to work in 2020	1	-	1
C: Employees returning to work in 2020	1	-	1
D: Employees applying for postponing the date when they were supposed to return to work in 2020	-	-	-
E: Employees who returned to work from unpaid parental leave in 2019 and worked for a year afterward	2	-	2
F: Employees who returned to work from unpaid parental leave in 2019	2	-	2
Return rate % C/(B-D)	100	N/A	100
Retention rate % (E/F)	100	N/A	100

Care for employees' health

The Company is committed to providing a safe and healthy work environment. Therefore, we appoint occupational personnel in each unit to implement relevant training programs and management measures according to the occupational safety regulations and hold meetings to improve occupational safety and health and working conditions. Currently, the I HRM 024 Code of Practice on Safety and Health at Work is in place to maintain an equal and healthy workplace. The Code of Practice on Safety and Health at Work is applicable to the Company's head office, branch offices and factories, including all the employees in the organization, outsourcing suppliers, contractors and visitors.

(1)Occupational safety and health policy

TTC pays attention to the performance of occupational safety management and strives to offer our employees and customers a comfortable and safe environment. Our employment contracts and Code of Practice on Safety and Health at Work specify the rights and obligations related to labor safety and health according to the Occupational Safety and Health Act, Labor Standards Act, Regulations of the Labor Health Protection, and Regulations of the Maternity Health Protection at the Workplace. Occupational safety management is integrated into our organizational management system. We also appoint occupational safety personnel at each location to draw out plans, carry out occupational safety and health promotion measures, make regular reports, and submit proposals in relation to working conditions and health promotion to labor-management conferences for discussion to make continuous improvements and reduce occupational injury.

To strengthen our ability to respond to occupational safety risks, we arrange the occupational safety personnel, doctors and nurses to perform on-site assessment as well as hazard identification and analysis on the sites where our employees work and give the corresponding improvement suggestions and measures. With risk assessments, observations or interviews, specific measures are taken to improve facilities and progressively lower the risks.

Organizational chart of the occupational safety and health team



(2)Active prevention of occupational accidents

With the prevention of occupational accidents as the first priority of the management in each factory, Taiwan Tea Corporation provides training before and during the work regarding the potential risks. It offers proper local protection, management control, etc., to prevent occupational accidents and the impacts thereof. For example, the chief officers at all levels are regularly reminded that attention should be paid to the employees' safety. The machine operators should be repeatedly given training in safety procedures to avoid dangers to the body caused by any negligence during the operation or misuse of the machines. On extremely hot days, we also ask the chief officers to be aware of the harmful effects on the employees caused by the great heat and to appropriately let the employees drink water and get enough rest. Frequent reminders are given to the agricultural workers as well to watch out for the bees and poisonous snakes, and related prevention measures are available.

Furthermore, the Company has established the "Regulations on Compensation and Consolation for Occupational Accidents" to deal with the compensation for any physical disability, damage and disease of the employees resulting from occupational accidents, and the consolation for the death of employees due to occupational accidents or ordinary injury or sickness.

Since 2015, we have mainly focused on the improvements on "safety and health management," "education and training in safety and health," "emergency response," and "medical and health care" to comprehensively prevent occupational accidents. In compliance with laws, we revised our Code of Practice on Safety and Health at Work and changed the title to the "Code of Practice on Safety and Health at Work of Taiwan Tea Corporation" and the worker representatives.

The Company had an occupational accident in 2020. A worker in the Laopi Tea Farm in Pingtung slipped when weeding after the rain and had a contusion to her back. After recuperating, she was immediately sent to the hospital by other employees for medical care when she got hurt and came back to work. In addition to providing group health insurance and assisting with the application for the occupational injury benefits under the labor insurance, we also compensated the worker with the wages of the days during which she received medical treatment and was unable to work. More educational training was provided to all the employees as well to avoid the occurrence of a similar accident.

Compared to the 4 occupational incidents and the lost weekdays in 2019, the disabling injury severity rate (S.R) has declined by 93% in total. The disabling injury frequency rate (F.R) has dropped by 75%. The occurrence percentage of occupational accidents has been greatly reduced and the goal of continuous improvement has been achieved, which are the significant effects of our active implementation of training. The Company had no work-related death and occupational disease cases in 2020.

Gender	Lost weekdays Note1	Number of workers suffering from occupational accidents Note2	Annual mortality rate Note3	SR Note4	FR Note5	LD R Note6	ODR Note7	FSI Note8
Male	-	-	-	-	-	-	-	-
Female	11	1	-	16.76	1.62	3.35	-	0.16
Total	11	1	-	16.76	1.62	3.35	-	0.16

Description of the calculation formula

1. Lost weekdays: The total number of absence days of all the workers of the year (days)
2. Number of workers suffering from occupational accidents: The total number of workers suffering from occupational injuries of the year
3. Annual mortality rate: The number of work-related deaths within the reported period ÷ total number of workers *1,000 (the death rate among 1,000 people every year)
4. Disabling injury severity rate (SR) = (number of weekdays lost *1,000,000) ÷ total hours worked (total number of working hours of the entire year)
5. Disabling injury frequency rate (FR) = (number of disabling injuries *1,000,000) ÷ total hours worked
6. Lost day rate (LDR) = total number of absence days due to sickness or injury during work (days) ÷ total hours worked *200,000
7. Occupational disease rate (ODR) = Total number of occupational diseases (cases) *200,000 ÷ total hours worked
8. Frequency-severity indicator (FSI) = $\sqrt{(FR \times SR)} \div 1000$
9. The total hours worked in the Company are based on the scheduled working hours: Calculated as "total number of scheduled weekdays * number of employees * working hours" according to the Company's calendar

The Company has proactively provided training in labor safety and fire safety to minimize the risk of occupational accidents and established a reporting mechanism. In 2020, a total of 2,255.7 hours of training regarding labor safety had been given. During the new employee training and general training sessions, we reminded the employees of their duty towards safety and health and the matters to be paid attention to during their work and highlighted the importance of self-protection. The employees were taught to get to a safe place when facing a risk of danger and report such danger to the chief officers and the Human Resources Department as per the reporting mechanism. There were no reported concerns in 2020.

In 2020, our head office invited the fire brigade in Nangang to offer a lesson about CPR and fire escape knowledge. A total of 51 participants were involved in this occupational safety training session. The occupational safety training we arranged covered the topics such as occupational accidents and prevention measures, employment discrimination, and promotion of non-smoking and smoking cessation. Moreover, the Company provided occupational safety personnel with paid training hours in 2020, organizing training and retraining sessions on working days as per regulations with the budget for training.



▲
The head office's occupational safety training in 2020



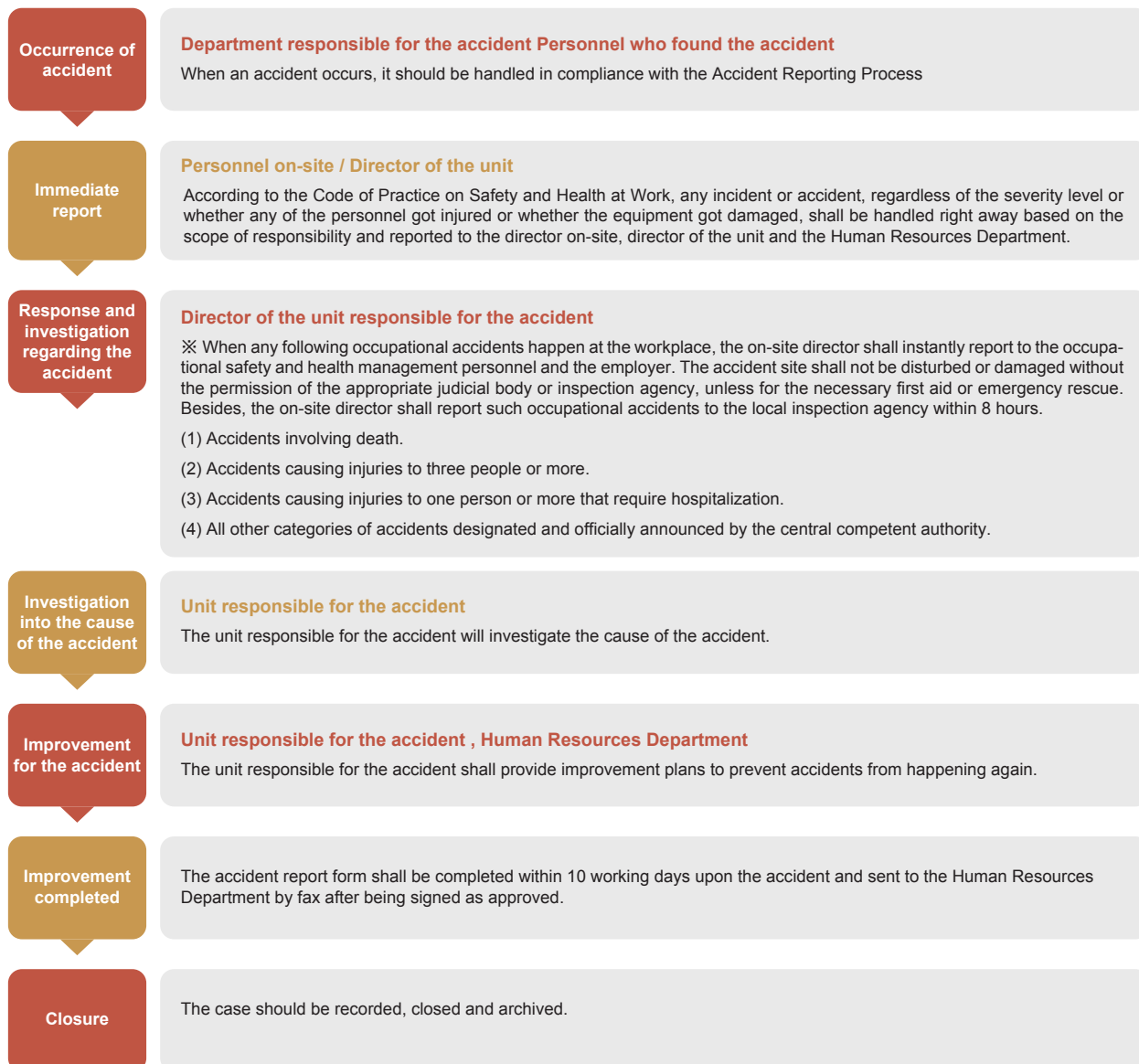
▲
Occupational safety training in the knowledge of CPR and fire safety



▲▲
Occupational safety training and promotion activities of Miaoli Branch Office



Accident Reporting Process



(3) Regular medical checkups

Taiwan Tea Corporation currently provides medical check welfare that surpasses the checks specified in the laws and regulations. Through the adoption of various measures, we hold a general medical checkup for employees once every two years and provide a medical checkup for catering personnel annually, with all the expenses covered by the Company. The family members of our employees are also included in the scope of the health check discount under the contracts we entered into with the health check agencies. Thus, we can enjoy medical checkups at a price lower than the market price. In 2020, we arranged for our employees to get a health check at the Far Eastern Memorial Hospital in Banqiao, Lin Shin Hospital in Taichung, E-Da Dachang Hospital in Kaohsiung and Pingtung Christian Hospital. 144 employees received the general medical checkup, 108 employees received the general medical checkup (including the medical checkup for catering personnel), and 29 employees received the medical checkup for catering personnel; the expense was NT\$1,606,400 in total.

	2020 Number of personnel	2020 Expense (NT\$)
General medical checkup for employees	144	864,000
General medical checkup for employees (including the medical checkup for catering personnel)	108	722,480
Medical checkup for catering personnel	29	19,920
Total	281	1,606,400

(4) Health education for employees

Our Pingtung Branch Office has hired a contracted doctor and a contracted nurse to provide on-site health care services for employees since 2020 according to the Regulations of the Occupational Safety and Health Act, protecting the physical and mental health of employees in a proactive manner. The frequency of the on-site service is four times a year for the doctor and four times a month for the nurse, and their responsibilities are as follows:

- Supporting the work assignment so that appropriate work is assigned to employees.
- Providing follow-up management and health guidance for the employees with abnormal health check results.
- Giving assessment and case management for the employees with high occupational health risks.
- Planning and introducing measures for labor health education, health guidance, physical and mental health protection, etc.
- Preventing work-related illnesses and injuries and offering health counseling services.
- Lending supports for the identification and assessment of risk factors of the working environment, operation and the internal organization that may impact the physical and mental health of employees, and making suggestions for the improvement measures or plans.
- Assisting with the investigation into the relationship between labor health and operation.
- Offering counseling and suggestions for the competence assessment, job redesign or adjustment of the employees returning to work.
- Others: Helping with the Prevention Plan for Ailments Induced by Exceptional Workload in the factories and the setup of related forms.

The forms related to the Prevention Plan for Ailments Induced by Exceptional Workload include: health management flowchart for the prevention of ailments induced by exceptional workload, brief fatigue inventory for individual and work, assessment form for the prevention of ailments induced by exceptional workload, improvement, follow-up and management form for the prevention of ailments induced by exceptional workload, and statistics form of the implementation effectiveness for the prevention of ailments induced by exceptional workload.

We are also concerned about the issues related to maternity in the workplace. Therefore, we assess the risks of the working environment and operation for maternal health protection and collect suggestions through discussion about the appropriate arrangement of jobs. In 2020, the Company followed up an employee who received care related to maternity in the workplace. The risk assessment of the working environment and operation for maternal health protection and the maternal health protection discussion regarding the suggestions for appropriate arrangement of jobs were carried out in March, when the employee came back to work after the maternity leave in July, the assessments of the working environment and the risks, etc. were made to protect the maternal health. Meanwhile, the breastfeeding (breast milk collection) rooms were available, and 1 hour of breastfeeding time was provided every day.

To prevent the risks of occupational injuries, we have also proactively given health education to provide our employees with correct health information. The main topics and details of the courses are as follows:

1. Health education for employees delivered with four main promotion plans through four main steps.

- Prevention Plan for Unlawful Assaults During the Performance of Duties
- Protection Plan for Maternal Health in Workplace
- Prevention and Protection Plan for Ergonomic Hazards
- Prevention Plan for Ailments Induced by Exceptional Workload



2. Dissemination of the knowledge of COVID-19 prevention and preparation of protective equipment, including daily temperature monitoring, forehead thermometers and 75% alcohol, posters with correct hand washing techniques, and the correct way of wearing a mask.
3. How to Help Someone Having an Epileptic Seizure?
4. Heat Exhaustion and Heatstroke
5. Notice for Sheltering from Rain and Lightning
6. Heat Injury Prevention Tips 123
7. Prevention of Snake Bites and Bee Stings
8. Basic First Aid Knowledge

From January to December 2020, there were 96 hours of on-site nursing services and 8 hours of on-site doctor services in total. A contracted doctor and a contracted nurse were hired during the period, providing 52 sessions of on-site labor health services in total.

(5) Health promotion courses

To protect the physical and mental health of employees and develop a healthy workplace culture, the Human Resources Department has held various health promotion activities. There were three sessions of "walking competition" in 2020. During the three-month walking competition, gifts such as Xiaomi Mi Bands were provided to attract our employees to take action and take part in the Company's activity. Through the competition, we encouraged our employees to get into the habit of exercise and promoted their health and enhanced the cohesion of the group. The "walking competition" has attracted 75 employees to participate, with a total of 41,057,142 steps achieved. Furthermore, the Company also attended the activity organized by the Health Promotion Division, Department of Health, Taipei City Government. With the reward plan under the Smart Health Workplace Service Program in 2020, we received a sphygmomanometer. Further, we placed it at an open place in the head office for employees to monitor their blood pressure at any time, to protect the employees' health.



Feedback from the September Super Star of Walking - Yu-Hui Huang from the Administration Department



First of all, I have to express my gratitude to the company for holding the walking activity. I thought of losing weight for a long time, but always slacked off and gave up for too many reasons. During the company's activity, the mutual encouragement and cheering motivated me again. I walked slowly for 1.5 hours at night after work during weekdays and walked slowly or sometimes with a trot at 4 or 5 a.m. on weekends, and unwittingly, my insomnia has improved and I needn't rely on sleeping pills anymore! I'm surprised by the benefits of exercise and feel highly honored to win the competition's first place in September. I will keep walking to improve my health. Thanks for the support from everyone in TTC!! Thank you.

(6) Smoke-free working environment

In response to the government's policy on the tobacco-free workplace, Taiwan Tea Corporation has established regulations on tobacco control and taken measures corresponding to the government's promotion of the tobacco-free workplace policy. We have imposed no-smoking rules in the offices and factories. We have irregularly disseminated the information about the benefits to health from smoking cessation for employees with smoking habits to encourage them to voluntarily quit smoking. No-smoking posters have also been hung up to disclose smoking cessation information. With the positive effects produced by these actions, the Company received the tobacco prevention mark of the Ministry of Health and Welfare's Healthy Workplace Promotion Certification in 2019 (validity period of the mark: 2019/1/1-2021/12/31).



(7) Insurance for employees

■ Group insurance

The Company applies for the group insurance for full-time employees, covering the term insurance, accident insurance, cancer insurance and hospitalization insurance. (the spouses and unmarried children below 23 years old of the employees are also included in the scope of the medical care insurance). Since 2013, the insured amount for accident insurance has even been increased from NT\$1 million to NT\$5 million.

■ We also get the accident insurance at an insured amount of NT\$1 million for the part-time employees (working students).

■ The employers' liability insurance is also obtained, and all the workers (full-time and part-time workers, tea pickers, working students in the shops) are covered. In 2015, the insured amount of the employers' liability insurance was raised from NT\$1 million to NT\$2 million; In 2016, the insured amount of the employers' liability insurance was raised from NT\$2 million to NT\$3 million.

Pandemic prevention measures for everyone

Relevant measures have been immediately taken by the Company since 2019 in response to the COVID-19 outbreak to protect the safety and health of all the employees. The employees of all our business locations and factories measure their body temperature from 7-9 a.m. every day before starting work. Anyone whose temperature is higher than 37.5°C will be required to see a doctor. Free masks are provided for our front-line employees in the stores, and automatic alcohol dispensers are installed. Dividers are set on the tables in our restaurants. We enforce body temperature measurement, hand disinfection and name registration of customers, control the number of customers, do the people flow planning, stop providing free tea samples, and perform environmental sterilization on a more regular basis to strictly follow the government's pandemic prevention rules. In 2020, TTC spent NT\$160,115 in total for new pandemic prevention equipment, including forehead thermometers, masks, alcohol, automatic alcohol dispensers, etc. The detail of the purchased items during the two years is shown below:

At the same time, to prevent the spread of the pandemic, we have planned to adopt measures such as internal video conferences and having a section of employees working at home to maintain the Company's operation, mitigate the industrial impact from the pandemic, and minimize relevant damages.

Year	Item	Number of item	Amount
2019	Forehead thermometer	23	\$82,590
	Mask	6,600	\$76,750
	Total		\$159,340
2020	Forehead thermometer	5	\$12,500
	Mask	14,100	\$80,360
	Alcohol (4L)	150	\$58,905
	Automatic alcohol dispenser	6	\$8,350
	Total		\$160,115



Temperature measurement before work



The on-site doctor inspecting the tea farms

Putting ourselves in the employees' place

(1) Valuing the employees' family reunion time - Since 2013, all our recreational sites have not been providing services on the Lunar New Year's Eve and the day before the Lunar New Year's Eve.

Lunar New Year is an important holiday for family reunions, and Taiwan Tea Corporation values the family life of all the employees. Even though the Lunar New Year holiday is a golden opportunity for recreational stores, as the Chairman appreciates the employees' efforts during weekdays and cares about their family reunion time, our recreational stores have been closed on the Lunar New Year's Eve and the day before the Lunar New Year's Eve since 2013. We give up the great opportunity for considerable operating revenue so that the employees can prepare for and enjoy the holiday with their family members earlier.

(2) Concerned about employee safety - Employees are allowed to not attend work or get off work earlier on the day of a natural disaster (typhoon) or the day before the disaster if necessary.

Our employees are allowed to not attend work in the event of natural disasters (typhoons) that meet the business suspension standards announced by the local city/county governments. Meanwhile, to make sure that our employees can go back home safely, we let the employees get off earlier when necessary according to the severity of the disaster to ensure employee safety.

Listening to the employee voice

[Material Topic] Complaint and Communication Mechanisms (for Employees)		
Policy	The Company has developed the "Guidelines for Employee Complaint" and set up the "employee mailbox and hotline." The employees who have experienced any improper treatment or sexual harassment, etc. during the employer may submit a complaint to the heads of their units and the Human Resources Department. In addition, at the department conferences and the labor-management conferences held once every three months, we actively announce the messages of the Company and listen to the employees' opinions. Thus, our employees can also privately express their opinions to the labor representative of the labor-management conference, a supervisory member of the Employee Welfare Committee, and the head of the Human Resources Department.	
Commitment	The Company respects all the employees and promises to ensure a safe, happy working environment where everyone is treated equally. When a case of improper treatment occurs, we will not wrong anyone or easily forgive the person giving such treatment; the person's position will not influence the way the matter is handled.	
Objective	Short-term	Establishing diversified communication channels to listen to the opinions of employees
	Medium and long term	※ Continuously strengthening the communication mechanism ※ Providing our employees with the safest working environment that has no workplace violence or discrimination to foster harmonious labor-management relations and achieve a win-win outcome
Communication/Complaint	Opinions or complaints may be submitted to the Human Resources Department or relevant units	
Specific measure	Track records ※ On June 20, 2020, the Human Resources Department received a complaint from an employee working on the farm of Pingtung Branch Office about experiencing unfair treatment from the supervisor and therefore suffering psychological trauma. The Human Resources Department talked to that supervisor, the responsible person of the farm, and the personnel affairs officer of the Pingtung Branch Office to investigate the case, and it turned out that the way of communication had led to misunderstandings. We have explained this to the employee who made the complaint. Holding the attitude of treating all the employees equally, the Company, on the managerial meetings, asked the heads of all the units to be aware of their way of communication to avoid misunderstandings. We also enhanced the dissemination of the information that all the employees may turn to the Human Resources Department for help when having any questions or doubts. (The case was closed on July 2, 2020.) ※ Laopi Tea Farm in Pingtung especially spared an independent room to establish the Employee Discussion Office in 2020 to make it easy for the employees to consult the Human Resources Department about any problems.	

Taiwan Tea Corporation makes efforts to create mutual trust between the employers and employees, and attaches importance to internal communication. The Company's Labor-Management Committee was established in May 2014. The employees select five labor representatives and five representatives are assigned by the Company to hold a labor-management conference every three months for the discussion on the working conditions and employee welfare issues. Besides the regular conferences, the employees may also express their opinions through various communication channels.

With a good communication mechanism, we have developed harmonious labor-management relations. There have not been any labor-management disputes that caused loss and impacted the relationship between the employees.

Activities of the Employee Welfare Committee in 2020			
Activity	Number of participants	Activity	Number of participants
Scholarship for the employees and their family members (two semesters)	50	Maternity benefit for the employees	7
Allowance for the Dragon Boat Festival	283	Funeral subsidy for the death of the employees' parents, children or spouses	14
Allowance for the Moon Festival	285	Early retirement subsidy for the employees	14
Birthday cash gift	298	Medical subsidy for the employees and their family members hospitalized due to illnesses or injuries.	44
Lunar New Year cash gift	300	General medical checkup for employees	144
Bonus in lieu of year-end appreciation gift	300	General medical checkup for employees (including the checkup for catering personnel)	108
Double Ninth Festival cash gift	76	Medical checkup for catering personnel	29
Wedding cash gift for the employees and their children	9		

Note: The expenses for the medical checkups for employees and the catering personnel are covered with the Company's budget.

Wage benefits

Indicator	Ratio
2020 starting salary in TTC: Minimum wage in Taiwan	1.01:1

The Company established work rules based on the Labor Standards Act to protect our employees. None of our full-time employees is paid the minimum wage or NT\$22,000, and for working students or temporary workers, 6% of the pension is distributed to their labor pension accounts as per laws. Also, the Company responds to the government's policy of encouraging employment, and hires employees with disabilities more than the disability employment quota specified. Regarding the rights of leaves, reward/punishment, promotion, etc., there is no discrimination against any employees in the Company.

Taiwan Tea Corporation does not discriminate against employees because of their gender in the case of paying wages. Up to the end of 2020, the ratio of wages between the female and male supervisory employees was 1:1.11, while the ratio of wages between female and male employees who were not supervisory employees was 1:0.99. The differences in wages mainly resulted from the years of service and scope of management.

Ratio of wages	Supervisory employees	Non-supervisory employees
Female (as 1 in the ratio)	1	0.99
Male (as the multiple)	1.11	1

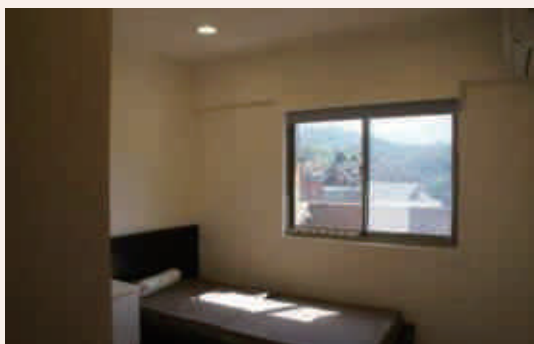
Item	2018	2019	2020
Number of full-time non-supervisory employees	256 persons	266 persons	278 persons
Average wage of full-time non-supervisory employees	NT\$572 thousand	NT\$592 thousand	NT\$585 thousand
Median wage of full-time non-supervisory employees	NT\$481 thousand	NT\$493 thousand	NT\$482 thousand

The average wage of full-time non-supervisory employees and median wage of full-time non-supervisory employees in 2020 were both than those in 2019. The numbers dropped because senior employees who met the retirement requirements retired while the new employees hired in 2020 were mainly entry-level employees who have been paid for less than 12 months.

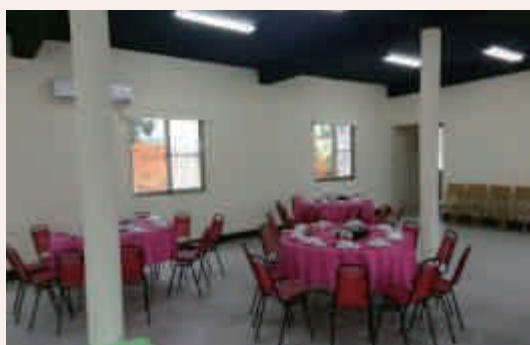
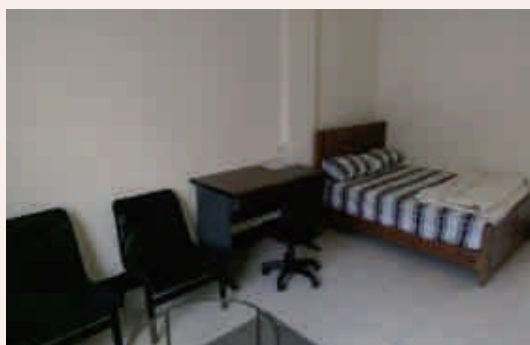
Employee welfare items	Implementation status
Work environment	The head office is conveniently located in Nankang Software Park, Taipei City, close to Nangang Interchange, and the pivot of three railway lines. There are comprehensive catering, financial, living, medical and communication facilities in the park. It is convenient with great amenities.
Free quality dormitories for employees living far away	Free staff dormitories of good quality are provided in Sanxia (New Taipei City), Daxi (Taoyuan), Sanyi, Tongluo (Miaoli) and Pingtung, and air conditioners, wash machines, TV sets, networks, kitchens, recreation rooms, and other facilities are available to meet the accommodation demands of the employees from other cities and counties.
Monthly meal allowance or food service	In addition to the wage, full-time employees can receive a meal allowance of NTD 2,200 every month or the Company hires a cook to provide food service.
Benefits in the park	There is a sports center that provides complete sports facilities and equipment for free in Nankang Software Park. Sports lessons are also offered on an irregular basis, and we encourage our employees to attend such lessons.
Employee safety	The Company uses an access card recognition system. Jie Zheng Property Service & Management Company hires security guards to take the responsibility for access security on working days and holidays. The Company cooperates with the management committee in regular safety inspection of the building and fire control, air conditioning and other facilities. No dangerous machines are installed at the workplace and no pollutant, waste or substance harmful to the environment is produced during the work. There is no concern about any threats to the personal safety of the employees. The Company emphasizes the health of the employees and provides them with regular free physical examination. Smoking is prohibited in the office according to the Tobacco Hazards Prevention Act of the government and promotion activities are arranged to exhort employees to give up smoking. We implement the Act of Gender Equality in Employment by setting up a "sexual harassment reporting system" to protect the safety of the employees at the workplace.
Employee welfare measures	(1) For the employees who participate in and effect labor and health insurance according to the regulations of the government, the Company will transfer the application for the maternity, injury or sickness, disability, old-age, survivor, or retirement benefits to the Bureau of Labor Insurance according to the Labor Insurance Act and Enforcement Rules of the Labor Insurance Act. (2) All the employees of the Company participate in life insurance without regard to their rank or function, and the Company is responsible for full payment of the insurance premium. The insurance policy covers term life insurance, hospitalization insurance, accident insurance, cancer insurance and occupation accident insurance. The spouse and children under 23 are also covered in the hospitalization, accident, and cancer insurance. (3) Travel safety insurance at an insured amount of NT\$10 million is effected for the employees on overseas business travel without regard to their rank. (4) After expiration of the probation period, employees join the Employee Welfare Committee of the Company and enjoy all the welfare measures when they are officially appointed, including allowance for three festivals, company trips, physical examinations, recreational ball games, and year-end party and prize draw. In addition, the Company provides employees and their children with scholarships, wedding/bereavement support payments, and compensation for any occupational accident. Regulations on consolation money for employees have also been established. (5) The Company guarantees the safety at work of temporary workers and working students, and applies for the group accident insurance for them.
Employee education	We encourage employees to make the best use of time for further education. In addition to application for in-service education, employees are arranged to participate in the courses of the Bureau of Labor Insurance on labor laws and regulations. For the courses provided by the competent authorities of Securities and Futures Bureau and Taiwan Stock Exchange, the heads of related departments will dispatch employees for these courses if needed.
Employee training	New employees must take general training courses (including finance, procurement, information, basic knowledge of law, and knowledge of tea introduction of stores, work rules, Personal Data Protection Act, orientation training, and employee welfare). The head of each department concerned arrange professional training if needed for the work. (For example, all the employees of the recreational stores must take regular professional training in the tea field, including knowledge of tea, infusion of tea, introduction of coffee products, coffee brewing, and reception etiquette training; for other departments, ERP operation training, training of marketing and trading personnel, public relation, etc.) The Company organizes irregular educational training for employees if needed for the business, including business training, understanding and promotion of new products, pruning and trimming of tea trees, fertilization management, practical tea manufacturing courses, and tea evaluation training. The financial and HR departments dispatch personnel for the courses on "Workshop on Promoting the Adoption of International Financial Reporting Standards in Taiwan," promotion activities related to financial and tax affairs, and amendments to the Labor Standards Act.
Retirement system	The Company's regulations on retirement surpass the retirement conditions under the Labor Standards Act. A TTC employee who has a sum of his/her years of service and his/her age over 60 may apply for early retirement. An employee with years of service under the old pension system applying for early retirement may receive two more months of pension. In response to the implementation of the new pension system, except for employees choosing the old pension system, for whom 8.58% of the income, like retirement funds, is deposited in accounts at the Department of Trusts, Bank of Taiwan for yields on a monthly basis in accordance with the Labor Standards Act, the Company transfers 6% of the total salary to individual accounts at the Bureau of Labor Insurance for the employees choosing the new pension system from July 1, 2005.
Code of Conduct Ethics for Employees	The Company has established the "Code of Conduct or Ethics for Employees." The employees shall faithfully perform their duties, observe all reasonable rules and regulations of the Company, and follow the reasonable instructions of the chief officers at all levels. The chief officers shall instruct employees friendly and teach them attentively. Any leave or business trip shall be subject to the attendance management regulations and business trip regulations of the Company. Employees shall work seriously, take good care of public property, reduce waste of resources, improve the quality and efficiency of products, and shall not swagger and swindle in the name of the Company or disclose trading secrets outward.
Communication (complaint) Channels	The Company has established and promulgated the "Guidelines for Employee Complaint" on December 22, 2015. Meanwhile, the employees may also express their opinions to the labor representative of the labor-management conference and the executive secretary of the Employee Welfare Committee, or make a complaint to the manager of the Human Resources Department. The communication channels are smooth.

※ The Company has maintained harmonious labor-management relations. There have not been any labor-management disputes that caused loss to the Company. However, for the wages that the Xiong Kong Tea Plantation of our Sanxia Branch Office paid to the part-time workers in 2014, although higher than the amount specified in the Labor Standards Act, the wages for national holiday attendance were paid differently to the part-time workers as the plantation didn't enter into a compensation agreement with them. The Company has made corrections and improvements right away. There won't be such a situation in the future.

The Company's staff dormitory in Daxi



Staff dormitory and cafeteria in the Laopi Tea Farm of the Pingtung Branch Office



Talent development plan

There were 1,886 males 994 females in total receiving the internal educational training given by our lecturers in 2020. The average training hours of male employees were 0.82 while the average training hours of female employees were 0.95.

Employee Training in 2020					
Focus of training	Male		Female		Total hours
	Participants	Average hours	Participants	Average hours	
Training for newcomers and internal lecturers	1,886	0.82	994	0.95	2,499.2
Individual external training in specialized knowledge	43	7.1	28	12.1	645

Training for newcomers

After being registered, our newcomers receive complete training for new employees, covering finance, procurement, information, basic knowledge of law, knowledge of tea, and the introduction of work rules, work environment, employee welfare, etc. We help the newcomers to get used to Taiwan Tea Corporation as soon as possible.

Internal professional training

The employees of the Company are trained by our internal supervisory employees to get the level C certificate for tea-making techniques.



▲▲
TTC employee training in tea-making techniques

External professional training

(1) External collaboration in 2020

The company has actively developed professional technicians and enhanced the professional knowledge related to water and soil conservation, food management, and tea leaf cultivation in the Laopi Tea Farm to cultivate and retain talents. In 2020, we appointed two employees to attend the classes in the "Department of Food Science" and "Department of Soil and Water Conservation" of National Pingtung University of Science and Technology, and fully subsidized their tuition and fees.

1. We provide our Laopi Tea Farm as a place where university and college students from related departments can have an internship. The research units of the Council of Agriculture can research and discuss the development of agricultural techniques, contributing to the improvement of agricultural techniques in Taiwan. In 2020, 10 students from the Department of Plant Industry and 1 student in the Master Program for Plant Medicine and Good Agricultural Practice participated in the summer internship here. We supported them to understand the industry's operations and make early preparation for seeking employment. The Director of the Tea Division, Chih-Min Teng, was engaged by the College of Agriculture, National Pingtung University of Science and Technology to serve as an advisory member of the College Affairs Development Committee (employment period: 2019.08.01~2020.07.31) to participate in the college development plan for 2015-2020 of the College of Agriculture and provide assistance. The departments in 2021 that are in industry-academia collaboration with the Company and the content of such collaboration are as follows:

No.	Department	Content
01	Department of Animal Science, National Pingtung University of Science and Technology	· Experiment on the biological prevention of weeds in tea plantations · Student internship · Off-campus visit
02	Department of Plant Industry, National Pingtung University of Science and Technology	· Industry enhancement microschool [Tea Production Course] · Student internship · Off-campus visit
03	Department of Biomechatronics Engineering, National Pingtung University of Science and Technology	· Student internship · Off-campus visit
04	Department of Plant Medicine, National Pingtung University of Science and Technology	· Student internship · Off-campus visit
05	Department of Tropical Agriculture and International Cooperation, National Pingtung University of Science and Technology	· Student internship · Off-campus visit

2. On December 5, 2019, Chairman Ching-Yuan Wu and the principal of National Pingtung University of Science and Technology, Chang-Hsien Tai, signed an agreement for a strategic alliance in the hope to improve Taiwanese tea through industry-academia collaboration and multidisciplinary integration with respect to the training of tea-making talents, tea tree planting management, and R&D of tea products to achieve a win-win outcome.

- We cooperated with the Department of Plant Industry of National Pingtung University of Science and Technology to launch the education program of "Master in Tea Industry" with a period of 6 weeks in 2020.

The visits in 2020 are shown below:

The teachers and students from the Department of Biomechanics Engineering visited Laopi Tea Farm for:

- The nursery - the environment and method of growing seedlings
- The pump station - the operational procedures of the drip irrigation system
- The tea tree pruning machines - tea tree pruning
- The tea farm - observing the condition of tea plants
- The tea factory - understanding tea-making equipment and procedures

The teachers and students from the Department of Plant Medicine visited Laopi Tea Farm to carry out field research and teaching regarding plant pests, covering:

- Our agricultural management (the Company's milestones and philosophies)
- The tea farm - observing the condition of tea plants
- The pump station - the operational procedures of the drip irrigation system

The teachers and students from the Department of Soil and Water Conservation, accompanied by our responsible technician, visited Laopi Tea Farm to understand our soil and water conservation facilities through on-site demonstration.

3. Laopi Tea Farm is provided for the [New South-bound International Programs of Industry-Academia Collaboration] as an internship workplace. We have collaborated with the Department of Biomechanics Engineering International Youth Short-Term Training Program of National Pingtung University of Science and Technology. There was 1 Thai student with an internship at the Tea Farm in 2020.

4. For the "2020 Interdisciplinary Collaboration Program for the Industrial Development of the Rural Area in Taitung" organized by the Taitung Branch, Soil and Water Conservation Bureau, Council of Agriculture, Executive Yuan, a group of 42 staff members visited our Laopi Tea Farm to understand and learn from the experience of smart farming and production on September 7, 2020.



▲ The principal of National Pingtung University of Science and Technology, Chang-Hsien Tai (right), and Chairman of TTC, Ching-Yuan Wu (left), signed an agreement for a strategic alliance



▲ Providing internship opportunities to the National Pingtung University of Science and Technology to understand the operations of the industry



▲ Offering internship and visit opportunities to the senior students from the Department of Plant Medicine, National Pingtung University of Science and Technology



▲ Giving on-site demonstration opportunities for the biological production course to the senior students from the Department of Biomechanics Engineering, National Pingtung University of Science and Technology



▲ Certificate of appreciation from National Pingtung University of Science and Technology



▲ 2020 Interdisciplinary Collaboration Program for the Industrial Development of the Rural Areas in Taitung



(2) External training in 2020

01. The Company undertook an evaluation in November 2020 with the enterprise version of "Talent Quality Management System" (TTQS) from the Workforce Development Agency, Ministry of Labor, and passed the evaluation. The result is valid through November 16, 2022.



▲ TTQS「人才發展品質管理系統」企業機構版個案解析與實作研習課程

02. 9 staffs of the Financial Department participated in the continuing education courses. The total training hours was 42.5 and the expense totaled NT\$14,500.
03. 4 staffs of the Audit Office participated in the audit training courses. The total training hours was 24 and the expense totaled NT\$12,500.
04. 2 staff of the HR Department participated in the training courses. The total training hours was 90 and the expense totaled NT\$15,480.
05. 28 staffs of the Laopi Tea Farm participated in the training courses including "retraining on the operation of forklift trucks over 1 ton," "agricultural product resume counselor," "drone training," "training on food control safety system," and "workshop on Labor Standards Act." The total training hours was 269.5, and the expense totaled NT\$24,990.
06. A total of 5 staffs from Daliiao Historical Tea House, Sun Moon Lake Antique Assam Tea Farm, and Daxi Tea Factory participated in the "Fire Prevention Management Course," "Tourism Factory Course" and "Food Sanitation Seminar." The total training hours was 43 and the expense totaled NT\$4,800.
07. 3 staffs of the R&D Section and Key Account Section participated in the "Food Control & Safety System - HACCP Training" and "Food Importer Training." The total training hours was 73 and the expense totaled NT\$9,400.
08. 17 staffs from Yuchi Tea Factory, a unit under Tea Division, participated in the courses on "Planting of Coffee Trees," "Environment Friendly Soil Management," "Cupping Training" and "Occupational Safety Training." The total training hours was 92 and the expenses totaled NT\$16,500.
09. 2 staff of the Assets Department participated in the "Department Store and Wholesale Market Energy Saving Training." The total training hours was 8.
10. 1 staff of the Legal Affairs Office participated in the course on "Intellectual Property Management and Effective Corporate Governance." The total training hours was 3.
11. The external training had 71 participants, and the total training hours was 645.

(3) Internal training by the Company's lecturers in 2020

01. The internal training had 346 participants, and the total training hours was 660.
02. The educational training in Laopi Tea Farm had 2,842 participants in total, and the total training hours was 1,752.5.
03. The new employee training had 52 participants, and the total training hours was 86.7.
04. The labor safety course took a total of 3,614.5 hours, which was 75%.
05. The professional skill course took a total of 424 hours, which was 13.5%.
06. The ethical management course took a total of 464.5 hours, which was 14.82%.
07. The training on machine operation was provided to ensure that the employees operated the machines safely and occupational accidents were avoided.

In 2020, there were 2,951 participants for the internal and external training in total, and the total training hours was 3,144.2.

A lush green tea plantation with rows of tea bushes stretching into the distance under a bright sky. The tea leaves are vibrant green and appear healthy.

CH4 Green Environment

4.1 Climate Change Risks and Opportunities

4.2 Green Environmental Actions

4.3 Energy and Resource Management

Tongluo Tea Factory

[Material Topic] Impact of Operations on the Environment		
Policy	With the increasingly severe pollution of the ecological environment and the various impacts resulting from climate change, the Company continues to improve with measures of energy saving, carbon reduction, and environmental greening.	
Commitment	Conforming with the government's policies on energy saving and carbon reduction, and reducing the greenhouse gas emission	
Objective	Short-term	Greening the offices and developing the habit of turning off power when not needed
	Medium and long term	※ Paperless operations during meetings ※ Replacing the company vehicles with hybrid electric ones
Communication/Complaint	Suggestions or complaints may be made to the Administration Division, Administration Department or Public Affairs Office	
Specific measure	Track records The TCFD has been implemented and the Climate Change Risk and Opportunity Governance Team have been set up to establish corresponding management measures for risk factors. Climate change ※ Strengthen emergency power supply and back-up mechanisms for information systems. Prepare protective measures for stores, factories and offices whenever a strong typhoon warning is issued. ※ In order to protect the lives of staff and visitors, work and business will be suspended in the event of typhoons or heavy rains that meet the standards announced by the city/county governments. ※ Land and farming areas should be built with enhanced capacity for effective soil and water conservation facilities to improve the ability of land and farming areas to cope with climate risks. ※ A consultation mechanism with experts will be introduced for environmental development and utilization so that the concept of environmental conservation is integrated into the operating system at the planning stage. ※ Implementing an efficient water-saving system (Israeli drip irrigation), the 14,000 drip holes per hectare are used to precisely inject liquid fertilizer and water into tea seedlings, saving nearly 70% of water and 50% of fertilizer use, reducing water consumption, expanding water storage capacity and achieving precise fertilizer application as an adaptation strategy to climate change in the agricultural sector. ※ Implementing internal water conservation and improving water recycling rates ※ Pingtung Laopi Tea Factory installed solar panels on the roof of the new factory. ※ Switching to LED lighting in the office to reduce electricity consumption ※ Switching to production machinery with the energy-saving/energy-saving design. ※ Planting trees to reduce carbon: The company's own afforestation achievements have reached about 475 hectares. ※ Evaluate suppliers and strengthen the audit of climate change adaptation capabilities of high-risk businesses.	

4.1 Climate Change Risks and Opportunities

As the tea industry is greatly associated with nature, Taiwan Tea Corporation pays close attention to the quality and safety of the products and environmental protection. We make efforts to promote environment-related policies, continually replace old equipment with low efficiency. We proactively seek ways to facilitate sustainable and green development for the application of the Company-owned land, so as to show how the Company values environmental protection and make early preparation for the adaption to and corresponding measures against climate change.

The effects of climate change on the world have become serious, and natural disasters have led to increasing loss of life and property. The World Economic Forum's (WEF) Global Risks Report 2021 analyzed the risks according to the impact and likelihood of occurrence, and it turned out that the environment-related risks almost dominated the top five global risks. The United Nations has also called on countries to declare a state of climate emergency. Therefore, we have carried out the self-monitoring to identify climate risks since this year to increase the company's risk tolerance.

Organizations regarding the governance of climate change risks and opportunities

Board of Directors

The Board of Directors is the risk monitoring unit. The Risk Management Committee assesses and identifies the risks and submits such results to the Board of Directors for further decision and guidance.

Risk Management Committee

After each team as well as the department of the Company reports the issues that may pose risks to the Company, the Risk Management Committee conducts the risk assessment and identification and submits the results to the Board of Directors.

Climate Change Team and Relevant Departments

The Climate Change Team and relevant departments are responsible for collecting all the risk issues, submitting them to the Risk Management Committee, and responding to the risks after the highest decision-making unit gives further instruction.

Governance of climate change risks and opportunities

The Task Force on Climate-Related Financial Disclosures (TCFD) is a task force established by the Financial Stability Board (FSB). Considering that the Company shouldn't only make basic identifications of the risks and opportunities brought by climate change to the Company, the connection to operating strategies after assessment and management will be one of the most material topics for the Company's sustainable operation. Instead of simply keeping track of the economic indicators as before, the capital market needs to be provided with information more diversified as a reference for making investment decisions. As TCFD covers the physical and transition risks related to climate change and the effective financial disclosures for different industry sectors, Taiwan Tea Corporation has implemented the TCFD to offer a clear, efficient medium that enables the Company to facilitate communication with the stakeholders and obtain climate-related financial information that matches the expectation of the market.

Core elements			
Governance	Strategy	Risk Management	Metrics and Targets
The General Manager of the Board of Directors shall be a member of the CSR Committee and shall review and report regularly to the Board of Directors on CSR-related policies and decisions, including those related to climate change, major risks, and business opportunities. Solutions to climate change and environmental issues and their performance shall be presented in a CSR report, which shall be completed by the	The objectives are: to promote professionalism and environmental protection, to promote lean production, to improve resource efficiency, to use environmentally friendly materials and green equipment, to supply ecologically safe products, to grow sustainably, to meet stakeholders' expectations, and to improve the disclosure of climate information.	Management solutions shall be produced to reduce the risk of loss in the event of a major risk event. All possible options should be analyzed, targets set (elimination of risk, reduction of risk, diversification of risk, etc.) and a meeting held to decide on the final solution to be implemented.	※ Improving its own resilience ※ Setting impact limits ※ Calculating the financial impact ※ Promoting a low carbon economy

Internal communication process

The following figure is the internal communication flowchart of the Taiwan Tea Corporation in terms of the climate risk identification and responses:



Risk assessment process

Taiwan Tea Corporation's climate risk assessment process consists of five steps, including information collection of relevant climate risks, analyses and assessment, development of corresponding strategies, and regular review of the implementation effectiveness, so that the Company can get a clear direction for future improvement.



Risk assessment results and corresponding strategies			
Risk factors	Risk description	Impact or effect on operations	Management measures / response policies
Climate change	※ Extreme weather events that cause significant damage to property, infrastructure and life: e.g. drought, high temperatures, power shortages, flooding, wind damage, etc. ※ Decline in biotic habitats due to land use ※ Increase in average temperature. ※ Financial impacts on agriculture, forestry, customers and supply chains due to policies that promote adaptation to climate change.	※ Loss of equipment and assets due to strong winds, which may cause impact on staff safety risks and loss of business. ※ Short-duration heavy rainfall increases the cost of building and maintaining facilities. ※ Disturbance of ecological habitats will result in risks to the environmental image of the business. ※ Lack of water or drought affects the growth of tea trees. ※ Power shortages will lead to operational disruptions or higher operating costs and higher carbon emissions.	※ Strengthen emergency power supply and back-up mechanisms for information systems. Prepare protective measures for stores, factories and offices whenever a strong typhoon warning is issued. ※ In order to protect the lives of staff and visitors, work and business will be suspended in the event of natural disasters (typhoons or heavy rains) that meet the standards announced by the city/county governments. ※ Land and farming areas should be built with enhanced capacity for effective soil and water conservation facilities to improve the ability of land and farming areas to cope with climate risks. ※ A consultation mechanism with experts will be introduced for environmental development and utilization so that the concept of environmental conservation is integrated into the operating system at the planning stage. ※ Implementing an efficient water-saving system (Israeli drip irrigation), the 14,000 drip holes per hectare are used to precisely inject liquid fertilizer and water into tea seedlings, saving nearly 70% of water and 50% of fertilizer use, reducing water consumption, expanding water storage capacity and achieving precise fertilizer application as an adaptation strategy to climate change in the agricultural sector. ※ Implementing internal water conservation and improving water recycling rates ※ Pingtung Laopi Tea Factory installed solar panels on the roof of the new factory. ※ Switching to LED lighting in the office to reduce electricity consumption ※ Switching to production machinery with the energy-saving/energy-saving design. ※ Planting trees to reduce carbon: The company's own afforestation achievements have reached about 475 hectares. ※ Evaluate suppliers and strengthen the audit of climate change adaptation capabilities of high-risk businesses.
Public health	※ Risk of contagious or infectious diseases may lead to isolation or reduction in the workforce. ※ Factories may be shut down. Tourism and entertainment consumption will be affected.	※ Isolation of employees in a pandemic may cause disruption to operations. ※ Loss of income may arise due to the prohibition of access for disease control reasons.	※ Keep an eye on the trend of the pandemic and develop a notification mechanism and related protective measures. ※ Free masks should be provided to leisure stores for their staff to wear, body temperature measurements should be taken and automatic alcohol disinfectant sprays should be installed. ※ Health management, back-up mechanisms and off-site offices should be put in place to ensure operational sustainability.

Actual and potential impacts of climate risks			
Risk categories	Risk dimensions	Risk	Financial Impact
Transformation risk	Regulations and Policies	Increased demand and regulations related to sustainability	※ In terms of operating locations, we may need to increase the cost of building electrical equipment and other costs in response to regulatory changes.
		Increase in greenhouse gas emission costs	※ In response to Taiwan's Greenhouse Gas Reduction and Management Act, the company has to improve its equipment and energy efficiency. It may be affected by the potential carbon tax and carbon trading system, which may lead to an increase in operating costs.
	Technology	Products and services are now being replaced by lower-carbon alternatives.	※ The emergence of lower carbon products and services to replace existing products and services may result in a loss of revenue.
	Market	Changing customer behavior	※ Increased demand for lower carbon products and services due to increased customer awareness of sustainability may result in a shift to lower carbon services, thus impacting revenue.
	Reputation	Shifting customer preferences	※ Products or services with high carbon emissions and low climate resilience may affect customers' trust in the company, damaging its reputation and further affecting its revenue.
		Eco-friendly corporate image	※ Ecological conservation: With the development of civic awareness, the corporate environmental image of land development and forestry and agricultural land maintenance will receive more attention from civic groups.
Physical risks	Extreme risks	Typhoons will increase and intensify in strength	※ Strong winds may cause damage to equipment/assets and increase the number of work stoppages or shutdowns due to weather conditions. This may affect the safety of staff at work and cause loss of business.
		Increased frequency of water shortage and drought	※ Lack of water and drought will affect the growth of tea trees and affect production capacity.
		Earthquake	※ Risk of damage to production machinery due to earthquakes ※ Earthquakes may affect the electricity and gas supply. ※ Severe earthquakes may cause damage to houses and serious injury and loss of life, property and public facilities.
	Long-term risks	Increase in average temperature	※ Higher average temperatures will increase the cost of electricity. Electricity shortages will lead to disruptions or increased operating costs and higher carbon emissions.
		Severe weather changes	※ Severe changes in temperature (such as an increase in the number of extreme high-temperature days) can lead to prolonged droughts and require companies to invest in water efficiency. ※ Drastic changes in temperature can disrupt the growth cycle of tea trees, causing early fertilization of tea buds, reducing yields.
		Increase in short-duration heavy rainfall	※ The increase in the number of hours and days of heavy rainfall in a short period of time is expected to increase the cost of inspection and repair of damage to land and agricultural areas after heavy rainfall. ※ Additional costs for environmental maintenance and soil and water conservation facilities are expected on land use and development sites.

Concrete actions

In addition to the implementation of the TCFD for climate risk assessment, Taiwan Tea Corporation has also tried to increase our influence to the fullest extent. We have adopted various measures in all the factories we operate with the "local production, reduction of carbon footprint, energy saving and carbon reduction, more vegetables, and less plastic" as the core objectives, and the concrete actions are shown as follows:

1. The tea leaves from the "Sun Moon Lake Antique Assam Tea Farm," "Tongluo Tea Factory," "Xiong Kong Tea Plantation," "Daliao Historical Tea House," and "Daxi Tea Factory" are grown through natural farming methods or certified by the Tse-Xin Organic Certification. Together with the coffee beans grown in "LuGao Cafe," these leaves are all produced and sold directly by these places and win the great trust of consumers. With the leaves and coffee beans locally cultivated and produced, the fuel consumption of transportation and carbon footprint can be reduced.
2. In the Company's Laopi Tea Farm located in Pingtung, the nameplate capacity of the solar photovoltaic system installed on the roofs of the new factory and dormitory built in 2019 is 538.47KW, with an annual power generation capacity of around 688,000kWh.
3. The new factory built in Pingtung Laopi Tea Farm in 2019 only uses energy saving tube lights, which helps save one-third of the cost for utilities compared to conventional lights.
4. The old boilers fueled by heavy oil and used as heat sources in factories are replaced with low-polluting gas-powered boilers.
5. We prioritize purchasing processing equipment featuring heat recovery and having better heat insulation that prevents heat loss to effectively reduce fuel consumption. Our existing machines and equipment are improved in design or replaced every year.
6. The Company pays attention to the energy consumption of the agricultural machinery and uses energy-efficient agricultural machines to mitigate air pollution.
7. The majority of the healthy meals served at the "Daxi Tea Factory" and the "Sun Moon Lake Antique Assam Tea Farm" are made from low-mileage local products, which is the mainstay of our natural cuisine. The company's main emphasis is on the concept of "Eat at the Right Time," using seasonal and local ingredients to design menus to provide natural and non-toxic fruit and vegetable meals and to implement the low-carbon concept of shortening food miles.

Owning an area of land that covers one-thousandth of the main island of Taiwan in total, the Company sets "health, leisure, environment" and "co-existence with the land" as the management philosophy, which is one of the focuses of our development. We hope to contribute to climate change improvement through the measures taken. The concrete actions are as follows:

1. We are devoted to planned afforestation to plant new types of trees in the forests on a yearly basis. Up to the end of 2020, the total area of the Company's afforestation has reached about 475 hectares.
2. In recent years, the Company has spared no effort in the restoration of tea plantations and the expansion of organic tea farms.
3. The Israeli drip irrigation system adopted to cultivate tea trees for soil protection in our Laopi Tea Farm in Pingtung has saved 70% of the water resource and reduced the use and waste of fertilizer, thereby saving the expense for fertilizer purchase and the wages to workers for applying the fertilizer, and protecting the environment. The coverage rate of the drip irrigation system has exceeded 100%.
4. Conduct planting management in a quality agriculture manner. Use liquid fertilizer of aerobic fermentation and trace elements to nourish crops. Grow the trees in a vegetative cultivation manner to provide organic materials needed for the crops whenever necessary. Improve the soil structure to minimize the impact of climate change on the crops. Create a harmonious agricultural environment and produce quality products.

4.2 Green Environmental Actions

- (1) "Developing a leisure industry with tea ecology and tea culture as the cores" is one of the main focuses of Taiwan Tea Corporation for company development. Thus, the "Sun Moon Lake Antique Assam Tea Farm" in Nantou, "Tongluo Tea Factory" in Miaoli, "Xiong Kong Tea Plantation" and "Daliao Historical Tea House" in New Taipei City, "Daxi Tea Factory" in Fuxing, Taoyuan, and even the "LuGao Cafe" put into operation in August 2019 all have the "health, leisure, environment" and "co-existence with the land" as their philosophy. the environmental protection issues will make the consumers support the philosophies even more.

The tea leaves from the "Sun Moon Lake Antique Assam Tea Farm," "Tongluo Tea Factory," "Xiong Kong Tea Plantation," "Daliao Historical Tea House," and "Daxi Tea Factory" are grown through natural farming methods or certified by the Tse-Xin Organic Certification. Together with the coffee beans grown in "LuGao Cafe," these leaves are all produced and sold directly by these places and win the great trust of consumers. With the leaves and coffee beans locally cultivated and produced, the fuel consumption of transportation and carbon footprint can be reduced.

Recreational Tea Farms - Daxi Tea Factory and Daliao Historical Tea House



Recreational Tea Farms - Xiong Kong Tea Plantation and Tongluo Tea Factory



The Company currently holds more than 3,000 hectares of land in Taiwan, many parts being forest forms and natural ecological areas of native plants. In Xiong Kong Tea Plantation, the natural landscape has been preserved on the principle of low-density development. In addition to the Cryptomeria, Taiwan Cryptomerioides, Formosan Sweet Gum, and Taiwan Incense Cedar growing for over 30 years, there are also more than 20 kinds of protected animals, including Formosan rock macaques, Formosan blue magpies, pangolins, crested serpent eagles, common kestrels, Taiwanese kraits, Taiwanese habus, yellow-margined box turtles, Günther's frogs, etc., in the plantation.

In recent years, the Company spares no effort in the restoration of tea plantations and operation of organic tea farms in lieu of the arecas planted by tenant-peasants. The action has made us the only company in the industry that improves the natural eco-environment and the conservation of water and soil by such a method. It is also an indicator that enhances our competitiveness.

The owl and the Reeves's muntjac in Xiong Kong



- (2) Since 2014, the filter bag, cotton thread and label of most of our 3D tea bags have been made of corn starch which is natural, non-toxic, eco-friendly, and decomposable.
- (3) The Tea Manufacture Department introduces a high-efficiency water saving system for the agricultural business to reduce water consumption and improve cultivation to avoid using large amounts of chemical fertilizer in order to create a water-saving, eco-friendly and sustainable operating environment in the industry. By introducing the water saving system, irrigation water consumption can be significantly cut down and the use and waste of fertilizer can be effectively reduced in our tea farms. The implementation result shows that more than 70% of the water resource has been saved, saving the expense for fertilizer purchase and the wages to workers for applying the fertilizer and protecting the environment.
- (4) The area for cultivation in organic tea farms is increased on a continuous basis.
- (5) We reduce the use of pesticide to place the health improvement for plants as the priority while enhancing the safety of food materials.
- (6) The fertilizer management principles are implemented for the planting of our crops in order to prevent eutrophication of rivers and to not use too much fertilizer.
- (7) We conduct planting management in a quality agriculture manner, use liquid fertilizer of aerobic fermentation and trace elements to nourish crops, cultivate the crops in a vegetative cultivation manner to provide organic materials needed for the crops whenever necessary, improve the soil structure to minimize the impact of extreme weather on the crops, and thereby create a harmonious agricultural environment to produce quality products.
- (8) Since 2015, starting with the Annual Report 2014 and the Meeting Handbook 2015, our annual reports and meeting handbooks for shareholders' meetings have been printed with eco-friendly recycled paper and soy ink certified by FSC and the Green Mark of Executive Yuan.
- (9) In addition to the natural environment promotion and soil conservation, there are no concerns about pollution during the production of the Company's tea leaves. We are not an industry that will cause environmental pollution and have no records of such polluting activities.
- (10) The general daily waste in each company's (recreational store) is recycled as per the laws and transported and disposed of by the cleaning team of each township office or the qualified waste disposal companies we commissioned.
- (11) Eco-friendly LED lighting that helps save energy is adopted in the new factories to reduce power consumption. The lighting of the existing factories and offices has been replaced with an eco-friendly energy saving system year by year.

4.3 Energy and Resource Management

As optimizing the use of energy can also reduce the impact of climate change upon Taiwan Tea Corporation, we have been endeavored to take relevant energy saving measures as well, ranging from the basic promotion of energy saving concept to the equipment replacement, and even to the afforestation work and the setup of renewable energy. It is our hope to contribute to the improvement of climate change through the measures taken. Besides, proactively working towards the energy saving goals, the Company reduced 3% of the objective value of energy management cost compared to the previous year for the energy saving plan to review the energy saving performance.

Energy management

In order to effectively reduce the use of energy, we have been taking related energy saving measures, such as continually promoting the concept of turning off the lights when not using them, and certainly keeping the lights turned off as well as adjusting the temperature of air conditioners during the lunch break to achieve energy saving and carbon reduction. Taiwan Tea Corporation has been performing actions for energy saving and carbon reduction since 2014. The goal is that the expense left due to the energy saving actions every year should be reduced by 3% compared to the previous year. In the first year of implementation, the cost for utilities has been brought down by up to NT\$120 thousand.

In the past three years, with the area Taiwan Tea Corporation uses in the office building in Nangang as the scope of statistics, the Company has disclosed the data mainly on the use of electricity. According to the statistics, the amount of electricity used during the recent three years has reduced by around 7.83%. The data of the statistics is shown as follows:

Total Use of Mobile Electricity Power			
Year	Electricity Used (kWh)	Amount Reduced Compared to the Previous Year (kWh)	Percentage Reduced Compared to the Previous Year (kWh)
2020	195,295	13,861	7.10%
2019	209,156	1,519	0.73%
2018	210,675	12,948	-

Greenhouse gas management

Energy saving and carbon reduction have been the international mainstream direction for environmental protection and sustainable development for over ten years. The definition of energy saving is to control and reduce all kinds of power consumption or to stop adopting high energy-consuming equipment or engaging in energy-intensive activities, which means avoiding unnecessary consumption of energy from activities to, without overusing the environmental resources, achieve environmental protection and permanent economic development while striking a balance between them.

Since the Kyoto Protocol of the United Nations Framework Convention on Climate Change made the emission allowance of the primary greenhouse gas, CO₂, as something tradable, carbon reduction has become an important strategy to help restore the environment. When implementing, the definition of carbon reduction is to reduce carbon emission activities. Such actions include the reduction of emissions or carbon footprints for the inevitable carbon compounds produced by different economic activities and the operation of facilities and equipment, or even the efforts for active carbon recovery and capture, etc. An environment cleaning mechanism can be developed through carbon reduction, which may further minimize the irreversible environmental impacts resulting from the rise of global temperature caused by greenhouse gas.

From Taiwan Tea Corporation's perspective, the Company owns a large amount of land and has wide areas of mountains and forests that totally meet the criteria for GHG reduction measures. With the Company's mountain and forest management aligned with the important policies and measures of the government, the Company can also gain a positive position of making use of the land advantages while focusing on environmental protection instead of simply using the land.

The main objective of the current energy management policy adopted by Taiwan Tea Corporation is to cut the carbon emissions produced by the business operation. Related measures include the "restoration of tea plantations and the use of natural or organic farming methods," "more tree planting and natural environmental protection," "promotion of energy saving concept of turning off power when not using it," "encouragement of carpooling and taking public transportation systems," and "future tendency of buying hybrid electric cars as the company vehicles," etc.

Energy Saving Actions			
Category	Energy Saving Item	Content	Benefits
Equipment replacement	Improvement to the heat sources of factories	Replacing the old boilers fueled by heavy oil with low-polluting gas-powered boilers	The use of heavy oil has been reduced, which significantly cuts fuel pollution.
	Energy audit and replacement of agricultural machinery.	Choosing the agricultural machinery with energy saving function and high efficiency.	The air pollution has been reduced.
	Purchase of new processing equipment.	Focusing on the heating value recovery and enhancing the heat insulation capacity to prevent heat loss.	The fuel consumption has been cut down.
Foresight	Afforestation	Updating the species of trees every year.	Up to the end of 2020, the total area of the Company's afforestation has reached about 475 hectares.
	Setup of solar power system	Utilizing the unused land that is not suitable for planting and development and the partial roof areas of the new and existing factories to set up the solar power system.	The operating revenue has been increased accordingly and sustainable green management has been achieved.
Policy	Turning off lights whenever they're not used	Turning off lights in the offices whenever they're not used or during the lunch break, and checking if lights are turned off during the off-duty hours.	The electricity has been saved.
	Controlling the temperature of air conditioners	Turning on the air conditioners based on the zones and the defined time periods, with the temperature kept at 26-28°C.	The electricity has been saved.
	Paperless operations	Reusing the recycled paper to print out documents in the offices as much as possible, enhancing the implementation of paperless operations during meetings, and replacing paper announcements with electronic announcements.	The use of paper has been avoided to cut down on waste.
	Design and packaging of products	Mainly using materials that are simple, eco-friendly, non-toxic and decomposable.	The waste has been reduced.
	Catering for employees	Using reusable food ware with melamine one prohibited.	The waste has been reduced.

As a landowner holding an area of land that covers one-thousandth of the main island of Taiwan in total, Taiwan Tea Corporation regards the efficient use of agricultural land as the fundamental way of performing the land manager's duty when it comes to the use of all the land assets, while being devoted to the development of green energy industries is another aspect of bringing benefits to the land and environment. As a result, the afforestation and the application of the photovoltaic system have become the development direction of our use of land, which shows how Taiwan Tea Corporation values the environment and brings some real earnings to the Company.

Project 1 Afforestation Project

Implementation of the project:

- (1) Checking the areas of afforestation within the pieces of land managed by the branch offices based on the land resources
- (2) Finding out the zones suitable for afforestation through the investigation into the managed land areas, updating the species of trees a year by year and area by area as per the short-term, middle-term and long-term plans, and, according to the plan, clearing up and thinning the unnecessary trees in weed tree areas, growing or moving trees, and clearcutting or harvesting the areas that have mature forest forms with new planting plans implemented
- (3) Transforming the carbon in the air into the volume of physically usable woods through the CO₂ absorption of trees when they grow not only keep the forest forms organized with related profits earned but also reduce carbon by growing trees

Implementation result: Up to the end of 2020, the total area of the Company's afforestation has reached about 475 hectares

Table Analysis of Benefits

Benefit Item	Detailed Benefits
Profits from carbon trading	The international trading mechanism of the carbon credits resulting from the carbon reduction by tree planting, namely the carbon emission allowances, might have been gradually developed. However, since the Greenhouse Gas Reduction and Management Act was passed on July 1, 2015 in Taiwan, there has not yet been a specific mechanism for the carbon credits of the cap and trade market. For now, the carbon reduction certification is the possible way to go, but the measurement standard and the reduction target of the actual implementation remain unclear. Taiwan Tea Corporation has made preparations beforehand so that the Company can respond properly when the time is ripe.
Afforestation area maintenance	Considering that the profits from carbon trading are only possible after the market is mature, the Company has set the maintenance and management of afforestation areas as the direction of implementation before the government establishes the handling measures. Holding the perspective of land management, we have managed every part of our mountains, forests and lands appropriately, provided zones for new afforestation work or forest form organization, and carried out mountain and forest maintenance year by year and area by area, so that we can immediately get engaged in the carbon credit market to share the outcomes and benefits when the overall mechanism of the market is developed. The volume of woods cut from mature forest forms can also be traded as a wood resource, which allows the Company to keep the motivation of afforestation by investing the capital resources.

Project 2 Setup of Solar Power System

Implementation of the project:

Typically, the photovoltaic system can be divided into three categories: roof-mounted, ground-mounted, and water-based. As the threshold of technology and the cost for the setup of the roof-mounted photovoltaic system are relatively low, and that one can easily apply for the setup of this type of photovoltaic system, finish the construction and put the system into operation within a short period of time, and soon get the related revenue from the power generation, the Company chose to develop this type of photovoltaic system first after the consideration.

Implementation result: In the Company's Laopi Tea Farm located in Pingtung, the nameplate capacity of the solar photovoltaic system installed on the roofs of the new factory and dormitory built in 2019 is 538.47KW. The system has been put into operation for power generation since 2020, and the expected annual power generation capacity is around 688,000kWh.

Table Analysis of Benefits

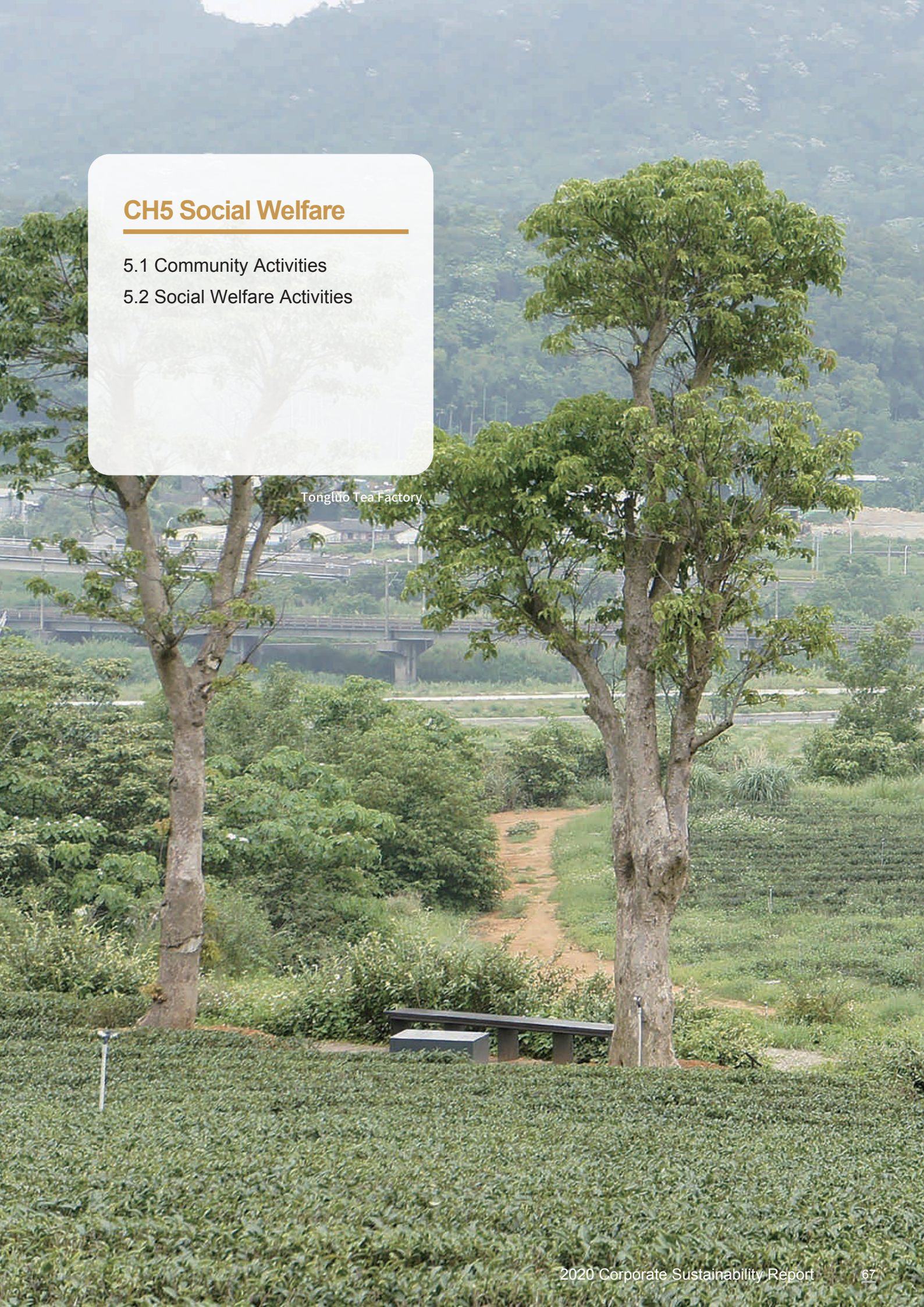
Benefit Item	Detailed Benefits
Profits from power generation	Trying to develop green energy, the Company has built a rooftop solar photovoltaic system at the tea factory and Laopi Tea Farm staff dormitory in cooperation with the system operator. We expected to put the system into operation for power generation and earn the profits from such power generation after the system is set up and fully replace the power system of Taiwan Power Company.
Life extension of the buildings	To lower the impact of the weight of photovoltaic devices upon the roofs of the buildings, we have taken the load-bearing capacity of roofs and the specification criteria such as wind resistance, waterproof function, etc. of the solar panels into account when designing the structures of the tea factory and the dormitory. It is expected that the protection of the rooftop of buildings can be ensured after the setup of the system.
Reduction in the energy consumption of the buildings	After the solar photovoltaic panels were installed, most of the sunlight can be blocked, and the indoor temperature control can directly reflect the effects of these panels on the roof heat transfer. The air conditioning cost saved due to the lower room temperature is expected to be far higher than the profits from the system, which is an invisible but the most practical benefit of the solar photovoltaic system.

Water resource management

In the past three years, with the area Taiwan Tea Corporation uses in the office building in Nangang as the scope of statistics, the Company has disclosed the data mainly on the use of water resources. According to the statistics, 4.9% of the use of water resources was saved in 2020 when compared to the data in 2019. The data of the statistics is shown as follows:

Table Consumption of Water Resources

Year	Water Used (kWh)
2020	4,413
2019	4,642
2018	4,224



CH5 Social Welfare

5.1 Community Activities

5.2 Social Welfare Activities

Tongluo Tea Factory



Since the establishment of Taiwan Tea Corporation, protecting Taiwan and contributing to Taiwan's society has long been our corporate mission. It is our belief that continuously devoting resources and showing love and respect are the ways to offer assistance and bring positive strength to society. In the hope of sending love to every corner of society, the Company will continue to be actively engaged in social services and encourage our employees to take part in social welfare events more in the future to keep on sowing the seeds of love.

Taiwan Tea Corporation has participated in disaster relief actions several times and proactively took part in social development and supported community activities. In 2013, the Public Affairs Office was set up to organize the social welfare events and ensure the implementation and promotion of related corporate social activities.

5.1 Community Activities

1. The Company has been dedicated to public welfare activities, such as donating goods to help disabled groups and underprivileged people in response to the "Warmth in Winter" activity of the Park II, and taking measures regarding energy saving and carbon reduction, in line with the government's environmental protection policy. We encourage engagement in the communities in Taipei City, New Taipei City, Taoyuan City, Miaoli County, Nantou County and Pingtung County where our branches are located in order to make specific actions and contributions that facilitate the prosperity and development of local areas. For example, we purchase patrol cars and build sentry boxes for the neighborhood watch team of the Community Development Association of Shengxing Village in Sanyi Township; improve the roads, streetscape and hygiene in Jiuhu Village, Tongluo Township; maintain the environment of Longquan Village, Neipu Township, Pingtung County; and dredge the sediments in large ditches in Zhonglin Village, Neipu Township.
2. In 2020, we sponsored the "Township Street Light Adoption" program of Sanyi Township, Miaoli County, the "Respect for Elders in Double Ninth Festival" event organized by the Community Development Association of Shengxing Village in Sanyi Township, Miaoli County, the "Cultural Industrial Activity" held by the Jiuhu Community Development Association in Tongluo Township, and several activities of the Xihu Community Development Association in Sanyi Township to not only care elders and disadvantaged families but also demonstrate our enthusiasm for caring our neighborhood through community engagement.
3. In May 2020, we donated NT\$50,000 to the Community Development Association of Xihu Township, Miaoli as a fund for the healthy life of residents and the development and assistance of the community.
4. In August 2020, the Company gave a sponsorship of NT\$40,000 to the Community Development Association of Jiuhu Village in Tongluo Township, Miaoli as a fund for the Paradise fish Festival and the community promotion activities.
5. In October 2020, sponsorship of NT\$15,000 was given to the Community Development Association of Shengxing Village, Miaoli, as a fund for respecting the elderly and caring for the disadvantaged on Double Ninth Festival.
6. In December 2020, we gave a sponsorship of NT\$50,000 for the Longhua Ceremony.
7. In June 2020, we "adopted" street lights with an electricity cost of NT\$50,000 in total in response to the street light adoption program by the Sanyi Township Office in Miaoli County.
8. In 2020, sponsorship of NT\$50,000 was provided to the Shoufu Temple in Zhongming Village, Nantou as a fund for the archway construction and celebration activities.



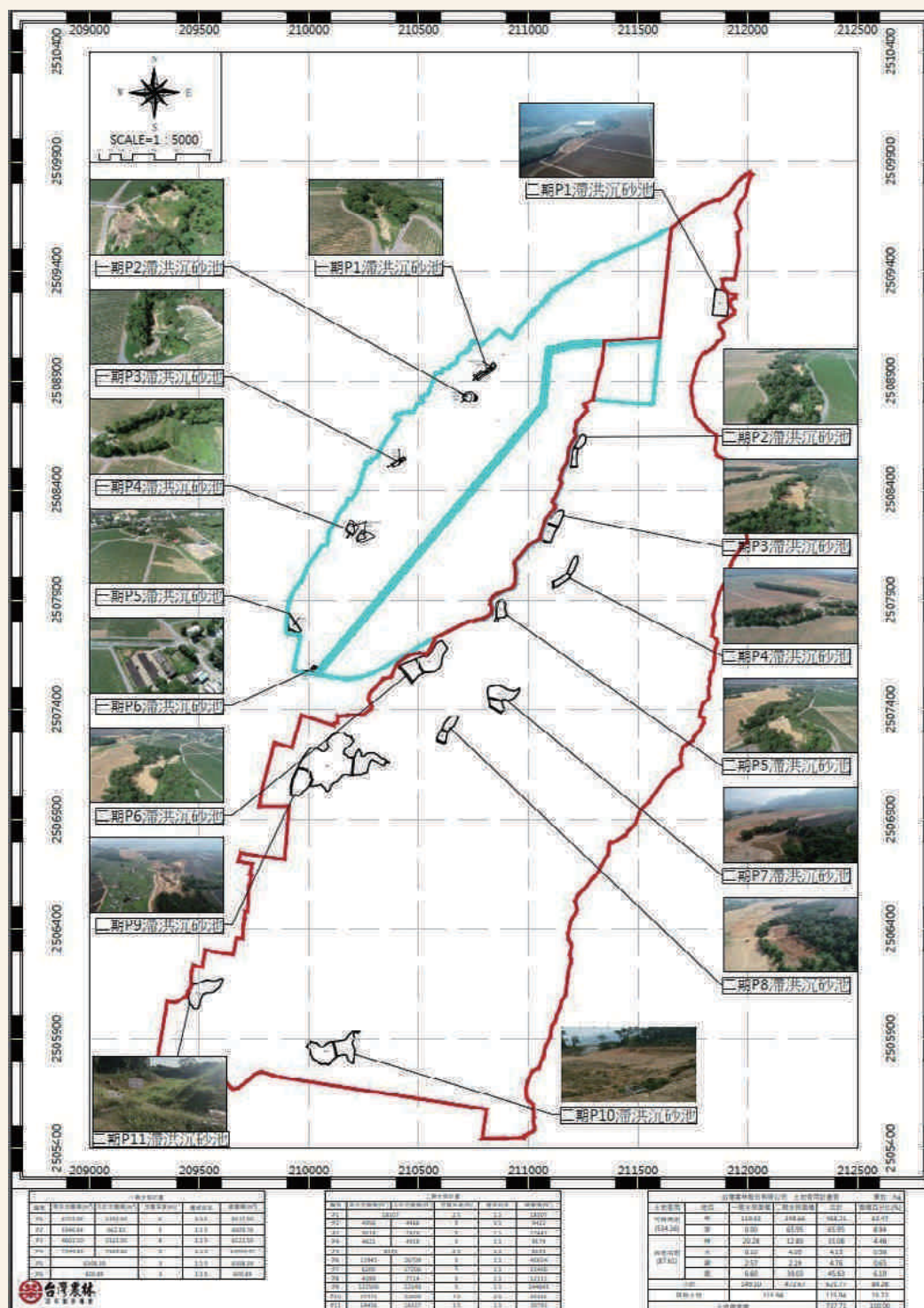
2020
Corporate Sustainability
Report

Detention Basins in Laopi Tea Farm, TTC

Pingtung Laopi Tea Farm, the affiliate of Taiwan Tea Corporation is located in Neipu Township, Pingtung County with a total area of 717 hectares, and the geological soil condition is between PH 4.5 and PH5.1, which consists of 3.5% organic substances, good red soil featuring well drainage, and the soil quality meets the requirements of growing tea trees. In the future, it's planned to be Taiwan's largest tea plantation base that produces high-quality Taiwanese local tea leaves for replacing the imported tea leaves.

Whenever it rained heavily, the accumulated water usually gushed downstream due to the geographically higher location of Laopi Tea Farm, influencing the residential area and causing many disasters.

After including Laopi Tea Farm as one of the farms under its management, the Taiwan Tea Corporation spent five years building 17 detention basins to prevent the great amount of rainwater from running into the downstream houses. With the complete construction of the detention basins, those disasters happening before are basically all avoided now.





5.2 Social Welfare Activities

1. We regularly visit the elders in the Hui-Kuang Senior Center and the children in the Harmony Home Association every year. However, with the social distancing policy for the prevention of the pandemic in 2020 and consideration of the low resistance of elders and children, the Company sent the pomelos planted by ourselves to the Hui-Kuang Senior Center and the Harmony Home Association, 60 kilograms of the pomelos each, in September 2020 to convey our care to the elders, children and selfless workers while avoiding any health care issues caused by viruses due to close contact, in the hope that they could have a wonderful Moon Festival with these pomelos.



社團法人台灣關愛之家協會
Harmony Home Association Taiwan

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29906

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台灣農林股份有限公司 先生/小姐/寶號 收



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邀請您

一起讓更多光顧進路路角，讓許多來不及長大的孩子，
有長大的機會，讓更多身處絕望的人，有努力下去的勇氣。

愛滋溫影響
之兒少照顧

非本國籍
寶實照顧

愛滋感險者
中興照顧

海外國區
兒少照顧

**用愛關懷
用心服務**

厭惡及毒品
防治暨生命
教育宣導

精神障礙
人士協助

關愛消息





統一編號：89040070
代表字號：台內社字第0920040049號
開辦日期：2020年09月27日

社團法人台灣關愛之家協會
Harmony Home Association, Taiwan

收據編號：物協20200900510

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捐助事項 Amount/Item	柚子(文旦)(5箱) -		
備註 P.S			

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感謝您帶給關愛之家無限溫暖及幫助，使我們能幫助更多人

本收據須列印包含經辦人名字及收據編號始為有效



2. In response to the "Sponsorship Program for Fruit to Disabled Children" organized by the Taiwan Disability Care Association, we donated 30 boxes of Tainung 17 pineapple that are cultivated without using plant hormones in our Laopi Tea Farm and certified by the Council of Agriculture and the Taiwan Agricultural Chemicals and Toxic Substances Research Institute, totaling 270 kilograms, and 20 boxes of our pomelos cultivated in Tongluo, Miaoli, totaling 144 kilograms on April 21 and September 26, 2020, in the hope to enable children to get adequate water, vitamins and cellulose through assimilation of the fruit so as to improve the health of the disabled children and thereby reduce the use of medical care.

000045

社團法人中華民國身障關懷協會 捐物收據 **TDCA**

內政部核准立案字號：台內社字第1000230543號 / 法人登記字號：100法登社字第26號

捐物人	台灣農林股份有限公司	先生/女士	107年4月21日
捐物用途	身障寶寶 希望水果	身分證字號/統一編號	091211007
地址	92501嘉義縣太保市永興路151號		
捐物品項	92501嘉義縣太保市永興路151號		

所得稅法第十七條、第二項第二款規定捐贈財產公益慈善、機構或團體之捐贈，可以減除所得稅額百分之百分之十。

統一編號：26399996 / 連絡電話：02-22550955
 辦事處：新北市板橋區文化路二段251號3樓
 總上捐款：https://tdca.org.tw
 玉山銀行 農林口分行 帳號：1430-040-002102
 社團法人中華民國身障關懷協會 郵政劃撥：50213085
 秘書處：info@tdca.org.tw / LINE官方帳號：@TDCA

理事長  秘書長  出納  經辦人 

第一聯：存查聯 第二聯（收）：受捐單位 第三聯（存）：捐贈人（業經）留存





Appendix

Appendix I GRI Index Table

Appendix II Index Table in Accordance with “Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies” (Article 4 Paragraph 1)

Appendix III ISAE 3000 Assurance Report

Xiong Kong Forestry Tea Plant

Appendix I GRI Index Table

GRI Standard	Disclosure Title	Chapter	Page No.	Remarks
GRI 102: General Disclosures 2016				
Organizational Profile				
102-1	Name of the organization	About the Report	04	
102-2	Activities, brands, products, and services	1.1 About the Taiwan Tea Corporation	07-09	
102-3	Location of the headquarters	1.1 About the Taiwan Tea Corporation	07	
102-4	Location of operations	1.1 About the Taiwan Tea Corporation	07-08	
102-5	Ownership and legal form	1.1 About the Taiwan Tea Corporation	07	Taiwan Tea Corporation is a listed company. Please refer to the 2020 annual report of the Company.
102-6	Market serves	1.1 About the Taiwan Tea Corporation	07-09	
102-7	Scale of the organization	1.1 About the Taiwan Tea Corporation	07-09	
102-8	Information on employees and other workers	3.1 Current Status of Human Resources	45-46	
102-9	Supply chain	2.3 Supplier Management	33-34	
102-10	Significant changes to the organization and its supply chain	No significant changes to the organization and its supply chain		
102-11	Precautionary principle or approach	1.3 Corporate Governance	17	
102-12	External initiatives	The Company did not sign any external initiatives		
102-13	Membership of associations	1.1 About the Taiwan Tea Corporation	11	
Strategy				
102-14	Statement from senior decision-maker	Message from Chairman	05	
Ethics and Integrity				
102-16	Values, principles, standards, and norms of behavior	Message from Chairman	05	
Governance				
102-18	Structure of Governance	1.2 Corporation Social Responsibility	12	
Stakeholder Engagement				
102-40	Stakeholder groups	1.2 Corporation Social Responsibility	13	
102-41	Collective bargaining agreements	3.2 Building a Happy Workplace	47	
102-42	Identifying and selecting stakeholders	1.2 Corporation Social Responsibility	13	
102-43	Approach to stakeholder engagement	1.2 Corporation Social Responsibility	13	
102-44	Key topics and concerns raised	1.2 Corporation Social Responsibility	14	
Reporting Practice				
102-45	Entities included in the consolidated financial statements	About the Report	04	
102-46	Defining report content and topic boundaries	About the Report	04	
102-47	List of material topics	1.2 Corporation Social Responsibility	14-15	
102-48	Restatements of information	There were no restatements of information		
102-49	Changes in reporting	About the Report	-	No substantial changes
102-50	Reporting period	About the Report	04	
102-51	Date of most recent report	About the Report	04	
102-52	Reporting cycle	About the Report	04	
102-53	Contact point for questions regarding the report	About the Report	04	
102-54	Claims of reporting in accordance with the GRI Standards	About the Report	04	
102-55	GRI content index	GRI Index Table	73	
102-56	External guarantee/assurance	About the Report Declaration	76	

GRI Standard	Disclosure Title		Chapter	Page No.	Remarks
Material Topics					
1. Food Safety and Quality Control					
GRI 103 Management Approach	103-1	Explanation of the material topic and its boundary	1.2 Corporation Social Responsibility	14	
	103-2	The management approach and its components	2.2 Food Safety	31	
	103-3	Evaluation of the management approach	2.2 Food Safety	31	
GRI 416 Customer Health and Safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	1.3 Corporate Governance	22	
2. Sustainability Strategy					
GRI 103 Management Approach	103-1	Explanation of the material topic and its boundary	1.2 Corporation Social Responsibility	14	
	103-2	The management approach and its components	1.3 Corporate Governance	17	
	103-3	Evaluation of the management approach	1.3 Corporate Governance	17	
No applicable GRI material topics					
3. Product Marking					
GRI 103 Management Approach	103-1	Explanation of the material topic and its boundary	1.2 Corporation Social Responsibility	14	
	103-2	The management approach and its components	2.5 Customer and Consumer Service	36	
	103-3	Evaluation of the management approach	2.5 Customer and Consumer Service	36	
GRI 417 Marketing and Labeling	417-1 417-2	· Requirements for product and service information and labeling · Incidents of non-compliance concerning product and service information and labeling	2.5 Customer and Consumer Service 1.3 Corporate Governance	36	
4. Supplier and Traceability Management					
GRI 103 Management Approach	103-1	Explanation of the material topic and its boundary	1.2 Corporation Social Responsibility	14	
	103-2	The management approach and its components	2.3 Supplier Management	33	
	103-3	Evaluation of the management approach	2.3 Supplier Management	33	
GRI 204 Procurement Practices	204-1	Proportion of spending on local suppliers	2.4 Local Procurement	34	
5. Creative R&D					
GRI 103 Management Approach	103-1	Explanation of the material topic and its boundary	1.2 Corporation Social Responsibility	14	
	103-2	The management approach and its components	2.7 Product Innovation	40	
	103-3	Evaluation of the management approach	2.7 Product Innovation	40	
No applicable GRI material topics					
6. Food Health and Nutrition					
GRI 103 Management Approach	103-1	Explanation of the material topic and its boundary	1.2 Corporation Social Responsibility	14	
	103-2	The management approach and its components	2.4 Local Procurement	34	
	103-3	Evaluation of the management approach	2.4 Local Procurement	34	
GRI 416 Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	2.4 Local Procurement 2.5 Customer and Consumer Service	34-35 36-37	
7. Risk Control					
GRI 103 Management Approach	103-1	Explanation of the material topic and its boundary	1.2 Corporation Social Responsibility	15	
	103-2	The management approach and its components	1.3 Corporate Governance	23	
	103-3	Evaluation of the management approach	1.3 Corporate Governance	23	

GRI Standard	Disclosure Title		Chapter	Page No.	Remarks
GRI201 Economic Performance	201-2	Climate change: financial implications, risks and opportunities	1.3 Corporate Governance 4.1 Climate Change Risks and Opportunities	23-24 60-63	
8. Business Performance					
GRI 103 Management Approach	103-1	Explanation of the material topic and its boundary	1.2 Corporation Social Responsibility	15	
	103-2	The management approach and its components	1.1 About the Taiwan Tea Corporation	10	
	103-3	Evaluation of the management approach	1.1 About the Taiwan Tea Corporation	10	
GRI201 Economic Performance	201-1	Direct economic value generated and distributed	1.1 About the Taiwan Tea Corporation	10	
9. Complaint and Communication Mechanisms					
GRI 103 Management Approach	103-1	Explanation of the material topic and its boundary	1.2 Corporation Social Responsibility	15	
	103-2	The management approach and its components	2.5 Customer and Consumer Service 3.2 Building a Happy Workplace	36 46	
	103-3	Evaluation of the management approach	2.5 Customer and Consumer Service 3.2 Building a Happy Workplace	36 46	
No applicable GRI material topics					
10. Employee Incentives and Retention					
GRI 103 Management Approach	103-1	Explanation of the material topic and its boundary	1.2 Corporation Social Responsibility	15	
	103-2	The management approach and its components	3.2 Building a Happy Workplace	46	
	103-3	Evaluation of the management approach	3.2 Building a Happy Workplace	46	
GRI401 Employment	401-3	Parental leave	3.2 Building a Happy Workplace	47	
11. Impact of Operations on the Environment					
GRI 103 Management Approach	103-1	Explanation of the material topic and its boundary	1.2 Corporation Social Responsibility	15	
	103-2	The management approach and its components	CH4 Green Environment	60	
	103-3	Evaluation of the management approach	CH4 Green Environment	60	
GRI306 Effluents and Waste	306-2	Waste by type and disposal method	CH4 Green Environment	64	

Appendix II Index Table in Accordance with “Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies” (Article 4 Paragraph 1)

No.	Description	Chapter	Page No.	Remarks
Food-1	The evaluation and improvement regarding the company's personnel, work environment, hygiene management of facilities and quality control system to improve food sanitation, safety and quality, as well as the significant product and service categories and the percentage affected.	2.2 Food Safety	32	
Food-2	The food safety and health management regulations that listed companies must observe, and the type and number of the violation incidents against these regulations.	1.3 Corporate Governance	22	
Food-3	The percentage of the purchase volume of listed companies in compliance with internationally recognized product responsibility standards.	2.4 Local Procurement	35	
Food-4	The percentage of the production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards.	2.2 Food Safety	35	
Food-5	The number and percentage of suppliers audited by listed companies, and the audit items and results.	2.3 Supplier Management	34	
Food-6	The product trace and track management are conducted voluntarily by listed companies or according to the applicable laws, and the percentage of such relevant products to the whole products.	2.3 Supplier Management	34	
Food-7	The food safety laboratories are established voluntarily by listed companies or according to the applicable laws, testing items, testing results, relevant expenses and the percentage of such expenses to the net revenue.	2.2 Food Safety	32	



Appendix III ISAE 3000 Assurance Report



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會計師獨立確信報告

台灣農林股份有限公司 公鑒

一、確信範圍

本事務所接受台灣農林股份有限公司（以下簡稱台灣農林）之委任，對 2020 年度企業社會責任報告書中所選定之永續績效資訊進行有限確信並出具報告。

有關台灣農林所選定之標的資訊及其適用基準，詳附件一。

管理階層責任

台灣農林管理階層應依據適當之基準編製2020年度企業社會責任報告書，包括參考全球永續性報告協會(Global Reporting Initiatives, GRI)所發布之GRI準則(GRI Standards)，並應設計、執行及維護與報告編製相關之內部控制，以蒐集並揭露報告書內容。

本事務所責任

本事務所係依照財團法人中華民國會計研究發展基金會所發布之確信準則公報第一號「非屬歷史性財務資訊查核或核閱之確信案件」之要求規劃並執行有限確信工作。

二、確信工作

有限確信案件中執执行程序之性質及時間與適用於合理確信案件不同，其範圍亦較小，所取得之確信程度明顯低於合理確信案件。為取得有限確信，本事務所於決定確信程序之性質及範圍時曾考量台灣農林內部控制之有效性，但目的並非對台灣農林內部控制之有效性表示意見。

為作成有限確信之結論，本事務所已執行下列工作：

- 與台灣農林之管理階層及員工進行訪談，以瞭解台灣農林履行企業社會責任之整體情況，以及報導流程；
- 透過訪談、檢查相關文件，以瞭解台灣農林之主要利害關係人及利害關係人之期望與需求、雙方具體之溝通管道，以及台灣農林如何回應該等期望與需求；



- 針對報告中所選定之永續績效資訊進行分析性程序；蒐集並評估其他支持證據資料及所取得之管理階層聲明；如必要時，則抽選樣本進行測試；
- 閱讀台灣農林之企業社會責任報告書，確認其與本事務所取得關於企業社會責任整體履行情況之瞭解一致。

三、先天限制

因企業社會責任報告中所包含之非財務資訊受到衡量不確定性之影響，選擇不同的衡量方式，可能導致績效衡量上之重大差異，且由於確信工作係採抽樣方式進行，且任何內部控制均受有先天限制，故未必能查出所有業已存在之重大不實表達，無論是導因於舞弊或錯誤。

四、品質管制與獨立性

本事務所遵循審計準則公報第四十六號會計師事務所之品質管制之規範，建立並維護完備之品質管制制度，包含遵循職業道德規範、專業準則及所適用法令相關之書面政策及程序。本所亦遵循會計師職業道德規範中有關獨立性及其他道德規範之規定，該規範之基本原則為正直、公正客觀、專業能力及盡專業上應有之注意、保密及專業態度。

五、結論

依據本事務所執行之程序及所獲取之證據，未發現台灣農林所選定之永續績效資訊有未依照適用基準編製而須作重大修正之情事。

安永聯合會計師事務所

會計師：張志銘



西元2021年9月28日



附件一：

編號	章節	內文標題	標的資訊	適用基準
1	符合性確信		台灣農林揭露 2020 年度企業社會責任報告書係依據全球永續性報告協會所發布之 GRI 準則(GRI Standards)之核心選項編製。	GRI 準則(GRI Standards)核心指標
2	CH2 產品與服務	食品安全	2020 年度台灣農林未有透過符合 ISO22000/HACCP 驗證之廠房產出產品。	依「上市公司編製與申報企業社會責任報告書作業辦法」第四條第一項第一款第一目之應加強揭露績效指標，公司自行統計之資訊。
3	CH1 永續治理	公司治理	2020 年無違反食品安全衛生管理法及施行細則而被處以罰款之情事。	依「上市公司編製與申報企業社會責任報告書作業辦法」第四條第一項第一款第二目之應加強揭露績效指標，公司自行統計之資訊。
4	CH2 產品與服務	當地採購	近三年台灣農林向選擇使用符合 FSC 認證紙張之印刷廠商進貨金額共 14,371,559 元。	依「上市公司編製與申報企業社會責任報告書作業辦法」第四條第一項第一款第三目之應加強揭露績效指標，公司自行統計之資訊。
5	CH2 產品與服務	食品安全	2020 年度台灣農林未有透過符合 ISO22000/HACCP 驗證之廠房產出產品。	依「上市公司編製與申報企業社會責任報告書作業辦法」第四條第一項第一款第四目之應加強揭露績效指標，公司自行統計之資訊。
6	CH2 產品與服務	供應商管理	2020 年度供應商總數為 350 家，於 2020 年底完成為 175 家稽核。	依「上市公司編製與申報企業社會責任報告書作業辦法」第四條第一項第一款第五目之應加強揭露績效指標，公司自行統計之資訊。

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編號	章節	內文標題	標的資訊	適用基準																
7	CH2 產品與服務	食品安全	台灣農林公司長久以來皆採用最高標準以確保食品安全，茶葉原料委託 SGS 進行多重農藥殘留檢驗，針對外購之茶原料(如錫蘭、印度…等)及自有茶園進行選樣、官能品評鑑定，篩選出符合品質之樣品後送 SGS 檢驗，合格才可進行採購，並如實登錄非登不可及非迫不可等作業系統。 追蹤追溯佔所有產品之百分比 <table><thead><tr><th>產品名稱</th><th>檢驗/追溯標準</th><th>追溯範圍/管理範圍</th><th>佔所有產品之百分比</th></tr></thead><tbody><tr><td>T1101100 寶蘭茶包 SFOP</td><td>SGS 檢驗</td><td>每月對產品進行安全追溯檢驗(非逐包不計)，其產品產品均透過系統追蹤管理。</td><td>2.5%</td></tr><tr><td>T1101100 寶蘭茶包 SFOP</td><td>SGS 檢驗</td><td>每月對產品進行安全追溯檢驗(非逐包不計)，其產品產品均透過系統追蹤管理。</td><td>6.5%</td></tr><tr><td>T1102100 寶蘭茶包 SFOP</td><td>SGS 檢驗</td><td>每月對產品進行安全追溯檢驗(非逐包不計)，其產品產品均透過系統追蹤管理。</td><td>4.0%</td></tr></tbody></table>	產品名稱	檢驗/追溯標準	追溯範圍/管理範圍	佔所有產品之百分比	T1101100 寶蘭茶包 SFOP	SGS 檢驗	每月對產品進行安全追溯檢驗(非逐包不計)，其產品產品均透過系統追蹤管理。	2.5%	T1101100 寶蘭茶包 SFOP	SGS 檢驗	每月對產品進行安全追溯檢驗(非逐包不計)，其產品產品均透過系統追蹤管理。	6.5%	T1102100 寶蘭茶包 SFOP	SGS 檢驗	每月對產品進行安全追溯檢驗(非逐包不計)，其產品產品均透過系統追蹤管理。	4.0%	依「上市公司編製與申報企業社會責任報告書作業辦法」第四條第一項第一款第六目之應加強揭露績效指標，公司自行統計之資訊。
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8	CH2 產品與服務	食品安全	依據食品安全衛生管理法，台灣農林於 2016 年正式設立食品安全實驗室，為消費者的健康把關。2020 年度實驗室相關支出共 6,059,060 元，佔總營業收入淨額 1.94%。	依「上市公司編製與申報企業社會責任報告書作業辦法」第四條第一項第一款第七目之應加強揭露績效指標，公司自行統計之資訊。																



Daxi Tea Factory



Sun Moon Lake Antique
Assam Tea Farm



Tongluo Tea Factory



Xiong Kong Forestry
Tea Plantation



Daliao Historical
Tea House



LuGao Cafe



TCC Tea Store
Headquarters Store



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