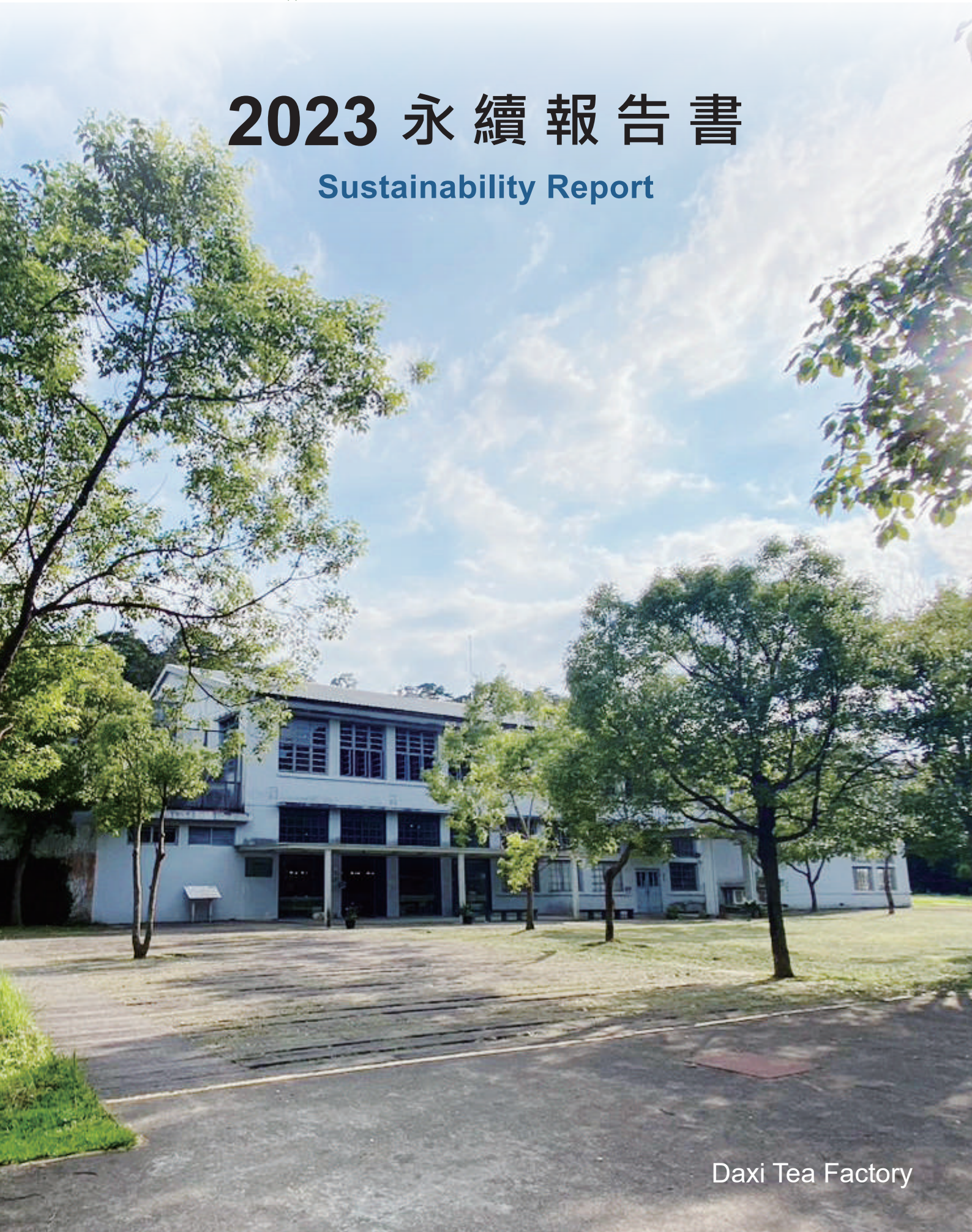




台灣農林 股份有限公司
TAIWAN TEA CORPORATION

2023 永續報告書

Sustainability Report



Daxi Tea Factory



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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 2021) 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 sustainable development. 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 GRI Standards and TWSAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" to ensure the reliability of the information disclosure in the 2023 corporate sustainability report. 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. Since the Company's first CSR report published in 2015, we have been reviewing our efforts and contributions to the society as well as the stakeholders and communicating with the stakeholders to know more about the Company's situation.

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, 2023 to December 31, 2023. 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 Sustainability 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 in accordance with the administrative procedure. The final version was published after the General Manager gave their approval.

The financial report contained in the Report was compiled for the period from January 1, 2023 to December 31, 2023. 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.

Report Management Process

1	Engagement	(1) Stakeholder engagement and material topics (2) Identification of impact from material topics
2	Collection of data	(1) Administration Department collects data from each unit on their annual practices, highlights and related data (2) Each unit provides data.
3	Compilation	(1) Administration Department summarize information and compile documents pursuant to the eight principles of the GRI Standards 2021. (2) Administration Department provides the initial draft and individual units are requested to confirm the completeness and correctness of the information presented
4	Review	(1) A third-party assurance institution checks the data (2) The heads of the Administration Division and Management Center and the ESG Committee approve the disclosure

Reporting Cycle

This is the corporate social responsibility report issued in the 10th 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 2023

Current issue: August 2024

Next issue: August 2025 (scheduled)

Feedback

If you have any questions about Taiwan Tea Corporation's 2023 Sustainability Report, please feel free to tell us and help us continue to improve. If you have any advice, opinion or suggestion relevant to the Report, please contact:

Taiwan Tea Corporation

Taiwan Tea Corporation
Secretariat Office of the Board of
Directors and Human Resources
Department

Address: No. 3, Zhonghua Road, Hukou
Township, Hsinchu County

Telephone: +886-3-659-1188

Fax: +886-3-659-1199

Website: <http://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 already started to stand out during the Japanese Occupation Period, building 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 demonstrated constant growth and development, and become the only leading tea making company that goes public and has tea plantations and factories in Taiwan. From tea planting to sales channels, the Company has upheld consistent quality management and attention to detail to ensure the utmost quality.

The "Root" of Taiwan Tea Corporation

The tea business is the root of the Company. 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. The Company's Laopi Tea Factory in Pingtung is the largest tea production base in Taiwan. In addition to the advanced precision irrigation technology (Israel drip irrigation) and the Smart Agri-management Platform, the Company keeps the information complete and transparent by establishing a traceability system covering the processes from planation, and production to packaging of tea products to replace imported tea with Taiwan tea and ensure that consumers can enjoy our tea products with no worries!

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

To meet the increasing needs of the people for recreational activities nowadays, the recreational tea factories and the LuGao Cafe of the Company have developed tourism and leisure activities with the strategy of diversified development in recent years by combining 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 recourses in different areas to provide an experience of both leisure tour and tea knowledge.

Full Utilization of the Land Assets

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. 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". At the same time, we 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 operation of organic tea farms, and files applications for afforestation as planned. Up to the end of 2023, the total area of the Company's afforestation has reached 475 hectares. We are the only company in the industry that improves the natural eco-environment and enhances the conservation of water and soil with such achievements.

Planning of Green Energy Economy

The Company owns a vast area of land for planting trees. The land has a variety of forest landforms and natural ecological areas composed of native species; it is thus expected that a number of forest carbon sinks can be formed and, in conjunction with the planning of under-forest economy, the goal of achieving a win-win situation between the Company and the environment can be attained for the green energy economy.

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. 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.



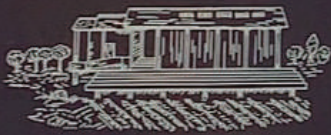
Taiwan Tea Corporation
Chairman

吳清海

CH1 Sustainable Governance

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

LuGao Cafe



LuGao Café

鹿篙咖啡莊園

1.1 About the Taiwan Tea Corporation

Company Profile

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 and agency 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 [2023 annual report](#).



1.1.1 Business Location

Corporate Information

The address of the head office in 2023 was No. 3, Zhonghua Road, Hukou Township, Hsinchu County. The tea and coffee products of the Company are produced at four premises. They are Laopi Tea Farm, Yuchi Tea Factory, San Yi Tea Factory, and Xiong Kong Tea Factory.



Taiwan Tea Corporation (Head office)

Address: No. 3, Zhonghua Road,
Hukou Township, Hsinchu County
Telephone: +886-3-659-1188
Fax: +886-3-659-1199
Website: www.ttch.com.tw



Sanxia Branch Office

Address: No. 140, Zhulun Road, Zhulun Village,
Sanxia District, New Taipei City, Taiwan
Telephone: +886-2-2672-6151~2



Miaoli Branch Office & San Yi Tea Factory

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



Nantou Branch Office

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



TTC Tea Store - Headquarters Store

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

Recreational Tea Farm



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
(Monday to Sunday)
Website: <http://www.daxitea.com/tw/>

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, super popular herbal tea eggs and supply of cold and hot food.
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.

Recreational Tea Farm



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
(Monday to Sunday)

Website: <https://www.assamteafarm.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.



Xiong Kong Tea Plantation

Address: No. 238, Zhulun Road,
Zhulun Village, Sanxia District,
New Taipei City, Taiwan

Telephone: +886-2-2672-6686
(Prior reservation is needed for a guided tour.)

Opening hours: 09:00~17:00

□ The management of Xiong Kong Tea Plantation has been commissioned to He Xu International Co., Ltd. since January 1, 2023.



Tongluo Tea Factory

Address: No. 132-16, Jiuhe Village,
Tongluo Township, Miaoli County,
Taiwan

Telephone: +886-37-987358

Opening hours: 09:30~17:00
(Monday to Sunday)

Website: <https://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.



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
(Monday to Sunday)

Website: <https://www.lugaocafe.com/>

Business item

1. This is 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.
4. An introductory course on pour-over coffee
5. Special guided tour: Experiencing the history of coffee with your five senses; becoming awareness and identifying coffee trees.

1.1.2 The Scope of Operations

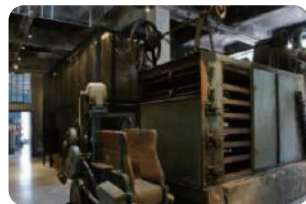
Industry Value Chain

TTC plays a key role in the tea industry. We are dedicated to providing premium tea products through the processes from picking of tea leaves, manufacturing of crude tea to production, grading and packing of refined tea. The compliance of the species and the time and technique of picking with the highest quality standard is ensured upstream. Every tea leave keeps in the best state through outstanding agricultural management and quality control in the midstream. The fineness of the production technique and the innovation of the technique are the focuses in the manufacturing process of tea. From baking, kneading to fermentation, we refine tea leaves to ensure their flavor, aroma and quality can reach the best state. Grading and packing of tea leaves are carried out downstream, ensuring every detail meets customer's expectations and market standards.

In addition to dedicating ourselves to the development of the tea industry, we actively promote sustainability of the land development. From acquisition of the land to the coordination, integration and management of the investment and production, we ensure compliance of every item with the plan and, in the meantime, take care of local environmental protection. We will continue to face the challenges and opportunities on the market, and work with partners to make contribution to the society and economy in an active manner.

Tea Business and Related leisure Business

Since establishing an organic tea seedling experimental area in 2003 which became the first organic-certified Assam tea farm in Taiwan, Taiwan Tea Corporation expanded the area of the organic tea farm every year. 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. The Company has acquired the "FSSC 22000", "ISO22000: 2018", "HACCP" and "Rainforest Alliance" certifications. Our tea leaves has passed the SGS Pesticide Residue Testing. Through the production procedures under strict control and the implementation of the control point system, the quality of our tea is trustworthy. allowing locally cultivated and produced tea to tantalize the palates of tea connoisseurs around the world with its safe, stable, consistent, and premium local flavor.



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

Marketing Channel Business	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 2. Chain Beverage Store 3. Hotels, Restaurants 4. Bubble Tea Shops 5. Breakfast Shops 6. Airlines 7. Office Channel 8. General Consumers 9. Others
Project Business	Product Distribution	1. Australian Gossips Red/White Wines 2. Hennessy (sold at 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. Tea leaf raw material 3. LuGao Coffee Product Series 4. Bottled water: Bamboo charcoal-filtered water 5. TTC Shop Product Series

Land Assets and Development Business

The areas where our land assets stated in accounts are distributed include Taipei City (Zhongzheng, Neihs, 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 (Neipu).

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.

1.1.3 Outlook

Land Assets

The primary operational goal is to maximize land value through continuous asset revitalization and reinvestment, so as to utilize the abundant land resources of the Company correctly and effectively

Asset Development

In response to the implementation phase of the government's territorial planning policy, we will continue to implement large-scale development projects. As for the tea ecology and leisure business, we will make full use of the tea factories and land resources with beautiful scenery surrounded by mountains to develop leisure agriculture and tourism business, and prepare existing tea culture spaces and coffee farms to gradually build these into a complete blueprint for a leisure space and create the second profit engine for the Company.

1.1.4 Financial performance

Material Topic: Business performance

Actual and Potential Positive Impact on Economy, Environment and People (Opportunity)	Actual and Potential Positive Impact on Economy, Environment and People (Risk)	Resourced Invested in 2023
Good business performance can encourage external investors and internal employees to have more confidence in the sustainable operations of TTC.	Bad business performance may arouse the concern of the internal employees about the job and thus increase their turnover.	1. Make use of TTC's extensive resources and specialties in tea to develop a good business model. 2. Draw up a comprehensive and proper financial plan for development and investment to create profit.

Strategic Objectives

Policy and Commitment of the Company to Business Performance	Short-term Objective (1 Year)	Med-term and Long-term Objective (3-5 Years)
The management will review the sales status of our tea business and the operating outcomes of each recreational location. Resources will be input into the business that have economic benefits to enhance the utilization of our limited resources and improve the financial structure. As for the development of the tea business, the customers in the commercial tea market eventually take the price as the first priority in the selection of quality tea leaves for which safe use of pesticides is performed. So, we will reduce the cultivated area of the tea leaves and take a conservative strategy in production. Only the capital expenditure needed for production will be invested to reduce the cash flow. We will enhance communication with consumers through social media and online shopping channels to promote the sales of the tea. As for the leisure business, we will change the strategies for the recreational locations where the operating benefit is not satisfactory. As a substitute, they will be rented out to increase our fixed income. As for recreational locations, we will improve the experience of the customers by combining different tea cultures and products and enhance their loyalty through digital transformation and optimization of our services. As for land assets, we will develop real estate to increase shareholders' equity, and continue low-density development or solicitation for rent to maximize the benefit.	- Tea Business Division (including Specialty Retail Sales) - Sell tea leaves with comprehensive traceability management and continue to obtain third-party control certification; if needed, we will apply for HALAL certification. - Offer a complete set of new products to the chain stores of hand-shaken tea brands, including new product development, customized packaging, and quality management fosters long-term stable customer relationship. - By actively collaborating with leading or well-known brands to launch co-branded or named tea beverage products to enhance visibility and brand recognition of TTC. - Continuously collaborate with cross-industry manufacturers to develop cross-branding products. - Tourism & Leisure Business Division - Develop new products and services at leisure locations and develop trendy beverages popular in the market. - Maintain stable product quality and reasonable selling price to enhance brand recognition and loyalty among consumers. - Develop suitable products based on the characteristics of each leisure spot, such as the historical significance of Daxi Tea Factory and the architectural features of Sun Moon Lake Antique Assam Tea Farm. - Arrange peripheral products depending on the sales characteristics of different stores. - Strive for more wholesale customers during the production season. - Asset Development - Continuously seek the investment of domestic and overseas investors in the land of the development project for which the purpose of the land has been changed, or achieve real earnings from development of land in a leasing or sales mode. - Develop leisure business, make use of assets and land lots. - With leasing as the core, increase the rental income of land. - Participate in and follow government policies, conducting a thorough inventory of land resources, with the aim of maximizing the benefits of land utilization.	- Develop new products continuously. - Continue to uphold the stable quality and reasonable price of our own brand to ensure brand recognition and loyalty among consumers. - Participate in and follow government policies, conducting a thorough inventory of land resources, with the aim of maximizing the benefits of land utilization.

Operating performance

In 2023, the Company's paid-in capital was NT\$7,900,000 thousand, and the employees totaled 237, including 11 directors who did not concurrently serve as employees. The business revenue totaled NT\$428,213 thousand. The operating revenue, including the revenue from the sale of products, construction contract revenue, rental income and other operating revenue, totaled NT\$379,507 thousand. The non-operating revenue, including the earnings from the disposition of property and the investment earnings recognized using the equity method, totaled NT\$48,706 thousand. (individual financial statements)

Unit: NT\$thousand

Item	Basic Element	2021	2022	2023
Direct economic value generated	Revenue (including net sales, income from financial investment, income from assets sale)	526,771	1,157,927	428,213
Economic value allocated	Operating cost	270,396	251,870	292,902
	Employee compensation and welfare	281,127	279,611	211,002
	Invest in community	255	186	180
Economic value retained	"Direct economic value generated" minus "economic value allocated"	(25,007)	626,260	75,871

Ratio of Operating Revenue

Year	2021	2022	2023
Sale of land	0.00%	0.00%	0.00%
General goods trading	81.98%	93.65%	94.80%
Leases	1.96%	1.74%	2.58%
Engineering	16.06%	4.61%	0.48%
Biotechnology	0.00%	0.00%	0.00%
Others	0.00%	0.00%	2.14%
Total	100.00%	100.00%	100.00%

Note: The data of 2021-2023 are all from the separate financial statements. 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

Production Volume/Value in the Recent Three Years									
Year	2021			2022			2023		
	Capacity	Volume	Value	Capacity	Volume	Value	Capacity	Volume	Value
Tea	947,041	947,041	220,202	1,289,307	1,289,307	309,150	1,093,125	1,093,125	148,649
Coffee	-	-	10,702	-	-	7,751	-	-	9,861

Note 1: 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

Note 2: If the production of products is replaceable, it can be incorporated in the calculation of the capacity and a note of description is needed.

Sales Volume/Value of Tea in the Recent Three Years						
Year	2021		2022		2023	
Domestic sales	Quantity	Value	Quantity	Value	Quantity	Value
Tea	410,803	220,419	543,735	251,000	589,458	269,831

Unit: Quantity - kg
Value - NT\$ thousand

The regions where TTC sold products in recent three years was Taiwan; unit: NT\$ thousand:

Year	2021		2022		2023	
Sales region	Amount	Sales amount percentage	Amount	Sales amount percentage	Amount	Sales amount percentage
Taiwan	369,203	100%	376,996	100%	379,507	100%

Tax Information

Income Tax Information			
Year		2022	2023
Net income before tax		-1,614	-292
income tax expense	Current tax	-30	-1
	Deferred tax	9	6
Effective tax rate (%)		1.30%	-1.71%
Tax payment		0	0
Cash tax rate (%)		0.00%	0.00%

Unit: NT\$ million, %

Tax Policy	Description	Risk Management Principle
Current tax	The current income tax liabilities (assets) related to the current or previous period are measured based on the tax rate and tax law that have been legislated or substantively legislated on the end date of the reporting period. Where the current income tax is related to the items recognized in other comprehensive income or directly recognized in equity, it shall be recognized in other comprehensive income or equity and is not loss or profit.	The income tax expense in the interim period is accrued and disclosed based on the tax rate expected to be applicable to the total earnings in the current year; namely, the calculated annual average effective tax rate is applied to the pre-tax profit in the interim period. The calculation of the annual average effective tax rate only includes the current income tax expense.
Deferred tax	The deferred income tax is calculated based on the temporary different between the tax base of an asset and liability and the their carrying amount on the balance sheet on the end date of the reporting period.	The deferred tax assets and liabilities are measured at the tax rate of the period in which the assets or liabilities are expected to be realized or settled. This tax rate is subject to the tax rate and tax law that have been legislated or substantively legislated on the end date of the reporting period. The deferred tax assets and liabilities are measured to reflect the tax on the end date of the reporting period arising from the method that TTC expects to use to recover or settle the book value of the liabilities and assets. The deferred income tax related to the items that are not recognized in loss or profit is not recognized in loss or profit but in other comprehensive income or directly recognized in equity depending on the transaction. The deferred tax assets are re-reviewed and recognized at the end date of each reporting period.

2023 subsidies from the government (Unit: NT\$)

Item	Amount
Council of Agriculture, Executive Yuan - Digital tea product supply chain service	849,000
Council of Agriculture, Executive Yuan - TAP Agricultural and Environmental Subsidies	7,677,579
Workforce Development Agency - Subsidies for Education and Training on Enterprises Human Resource Upgrade Program	70,700
Workforce Development Agency - Youth Employment Flagship Program	117,600
Workforce Development Agency - Youth Employment Navigation Program	171,333
Subsidaries from Occupational Safety and Health Administration	75,448
Tongluo Causeway Township Office - Green Plant Payments	78,197
Executive Yuan - Grants for Stable Employment Program	345,000
Executive Yuan - Green Environmental Payment Program	218,034
Executive Yuan - Organic Agriculture Incentives	168,273
On-site Health Service Subsidies	96,600

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.

Structure of shareholders

Unit	Number of personnel	Shareholding	Shareholding ratio
Government	24	174,009	0.02%
Financial institution	99	3,194,811	0.41%
Other corporate shareholders	700	320,454,175	40.56%
Foreign corporation and individual	183	49,707,975	6.29%
Individuals	122,844	416,469,030	52.72%
Treasury shares	0	0	0.00%
Total	123,850	790,000,000	100%

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

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. The Company did not distribute dividends from 2019 to 2023.

1.1.5 Domestic Trade Council and Association

Taiwan Tea Manufacturers Association Director	New Taipei City Industrial Tourism Association Member	Taipei Tea Merchants Association Member	Taiwan Tea Exporters Association Member
Taiwan Stock Affairs Association Member	Importers and Exporters Association of Taipei Member	Rice Business Association of Taipei City Member	Tea Research and Extension Station, COA Advisee
The Institute of Internal Auditors - Chinese Taiwan Member	Taoyuan Tourism Factory Advance Association Member	Miaoli County Industrial Development and Investment Promotion Committee Member	Taoyuan City Grand San Min Leisure Farms Development Association Member
College Development Committee of the College of Agriculture National Pingtung University of Science and Technology AAdivisory Committee Member			

1.2 Corporation Social Responsibility

Material Topic: Sustainability Strategy		
Actual and Potential Positive Impact on Economy, Environment and People (Opportunity)	Actual and Potential Positive Impact on Economy, Environment and People (Risk)	Important Resolutions of the Board of Directors in 2023
TTC's sustainability strategy includes dedication to protection of environment, improvement of business performance, protection of employees, consumers, shareholders, suppliers and other stakeholders, and implementation of corporate governance. The higher the performance of a company in the ESG implementation and the evaluation, the higher the investors counting on it, and the more the performance would be helpful for the stable development of the company.	1. Loss of equipment and assets due to strong winds, which may cause impact on staff safety risks and loss of business. 2. Short-duration heavy rainfall increases the cost of building and maintaining facilities. 3. Disturbance of ecological habitats will result in risks to the environmental image of the business. 4. Lack of water or drought affects the growth of tea trees. 5. Power shortages will lead to operational disruptions or higher operating costs and higher carbon emissions.	1. The proposal for the selection of power generation equipment manufacturer for the bid of the "solar power installation in Laopi Tea Farm in Pingtung" was adopted at the 8th meeting of the 24th Board of Directors on March 2, 2023. March 20 was determined as the contract awarding date at the meeting. 2. A lease agreement related to the "solar power installation in Laopi Tea Farm in Pingtung" was entered into with INA Energy Corporation on May 31, 2023. 3. The proposal for partial amendment of the Articles of Incorporation was adopted at the 10th meeting of the 24th Board of Directors on April 20, 2023, including deletion of business items and the change of the registered company address from Taipei City to Hsinchu County. 4. The proposal for amendment of the Articles of Incorporation was adopted at the shareholders' meeting on June 12, 2023. The proposal for change of the Company's business address was adopted at the 12th meeting of the 24th Board of Directors on June 12, 2023. 5. The proposal for appointment of the internal audit officer was adopted at the 11th meeting of the 24th Board of Directors on May 11, 2023.

Strategic Objectives		
Policy and Commitment of the Company to Sustainability Strategy	Short-term Objective (1 Year)	Med-term and Long-term Objective (3-5 Years)
TTC is committed to enhancing 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.	1. Conduct the performance evaluation of the Board of Directors continuously and comply with laws and regulations for the implementation of the corporate governance. 2. 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. 3. Comply with food safety regulations (appointment of food safety and health management personnel for each factory). Laopi Tea Farm in Pingtung will undergo the "ISO2200:2018", "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.	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.

1.2.1 Implementation of Corporation Social Responsibility

A ESG 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.

1.2.2 Corporate Structure and Management



The sustainability policy of the Company shall be approved by the Board of Directors and forwarded to the ESG Committee for coordination and monitoring of the progress. The Committee shall report the important sustainability issues and the result of the communication with the stakeholders to the Board of Directors on a regular basis.

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 ESG Secretariat Office is responsible for planning relevant policies, while the Public Affairs Office is responsible for establishing action plans and preparing budgets. The units involved shall cooperate with the ESG Secretariat Office to promote and implement the relevant plans.
ESG Report Approval	The report shall be forwarded to the ESG Secretariat Office for compilation after reviewed by relevant department heads, and further submitted to the Chairman for approval.
Implementation Result	The TTC ESG Committee held five meetings in 2023 to discuss important issues such as climate, energy saving and carbon reduction, and the rights and interests of the employees. We are dedicated to fulfilling our CSR and addressing the increasingly challenging climate change by actively participating in discussion and establishment of strategies to ensure implementation of sustainable environmental development.

Courses in which the ESG Committee participated in 2023

Name of the Educational Course	Number of participants	Training hours
Training Class for Climate and Gas Action Management Personnel of TWSE Listed Companies	1	20
Carbon Credit Planning Strategies - Understanding Carbon Credit Emissions	56	112
ESG Corporate Sustainable Operation and Transformation Class	1	11.5
Carbon Footprint Verification Class	1	12
Latest Sustainable Development Action Plans and Practical Analysis in the Impact of Net Zero Carbon Emissions on Financial Statements	1	30
Net-Zero Transformation of Companies to Create Green Supply Chain Competitiveness	2	4
Policy Development and Internal Control Management Practices Related to ESG Sustainability and Self-Prepared Financial Statements	1	6

1.2.3 Communication with Stakeholders and Analysis of Material Topics Issues

The 2023 Sustainability Report of TTC is compiled with reference to GRI Standards 2021 with disclosure of material topics as the focus. In terms of the analysis of material topics, as there were no significant changes in TTC's business scope in 2023, we disclosed the management approaches, performances and results with regard to the material topics identified in 2020.

To determine the impact of the material topics, 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.

- **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 statements 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. In 2022, 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, six major stakeholders were identified. We have also set up different smooth and effective communication channels through which the comments and needs of the stakeholders are fully understood and the issues they are concerned about as well as the feedback are collected (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.

Since there are no significant changes in TTC's business scope between 2022 and 2023, the material topics and the impact identification results in the 2022 Report are used in the 2023 Report continuously. The 2023 management approaches of material topics are established based on the business of the new year and the contents of the interview with the departments.

Stakeholder	Concerned Issue	Communication Channel	Communication Frequency
Brand Manufacturer/ Customer/Prospect	Food Health and Nutrition, Sustainability Strategy, Customer Health and Safety	Telephone/e-mail/personal visit/presence at meetings	Irregular
Shareholders/Investment Trust Institution	Environmental Assessment of Suppliers, Marketing and Labeling, Impact of Operations on the Environment, Food Health and Nutrition, Social Assessment of Suppliers	Board of Directors/Stock Affairs Department under shareholders' meeting/interview with spokesperson/letter	Every two months/ one year/irregular
Government	Employee Incentives and Retention, Environmental Assessment of Suppliers, Complaint and Communication Mechanisms (for Customers)	Visit and discussion/official document/telephone	Irregular
Supplier	Food Health and Nutrition, Customer Health and Safety, Impact of Operations on the Environment	Official document/email/telephone/implementation meeting/outcome meeting	Irregular
Employee/Labor- Management Conference	Customer Health and Safety, Employee Incentives and Retention, Food Health and Nutrition	Personal communication/e-mail/complaint box/regular labor-management conference and other regular meetings	Irregular/every three months
Community/Local Organization	Creative R&D, Risk Control, Impact of Operations on the Environment, Food Health and Nutrition, Complaint and Communication Mechanisms (for Employee)	Personal communication/telephone	Irregular

The Mechanism of Communication with Stakeholders and Result

We reviewed the impact of the material topics on the Company in 2023 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	Communication Mechanism/Contact	Communication Result in 2023
Employee	- Chairman and General Manager Mailboxes - HRD Manger Mailbox - Special section on Intranet - Establishment and promulgation of the "Employee Complaint" regulations. - Department conference - Labor-management conference - Performance evaluation - Executive Secretary of the Employee Welfare Committee - Guarantee of Gender Equality in Right-to-Work and Approach to Sexual Harassment Claims	- Labor-management conferences are held every quarter to protect the employees' legal rights. Four conferences were held in March, June, September, and December, 2023, respectively. - A sale and production meeting was held every week and an operations meeting was held every month on a regular basis in 2023. A total of 36 meetings were held in the year. - The Human Resources Department received two complaints from the employees in 2023. Investigation has been made together with the employees and the cases have been handled properly.
Shareholders	- Spokesperson mechanism - Investor section on the website - Shareholders meeting - Disclosure of Financial and Important Information	- 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). - One shareholders' meeting and two investor conferences (invited for attendance) were held in 2023.
Supplier	- Audit Office - Legal Affairs Department - Procurement Section, Logistics Center	- Upholding the ethical and fair principles, the Company selects the best suppliers in the aspects of products, services, quality, price, delivery period and after-sale services and establish long-term partnerships with them. 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. - Employees may report any violation of ethical management, employee's ethics or Code of Conduct to the Audit Office or Legal Affairs Department. - The Development Department checked contracted items together with 9 suppliers for control purposes in 2023. - The Company held legal system and technique seminars with 5 suppliers in 2023. - A supplier evaluation was conducted in 2023.
Client	- ISO22000:2018 - HACCP food safety certification - FSSC22000 - Rainforest Alliance - Customer hotline 0800-089-288	- We place importance on food safety. In addition to introducing a third-party monitoring system to ensure the quality, including adopting traceability certification for all tea farms and carrying out organic certification for organic tea farms. We have acquired the FSSC22000, ISO22000:2018, HACCP and Rainforest Alliance certifications. The tea leaf raw material has passed the SGS pesticide residue test. The manufacturing process is controlled strictly and all the control points are monitored to ensure the trustworthy quality of the tea leaves. - The Company's products or the goods that we sell as an agent surpass or comply with the health and safety regulations. Toll-free customer services and complaint hotlines are in place to provide timely service and assistance and protect the interests of the customers. - We explained our food safety strategies and practices to customers and, if required, invited them to visit our production base to enhance the confidence of the customers and prospects.
Government	Public Affairs Office	- The Company's products or the goods that we sell as an agent meet the requirements of the safety regulations. - All the land development projects of the Company comply with the laws and regulations. - In 2023, there were 7 litigation cases involved in management of land assets, including 1 case was pending in Taiwan New Taipei District Court, 1 case was pending in Taiwan Taipei District Court, 1 case in Taiwan Taoyuan District Court, 1 case in Taiwan Miaoli District Court, 1 case in Taiwan Nantou District Court, 1 case in Taiwan Pingtung District Court. There was an additional case involved in infringement upon trademark right pending in Taiwan Tainan District Prosecutors Office.
Community	- The head of each branch company - The head of the Legal Affairs Department or Management Center of the head office - The public welfare team of the head office	- The Company has been dedicated to public welfare activities, such as donating supplies to help disabled groups and underprivileged people, - In 2023, the Company participated in a total of 7 negotiation and mediation meetings with the community or township office.

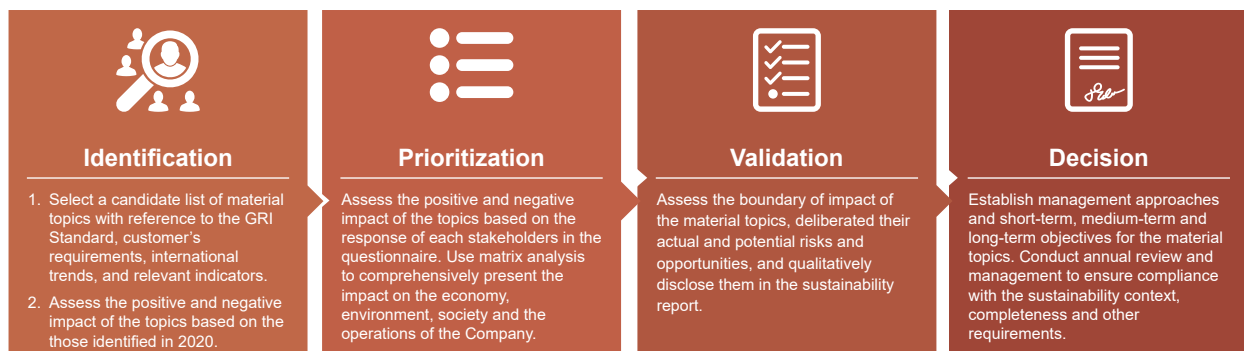
Contact with Stakeholders

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 using the following communication channels, the individual stakeholder may give suggestions by email and the company will make the soonest treatment and reply positively.

Subject	Mechanism	Contact (Complaint) Method
Supplier/ Contractor	Procurement Section, Logistics Center	Ms. Chang Ext. 936 Jennifer@ttch.com.tw
	Audit Office	Ms. Chen Ext. 869 Gillian@ttch.com.tw
	Legal Affairs Department	Mr. Kung Ext. 826 Enzo.Kung@ttch.com.tw
Shareholders	Spokesperson	Mr. Kao, Vice General Manager of the Public Affairs Office Ext. 813 LeeKao@ttch.com.tw
	Deputy Spokesperson	Ms. Cheng, Audit Office, Ext. 869 Gillian@ttch.com.tw
	Disclosure of Financial and Important Information	Company website: http://www.ttch.com.tw
Client	Customer Service Hotline	Toll-free hotline 0800-089-288
Government/Mass Media	Public Affairs Office	Mr. Kao, Vice General Manager of the Public Affairs Office Ext. 813 LeeKao @ttch.com.tw
Employee	Labor-Management Conference (Labor Representative)	Ms. Chen Ext. 836 Ms. Chen Ext. 808 Mr. Chiang Ext. 885 Mr. Chu 02-26726151 Ms. Hsu 037-872011
	Executive Secretary of the Employee Welfare Committee	Mr. Niu, Information Room, Ext. 969
	Guarantee of Gender Equality in Right-to-Work and Approach to Sexual Harassment Claims	Ms. Wan, Administration Division, Ext. 806 113@ttch.com.tw

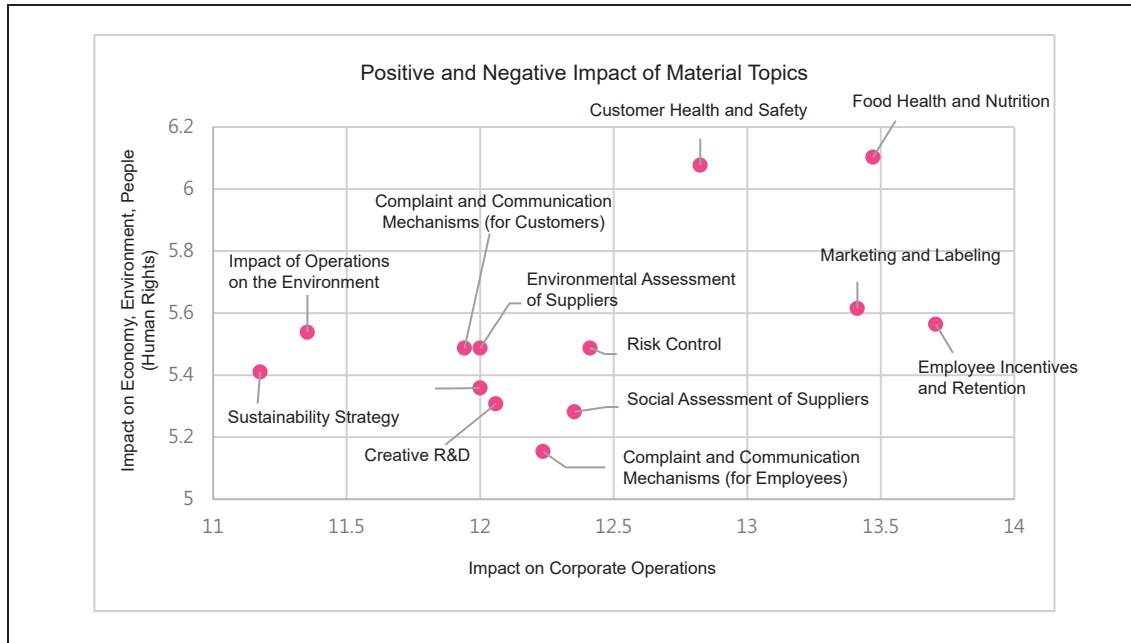
Material Topics Identification Process

The Company identified material topics through four steps in 2020. In response to the revision of the GRI Standards in 2022, we used these material topics continuously and assessed the internal and external effect of the material impact. Since there are no significant changes in TTC's business scope in 2023, no material topics identification process is implemented in 2023 and the material topics in the 2022 Report are used continuously.



Material Topic Matrix

With reference to the GRI requirements, we carried out a procedure with regard to the material topics for the “impact on economy, environment and people (human rights)” and the “impact on the operations of the Company”. We used a matrix-based cross-analysis to assess the positive and negative impact of the material topics and thus provide a reference for the establishment of the sustainable development strategies. In the meantime, we defined performance management indicators based on the management approaches of material topics, and followed up the achievement status of the objectives to ensure the consistence between these indicators and the principles of sustainability.

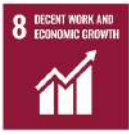
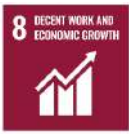


Overview of Topics

Governance	Product	Supply chain	Environment	Society
Sustainability Strategy Risk Control Business Performance	Food Health and Nutrition Marketing and Labeling Creative R&D	Environmental Assessment of Suppliers Social Assessment of Suppliers	Impact of Operations on the Environment	Customer Health and Safety Employee Incentives and Retention Complaint and Communication Mechanisms (for Employees) Complaint and Communication Mechanisms (for Customers)

Material Topics Corresponding to GRI and SDGs

Material Topic	GRI	Chapter	SDGs
Customer Health and Safety	GRI 416 Customer Health and Safety	2.2 Food Safety	
Sustainability Strategy	GRI 2-22 Statement on sustainable development strategy	1.2 Corporation Social Responsibility	
Marketing and Labeling	GRI 417: Marketing and Labeling	2.5.1 Consumer protection	
Social Assessment of Suppliers	GRI 414: Supplier Social Assessment	2.4 Supplier Management	
Environmental Assessment of Suppliers	GRI 308: Environmental Assessment of Suppliers	2.4 Supplier Management	
Creative R&D	-	2.6 Product Innovation	-
Food Health and Nutrition	-	2.2 Food Safety	
Risk Control	GRI 206: Anti-Competitive Behavior GRI 3	1.3.3 Risk Management	-

Business Performance	GRI 201: Economic Performance GRI 207: Tax	1.1.4 Financial performance	
Complaint and Communication Mechanisms (for Employees)	GRI 406: Non-Discrimination	3.2.3 Employee remuneration, welfare and communication	-
Complaint and Communication Mechanisms (for Customers)	GRI 418: Customer Privacy	2.5.2 Customer Service	
Employee Incentives and Retention	GRI 401: Employment GRI 404: Training and Education GRI 405: Diversity and Equal Opportunity	3.2 Building a Happy Workplace	
Impact of Operations on the Environment	GRI 304: Biodiversity GRI 305: Emissions GRI 306: Waste	CH4 Green Environment	

Material Topics and Boundary of Impact								
Material Topic	Topic Description	Boundary of Impact						Chapter
		Internal	External					
		Employee	Supplier	Client	Shareholders	Government	Community	
Customer Health and Safety	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 includes 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. 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	V	1.2 Corporation Social Responsibility
Marketing and Labeling	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 to ensure the compliance with laws.	V	V	V	V	V	V	2.5 Customer and Consumer Service
Social Assessment of Suppliers	In order to make sure that the partners in the supply chain carry out the corporate social responsibility, respect the employees reasonably and stick to the ethical standards, the Company signs the Commitment Letter of Social Responsibility and Ethical Standards with the suppliers. Such suppliers shall make a commitment to adhere to the labor-related laws and regulations, conform with the social responsibility and ethical standards, and be reviewed upon the Company's requirements. We supervise the suppliers through the CSR self-evaluation of suppliers and on-site audits, thereby fulfilling the corporate social responsibility.		V	V	V	V		2.4 Supplier Management
Environmental Assessment of Suppliers	Devoted to the environmental protection, we enter into the agreement on the regulations concerning environmental protection, safety and health with the suppliers, making a commitment to jointly observe the government laws and regulations and the latest rules related to social responsibility. The suppliers who have passed any management system certifications such as ISO9001 and ISO14001 will be first taken into account. Meanwhile, the Company adopts green procurement to effectively prevent the environmental pollution and the waste of resources, working with the upstream and downstream companies to protect the environment together and further develop a green supply chain.		V	V	V	V		2.4 Supplier Management
Creative R&D	The focuses include the increase in the use of environmentally friendly packaging materials, in-depth development of our own brand, development of new products, improvement of package designs, and enhancement of the product identification in the market.	V	V	V	V	V	V	2.6 Product Innovation

Material Topics and Boundary of Impact								
Material Topic	Topic Description	Boundary of Impact						Chapter
		Internal	External					
		Employee	Supplier	Client	Shareholders	Government	Community	
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.			√	√	√		2.3 Local Procurement
Risk Control	Identify all operational risks, improve measures that have possible impact on operation, and expand potential opportunities for business development to stably develop all business of the Taiwan Tea Corporation. Through: 1. 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. 2. 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. 3. 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.	√	√	√	√	√	√	1.3 Corporate Governance
Business Performance	Establish operational plans and budgets for the next year at the end of each year as the guide for the operations management of the next year; Regularly conduct business management meetings every month, allowing the general manager and all unit executives to review and discuss the operational status; Hold sale and production meetings every week, letting the sale and production units effectively communicate and cooperate.	√		√	√	√		1.1 About Taiwan Tea Corporation
Complaint and Communication Mechanisms (for Employees)	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.	√	√	√	√	√	√	3.2 Building a Happy Workplace
Complaint and Communication Mechanisms (Client)	Optimize the customer service process and improve the service quality in the hope of acquiring and understanding the consumers' opinions. Set up “0800 Customer Service Hotline” and hold regular sale and production meetings to make discussions and propose solutions.	√	√	√	√	√	√	2.5 Customer and Consumer Service
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.	√	√	√	√	√	√	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.	√		√	√	√	√	4.1 TCFD Climate Change and Risk Management

1.3 Corporate Governance

In addition to the quarterly report, annual financial report, operational plan and the effectiveness of internal control that must be reported to the Board or Directors pursuant to laws and regulations, the proposal for establishment of the regulations for reviewing the pre-approval of non-assurance services provided by CPAs, the proposal for partial amendment of the Articles of Incorporation, and other significant topics were adopted in accordance with the significant agenda at the Board meeting in 2023.

1.3.1 Governance Framework

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 carries out the re-election of all board members on May 20, 2022. A total of 11 directors (including a female director) were elected and the number of the independent directors was 4 seats to meet the Governance 3.0 policy of the Company. (All of the independent directors are male.) No re-election was conducted in 2023, and the same persons served as the 7 regular directors and 4 independent directors continuously.

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 of Directors 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.

The concrete management goals of the Board's diversified policy require that at least 1/3 of the directors must have tea-related experience, at least 1/3 of the directors must have the experience in the development of land assets, and at least 1/3 of them have experience in tourism and leisure business; at least 1/3 of the independent directors shall be specialized or have experience in law, finance and accounting and at least one director shall be female.

Nomination and Selection Processes

Nomination Process	Selection Process
The election of the directors is subject to the candidate nomination system. On March 3, 2022, the Board of Directors adopted the resolution that shareholder holding 1% or more of the total number of outstanding shares issued by the Company may submit to the Company in writing a roster of director candidates in accordance with Article 192-1 of the Company Act (acceptance period: March 11 2022 - March 21, 2022). The Board of Directors approved the name list of director and independent director candidates on April 7, 2022 and made the result available to investors on the MOPS. Re-election of all the directors was carried out on May 20, 2022 to elect 7 directors and 4 independent directors.	The cumulative voting method was used for election of the directors. Unless otherwise provided in the Articles of Incorporation, the number of votes exercisable in respect of one share shall be the same as the number of directors to be elected. The convener shall prepare votes in the number equal to the number of directors to be elected and distribute these votes to each shareholder. (The said votes may be consolidated for the election of one candidate or may be split for the election of two or more candidates.)

Operation of the Board of Directors and Related Organizations

Members of the 24th 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 General Manager of Taiwan Tea Corporation
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	Vice Chairman of Taiwan Tea Corporation
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	Shan Young Asset Management Co., Ltd.	Not applicable.	Not applicable.
	Representative: Chun-Huei Hsieh	Department of Mechanical Engineering, National Cheng Kung University Sales Engineer, Plant Manager, General Manager, Chairman of CTE TECH CORP.	Chairman of CTE TECH CORP.

Members of the 24th Board of Directors			
Title	Name	Educational Background and Work Experience	Concurrent posts in the Company or other companies
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. and 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	Chou Chin Industrial Co., Ltd.	Not applicable.	Not applicable.
	Representative: Shih-Kai Lei	Department of Landscape Architecture, Tunghai University Special Assistant to the Chairman of Parkview Group	Nil
Director	Wei-Fu Investment Co., Ltd.	Managing Director of United Real-Estate Management Co., Ltd. Director of United Real-Estate Management Co., Ltd. Director of Lung-Jih Construction Co., Ltd.	Managing Director of United Real-Estate Management Co., Ltd. Director of United Real-Estate 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.	Chairman of Wei-Fu Investment Co., Ltd. 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 Real-Estate Management Co., Ltd. Director of United Construction Co., Ltd. Director of Unicon Optical Co., Ltd.
Independent director	Sheng-Tsheng Lee	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 Convener of the Compensation Committee of Taiwan Tea Corporation Partner of Yuan, Chen & Partners Attorneys-at-Law Director of Taiwan Styrene Monomer Corporation Director of Kaohsiung Bank Co., Ltd. Independent Director of D-Link Corporation Independent Director of S-Tech Corp
Independent director	Chung-Ho 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	Shen-Lung Wang	Ph.D. in Criminal Law, China University of Political Science and Law Prosecutor, Taiwan Tainan and Kaohsiung District Prosecutors Office Director of Biophtek Technology, Inc Independent Director of Kuo Toong International Co., Ltd. Managing Attorney of CLASSIC AND SUPERIOR ATTORNEYS AT LAW. Director of Biophtek Technology, Inc	Member of the Audit Committee of Taiwan Tea Corporation Member of the Compensation Committee of Taiwan Tea Corporation Director of Biophtek Technology, Inc Independent Director of Xxentria Technology Materials Co., Ltd. Independent Director of Kuo Toong International Co., Ltd. Managing Attorney of CLASSIC AND SUPERIOR ATTORNEYS AT LAW.
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

Board Diversity Status

Name	Gender	Foreigner or disadvantaged minority	Impact related ability							
			Professional knowledge & skills					Industry experience		
			Business management ability	Finance & accounting	Law	Environment	Marketing	Tea	Land assets	Tourism & leisure
Ching-Yuan Wu	Male	No	√	√		√	√	√	√	√
Chin-Yen Lin	Female	No	√	√			√	√	√	√
Yu-Chang Huang	Male	No	√	√		√	√	√	√	√
Chun-Houei Hsieh	Male	No	√	√			√			√
Wei-Lin Shao	Male	No	√	√			√	√		√
Shih-Kai Lei	Male	No	√	√			√		√	√
Chih-Kuang Yen	Male	No	√	√			√		√	√
Sheng-Tsheng Lee	Male	No	√	√	√		√	√	√	√
Chung-Ho Sung	Male	No	√	√	√		√	√		
Shen-Lung Wang	Male	No	√	√	√		√			
Li-Chi Yeh	Male	No	√	√	√		√	√		

Board Recusal due to Conflict of Interest

Where any director, managerial officer and any other stakeholder participating in or attending a Board meeting, or the juridical person that he/she represents, has any interest in a proposal discussed at the Board meeting, that director, managerial officer and any other stakeholder has the responsibility to state the substantial aspect of such interest at the current Board meeting. Where the possibility of damage to the interest of the Company exists, or the person involved or his/her spouse, parents, children or any other stakeholder is likely to obtain improper benefits as a result, the person shall avoid participation in the discussion and voting of related proposals.

Evaluation of Board Performance

The performance of the Board of Directors may be evaluated by an external professional institution or a expert and scholar team every three years. The scope of the evaluation extends to the entire Board of Directors, individual directors and functional committees. The evaluation approaches include internal self-evaluation of the Board of Directors, self-evaluation of Board members, peer evaluation, and other appropriate evaluation methods. The result of the evaluation in the current year was "outstanding", indicating that the overall operation of the Board of Directors was excellent, met the requirements of corporate governance, and can improve its competence effectively.

Continuing Education of Directors in 2023

Name of the Educational Course	Number of participants	Total hours (hr)
Trade Secret Protection and Non-Competition	1	3
2023 Key Fiscal, Taxation, and Securities Regulatory Issues	1	3
Formulating Sustainable Governance Strategies Under Risk Management	1	3
Enterprise Carbon Rights and Carbon Asset Management in Response to the Global Carbon Trading Mechanism Operations	1	3
International Thinking Analysis for Director and Supervisor Responsibilities from the Perspective of Management Rights and Shareholder Actions through Foreign Investment Voting Practices	1	3
The Era of Strong Personal Information Supervision is Coming	1	3
Natural Carbon Sink and Carbon Rights Trading Operations and Potential Business Opportunities Created	1	3
2023 Insider Equity Transaction and Legal Compliance Session	2	6
The New Look of Corporate Governance under the ESG Trend	1	3
Planning of Pathways of Low-Carbon Transformation - Carbon Credit and Pricing	1	3
2023 KPMG Taiwan Industry Leadership Academy Forum [Business Opportunities and Challenges under the Net Zero Boom]	1	3
New Version of Corporate Governance Blueprint and Key Compliance Points	1	3
Fair Hospitality Principles for the Financial Services Industry	1	3
Exploration of Money Laundering Prevention and Legal Compliance.	1	3
Compulsory subject for corporate sustainable governance: Diversified Management of External Influences and Positive Corporate Value Creation	1	3
Shareholders' Meeting, Management Rights, and Equity Strategies	1	3
Common Defects Listed Companies Have in the Operation of Board of Directors (Case Sharing)	1	2.5
Carbon is Connected: Discussing Carbon Fees, Carbon Taxes, Carbon Rights, and Carbon Trading	1	3
New Digital Transformation Knowledge	2	6
Risks and Opportunities of Climate Change and Net-Zero Policies to Business Operations	2	6
TWSE (TPEX) Sustainable Development Action Plan Promotion Seminar	1	3

Courses for chief corporate governance officers

Name of the Educational Course	Number of participants	Total hours (hr)
TWSE (TPEX) Sustainable Development Action Plan Promotion Seminar	1	3
Corporate Governance - Sustainable Environmental Management - Low Carbon Transformation Path Planning - Carbon Inventory	1	3
Corporate Governance - Management for Sustainable Environment - Planning of Pathways of Low-Carbon Transformation - Carbon Credit and Pricing	1	3
Corporate Governance - Sustainable Environmental Management - Low Carbon Transformation Path Planning - Carbon Inventory	1	3

Functional Committee

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.

Independent Directors Sheng-Tsheng Lee, Chung-Ho Sung, Li-Chi Yeh and Shen-Lung Wang were appointed as the members of the 5th Compensation Committee according to the resolution made at the 1st special meeting of the 24th Board of Directors. The term of the four members is the same as the term of the directors of the 24th Board of Directors, namely from May 26, 2022 to May 19, 2025.

Responsibilities

1. Assist the Board of Directors in the implementation and assessment of the compensation for the directors and managerial officers of the Company.
2. Review the Rules of Compensation Committee on a regular basis and raise revision proposals.
3. 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.
4. 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.

* For the details of our remuneration policy for the Board of Directors and managerial officers, please refer to the 2023 Annual Report, P. 32-40.

Operation of the Compensation Committee

1. The Company's 5th Compensation Committee consists of 4 members.
2. The term of the members of the 5th Compensation Committee: May 26, 2022 - May 19, 2025

The 5th Compensation Committee has held 2 meetings in 2023. The attendance of the members is described below:

Title	Name	Actual attendance (B)	Proxy attendance	Actual attendance rate (%)	Remarks
Convener	Sheng-Tsheng Lee	2	0	100%	2022.05.26 (Reelected)
Committee member	Chung-Ho Sung	2	0	100%	2022.05.26 (Reelected)
Committee member	Li-Chi Yeh	2	0	100%	2022.05.26 (Reelected)
Committee member	Shen-Lung Wang	2	0	100%	2022.05.26 (Newly elected)

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 3rd Audit Committee held 6 meetings in 2023.

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.

Operation of the Audit Committee

3rd Audit Committee in 2023:

Title	Name	Actual attendance (B)	Proxy attendance	Actual attendance rate (%)	Remarks
Audit Member	Sheng-Tsheng Lee	6	0	100%	Re-election on 2022.05.20 (Reelected)
Audit Member	Chung-Ho Sung	6	0	100%	Re-election on 2022.05.20 (Reelected)
Audit Member	Li-Chi Yeh	6	0	100%	Re-election on 2022.05.20 (Reelected)
Audit Member	Shen-Lung Wang	6	0	100%	2022.05.20 (Newly elected)

1.3.2 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 "Procedures for Ethical Management and Behavior Guidelines" 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.

For the ethical management policy of the Company, please refer to [the official website](#).



Ethical Management Educational Training

The Company participated in 36 courses on ethical management in 2023 with a total hours of 201. For the details of the courses, the number of the participants and the hours of the courses, please refer to [talent development in 3.2.4](#).

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. Please visit [TTC's official website - Corporate Governance](#) for details.

Protection of Privacy and Intellectual Property Rights

The Company reports matters on intellectual property to the Board of Directors every year on an irregular basis. In addition to reporting the establishment of the Intellectual Property Rights Management Regulations at the Board meeting on May 12, 2020, the implementation status of intellectual properties was reported on August 12 in the same year and in January every year thereafter. For the details of the policy, please visit [TTC's official website - Corporate Governance](#).

(1) Trademark management

- As for trademark management, the proposition and assessment procedures are carried out prior to application for a trademark to make sure the requirement of distinctiveness and other conditions are met and no previous cases of identical or similar trademarks exist that have been approved by the competent authority. In 2022, the Company had 77 classes of Taiwan trademarks with exclusive rights. To develop the China market, we applied for the trademark of "TTC Formosa" in China in November 2021 and the application for an exclusive right was approved on May 21, 2022, which will have an effective period of 10 years. Currently, we are planning to file an application for a trademark with exclusive rights for our "TTES (drawing)" in China. The actual pattern and the class to be applied for are under discussion.
- There will be 9 classes of trademarks with exclusive rights expire in 2023. As assessed, the period of the exclusive right for 3 of them (壹百茶 100Tea, 擺茶 100Tea and 100Tea) will not be extended as resolved to save the trademark and maintenance costs, because they will not be used currently and in the future.

(2) Education and training

To enhance the concept and awareness of the protection of intellectual property, we organize education and training on ethical management every year on an irregular basis. The courses include basic patent knowledge, strategies for avoidance of infringement upon patent rights, legal practices of trade secrets, and management.

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. We did not have any major violations or any violation of laws in 2023. (A major violation is defined as that having an affected amount of more than NT\$300 million.)

Planning in the future

2024 Objective	Med-term and Long-term Objective
- There are no major violations. - Ensure that internal operations and management regulations meet the requirements of the latest laws and regulations. - Organize or participate in two law related courses.	- Implement the "Electronic Agreement Review" system internally, helping employees get used to submitting agreements in the format of a word file for review by email. This can not only save time and effort, but also facilitate retrieval and prepare for the introduction of an agreement review system in the future. - Enhance the common legal knowledge of the employees through education and training to achieve the goal of "comply beforehand" and control the legal risk of the Company by tracing to the source. - To continue, implement legal compliance and enhance the legal awareness among the employees to achieve the goal of keeping "zero major violation cases".

1.3.3 Risk Management

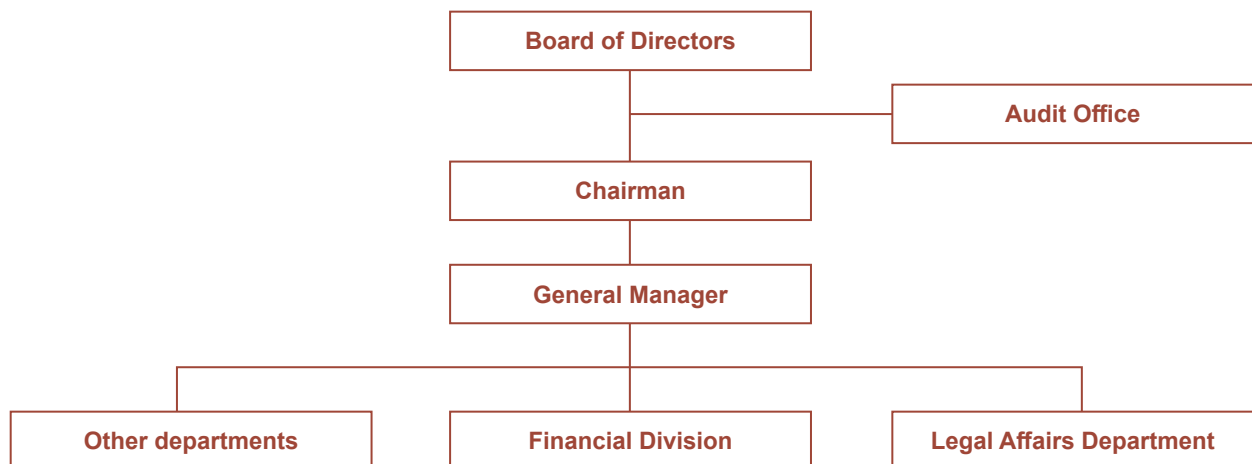
Material Topic: Risk Control

Actual and Potential Positive Impact on Economy, Environment and People (Opportunity)	Actual and Potential Positive Impact on Economy, Environment and People (Risk)	Resourced Invested in 2023
We increase positive impact by making use of favorable long-term development, liberalizing development opportunities in the policy, and advantages of land assets. This opportunities brings TTC stable growth and ensures sustainable operations. In the meantime, we can make use of resources, expand the market scale, and improve our market position by taking strategic actions. These efforts not only help us acquire economic benefits continuously, but also improve our environmental performance and the welfare of the people.	- The cost may increase, such as rising cost of raw materials or fluctuation of the energy price. - The market demand may decrease or the competition may become fiercer to affect the profitability. - Expansion or reduction of the business may increase financial burdens or reduce financial expenses, such as the investment needed for development of new items or the challenge of adaptability to market recession.	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 Chairman and General Manager attended the monthly financial meeting to review all the business data to identify operational problems in advance to eliminate potential risks.

Strategic Objectives

Policy and Commitment of the Company to Risk Control	Short-term Objective (1 Year)	Med-term and Long-term Objective (3-5 Years)
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.	- Review and identify corporate risks and take preventive actions by holding weekly sale and production meetings and monthly operations meetings. - Enhancing the assessment and analysis of occurrence of every possible reduced risk starting from decision making.	- Reduce the risk handling cost. - Lower the probability of risk occurrence in business activities. - Develop efficient internal control mechanism, and implement and enhance audits.

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, establishing the "Regulations on Risk Management Policies and Procedures of Taiwan Tea Corporation", 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.

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. Implement 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; also 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 advise 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

Financial risk

Risk impact	Interest and exchange rate changes, inflation, bad debts
Risk management mechanism	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 are 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.
Opportunity	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 interest rate increases/decreases by 0.1%, the annual profit or loss of the Company decreases/increases by NT\$4,978 thousand; the changes in exchange rate and the inflation did not have a significant impact on the Company.
Roles of the Board of Directors	The Chairman is authorized to address subsequent matters.
Responsible person	Financial Department, General Manager
Reporting frequency	Report to the General Manager whenever there is an abnormality. Report to the Board of Directors at least once a year.

Information risk

Risk impact	Interruption of the operation due to failure of the hardware or system crash; disclosure of data due to malware or man-made deliberate destruction; failing to work due to interruption of the operation; damage to the interests of the Company due to disclosure of data.
Risk management mechanism	1. Execute backup of data every day on a regular basis, check the usability of the backup data and the steps of recovery from these data. 2. Update the virus pattern of the anti-virus software to maintain its detection capability. 3. Control computer access and no software can be installed on the computer without permission to minimize the opportunity for the malicious software to invade in the computer of the Company. 4. Use the web IP/MAC control mechanism to manage the IOT equipment of the Company, detect IP conflicts, and no equipment can be connected to the network of the Company without permission to avoid vulnerability in cyber security. 5. To cope with the APT and ransomware that have become commonly seen in recent years, we have introduced a spam filtering mechanism to solve the problem it brought about and prevent virus emails from damaging the Company. 6. Relevant information guidelines are developed and information security training programs are carried out regularly.
Opportunity	1. 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. 2. Every employee has the alertness and related common knowledge of cyber security to substantially reduce the likelihood of threats.
Roles of the Board of Directors	1. Request the Information Department to implement cyber security policy properly. 2. Prepare a report on the implementation status of cyber security on an irregular basis and the Information Department is requested to report the implementation status to the Board of Directors.
Responsible person	Assistant Manager Niu, Information Department
Reporting frequency	Report whenever there is an abnormality. Report to the Board of Directors 1~2 times/year.

Supply chain risk

Risk impact	1. Weather related material interruption risk: The change of weather may affect the supply of materials or production processes. For example, natural disaster such as typhoon, flood or drought may lead to reduced harvest of crops or damage, or affect the supply and cost of products. 2. Price increase risk: Fierce fluctuation of the material price may lead to a rising cost. For example, the rising energy price, the fluctuation of the monetary exchange rate or the change of the global market supply and demand may affect the profitability and global competitiveness of the Company. 3. Delivery delay risk: The supplier that is not able to deliver required materials or products on time or the logistics company that delays in transport may lead to postponement of the production plan or impossibility of on-time delivery to customers and thus affect customer satisfactory and goodwill on the market.
Risk management mechanism	1. Increase backup suppliers and optional products and reduce the reliance on a single supplier to cope with possible interruption of supply or problems of suppliers. 2. Establish a supplier evaluation standard, including the considerations of the previous performance of the supplier, the quality of its products and the stability of delivery. 3. Enter into a specific agreement with the supplier that specifically defines its responsibility and obligation as well as the rights of both parties and the risk to be shared therebetween. 4. Establish fulfillment guarantee rules in the agreement to ensure the supplier will fulfill its obligations specified in the agreement on time. These fulfillment guarantee rules can be financial punishment or other corresponding binding measures to encourage the supplier to observe the provisions of the agreement. 5. Ask the supplier to provide a performance bond in the form of a promissory note or check for the situation where the supplier acts in violation of the agreement or cannot fulfill it.
Opportunity	Make every part of the supply chain more transparent using technology to ensure understanding that every process of the production meets the standard.
Roles of the Board of Directors	Prepare a report on the safety status of the supply chain on an irregular basis and the relevant department is requested to report the implementation status to the Board of Directors.
Responsible person	Procurement Section
Reporting frequency	1~2 times/year

Quality risk

Risk impact	Quality problems of products or services may lead to customer complaints, return of goods or compensation claims. These may damage the goodwill of the Company and affect the loyalty of the customer and market share.
Risk management mechanism	1. In 2021, the Company introduced the FSSC22000/ISO22000:2018/HACCP/Rainforest Alliance certifications. 2. Place much importance on the quality and safety management of packaging materials and implement the annual supplier audit management system strictly. 3. Enhance the integration of the pesticide residue testing results of our tea leaves (commissioned for testing to SGS, a third-party testing institution) and disclose the results in the TTC section on My Safety Net for the public's reference.
Opportunity	Effective implementation of quality management can ensure stable operations for the Company and help us acquire advantages in the fierce competition of the market.
Roles of the Board of Directors	Relevant departments report the implementation status of quality management to the Board or Director on an irregular basis.
Responsible person	Procurement Section
Reporting frequency	1~2 times/year

Legal and intellectual property risk

Risk impact	1. Third parties may occupy the land of the Company or dump waste thereon without permission and thus infringe upon the property right of the Company. The Company may be hindered in use, gain and disposition of the land or the right thereon and thus its economic value may be reduced. 2. Improper communication of the employees at the leisure location with the consumers or government agencies may result in negative impact on the goodwill and image of the Company, and even may lead to responsibility for damage compensation, such as loss of business opportunities due to damage to the goodwill and corporate image, responsibility for damage compensation to consumers, and penalties imposed by government agencies.
Risk management mechanism	1. Keep contact with the personnel of the Assets Department and each branch. Conduct daily inspection and, if there is any abnormalities, collect evidence and report to the head office without delay. The Legal Affairs Department works with the personnel of the Assets Department to analyze the evidence and determine countermeasures. 2. Take legal remedies such as sending legal attest letters, reporting to the police and initiating a lawsuit. 3. Uncover all the areas that may be invaded easier. It is advisable for the Company to set up railings and signs to reduce the opportunity of others to enter without permissions. 4. Enhancement of education and training: Conduct education and training on a regular basis to help employees understand laws and regulations and SOPs and thus provide them with a reference to follow when they serve consumers. When the Company is involved in a dispute, evidence can be preserved in a timely manner and proper communication can be ensured to protect the rights and interests of the Company and the employee.
Opportunity	The cases of unauthorized occupation are reduced substantially.
Roles of the Board of Directors	1. The Assets Department and Legal Affairs Department are requested to have a handle on the status of the land properly. 2. The Chairman is authorized to address subsequent matters. 3. Prepare a report on the land management status and the progress of the lawsuit involved on an irregular basis and the Legal Affairs Department is requested to report the implementation status to the Board of Directors. 4. Legal incidents such as consumer disputes are incorporated in reports from time to time, and the tourism and leisure department or the legal affairs department shall report to the Board of Directors on the handling status of the legal incidents.
Responsible person	Mr. Kung, Legal Affairs Department
Reporting frequency	Report to the head of the Logistics Center whenever necessary. Report to the Board of Directors 1~2 times/year.

Operational risk

Risk impact	1. The changes in the land utilization policy may lead to restrictions on the use method and intensity of the agricultural land, forest land and building land. 2. The adjustment of the policy may lead to adjustment and restriction related to the planning and design of the development. 3. The changes in the operational policy may affect the application strategy of human resources and countermeasures.
Risk management mechanism	1. Comprehensively check the conditions and characteristics of the land resources and conduct assessment, planning and application in advance. 2. Introduce a professional consultation mechanism, pay close attention to the direction of the government's policy, the implementation schedule and the implementation practices. 3. Expansion or reduction of the business may increase financial burdens or reduce financial expenses. 4. Maintain the channels of communication with experts and scholars to understand the arguments of the scholars and the direction of the implementation. 5. Organize presentation meetings in different aspects. In addition to arranging in accordance with the labor law, the standpoint of the employees shall be taken into account. As for rapid loss of talents, recruit employees as soon as possible and provide training to make up the manpower and reduce the impact.
Opportunity	1. Make use of the advantages in the agricultural and forest land assets and increase the scarcity and differentiation of the market resources for the items to be developed. 2. Make use of the advantages in the agricultural and forest operation items and have the flexibility in the adaptation of the operational model to the changes of laws and regulations.
Roles of the Board of Directors	1. The business unit refers to the risk items and reports to the Risk Management Committee of the Company for risk impact assessment. 2. After making the assessment, the Risk Management Committee reports to the Board of Directors in accordance with the severity. Decisions are made and subsequent action guidance is established at the Board meeting. 3. In addition to whether there is advantage to the operations of the Company, the Board of Directors takes into account the adverseness to the employee's rights and interests, care for the employees and responsibility to the shareholders.
Responsible person	TTC's heads at the division and department levels, employees of each business unit, head of the Human Resources Department
Reporting frequency	Irregular reporting depending on the changes in the policy and the impact.

EHS risk

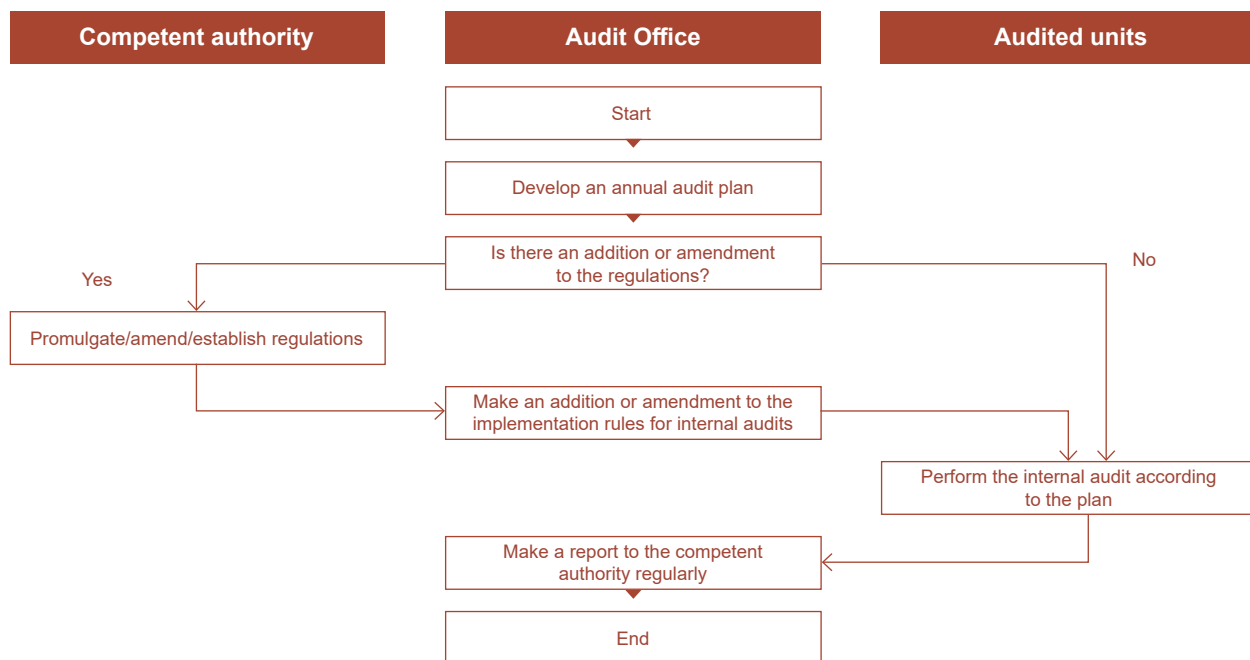
Risk impact	1. In addition to the impact on the physical and mental health of the employees, shortage in workforce and delay of the work are possible results. 2. The higher payment of claims arising from the group insurance that the Company takes out for the employees may affect the premium of the next year and result in a higher premium cost.
Risk management mechanism	1. Provide education and training on occupational safety before work, supervise employees in the work safety, improve environmental sanitation continuously and maintain the sanitation properly to avoid any accidents. 2. Set the goal of reducing occupational and commuting accidents every year to zero.
Opportunity	In addition to reducing occupational accidents, enhance the awareness of health and safety among the employees and thus assist in the improvement of their commitment to the Company to create a healthy and safe workplace.
Roles of the Board of Directors	The Board of Directors takes provision of a safe work environment for the employees and protect their physical and mental health as the basic elements. The head responsible for occupational safety and health reports to the Board of Directors on an irregular basis. The General Manager describes the development of the employees related to the corporate governance at the Board meeting.
Responsible person	The head responsible for occupational safety and health and the head of the Human Resources Department
Reporting frequency	Irregular

Labor shortage risk

Risk impact	Inadequate employment or labor shortage in the industry affects the operations of the units.
Risk management mechanism	Internal retention of talents (adjustment of the remuneration and welfare) and external recruitment through multiple channels. Make the employees be proud to work for TTC.
Opportunity	Improve the stability of all the employees and thus increase the operations benefits.
Roles of the Board of Directors	Explain the remuneration and welfare of the Company to the directors when reporting the corporate governance at the Board meeting. Whenever necessary, the Board of Directors review the utilization of labor force in accordance with the operational status.
Responsible person	The head of the Human Resources Department
Reporting frequency	At least once or twice a year.

1.3.4 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	All units of the head office, recreational locations, branch offices and tea factories	- 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 Manufacture Division	- Purchase requisition and procurement - Cost calculation - Sales payment collection
Trading	Tea & Channel Business Division	- 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

Transaction cycle	Audited unit	Item
Investment	Financial Division	- Investment assessment - securities inventory
Financing	Financial Division	- Financial statement preparation and management, accounting consistency - Cashier procedures
Subsidiaries	Financial Division, 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/Remuneration 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

CH2 Products and Services

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

LuGao Café



LuGao Café

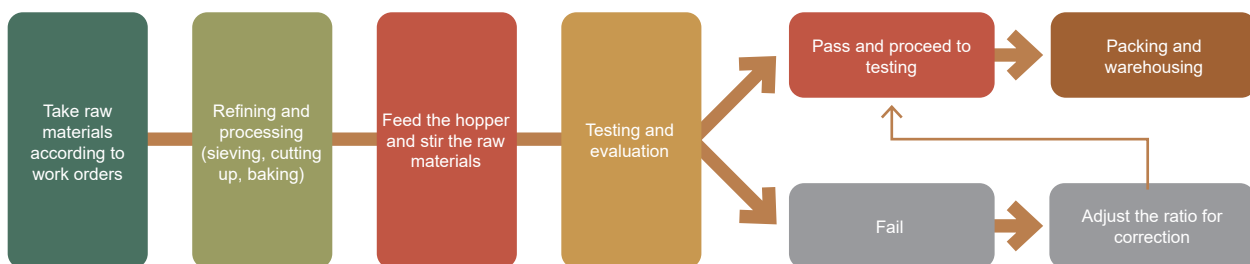
鹿篙咖啡莊園

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 2023. We actively provide safe and secure products and allow the consumers to use them safely.

During the production of the products, to ensure their quality, hygiene and safety, we acquired the ISO 22000, ISO 22000:2018 and HACCP certifications in October 2021. According to these food safety management systems, we implement raw material management, and hygiene control in the relevant environments, factories and facilities and conduct health management for the personnel. In addition, the products are tested in the food safety laboratory for measuring moisture in tea leaves and performing sensory evaluations. We passed the review of the FSSC22000, ISO22000:2018 and HACCP certification in August 2022 to conduct production in accordance with higher food health and safety standards. As for tracking and tracing, TTC acquired the TGAP traceable agricultural products certification from the Council of Agriculture for an area of 478.8429 hectares. Moreover, the Laopi Tea Farm acquires the Rainforest Alliance certification in March 2022.

The quality control is carried out by taking the seven production steps shown in the following figure. 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 Food's quality.

QC Acceptance Process



To meet our product quality standards, we established the quality requirements in 2023. The details are shown as follows:

Quality Management Objectives in 2023	
Team	Quality Goals
Quality Control Department	12 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	3 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. Moreover, the technology of the tea industry has been passed on within tea masters for a long time. However, the processing methods suitable for the tea leaves can vary due to different species and different quality. Such methods are identified not only according to the geographical location of the tea factories, but also with the assistance of experienced tea masters. Talent cultivation can be more difficult, and the scale of the industry can be hard to expand due to the lack of digital and smart management mechanisms. This will further impact the model of management and experience inheritance in the future. 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 Israel, 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.

For the mechanization, large-size agricultural machinery was introduced at Laopi Tea Farm. Taking 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 land. In case of rain, the drip irrigation equipment will automatically stop watering to avoid water waste.

In addition, the tea factory was transformed to full automation at the beginning of 2022. A centrally controlled conveyor was launched and the tea manufacturing process was program-controlled at the backend. With these, the employees do not need to take too much time to handle raw materials. Instead, they focus on the reading, judgment and control between different processes. With the improvement in the intelligent process, the production rate can be controlled precisely and the work value of the employees is increased.

In the tea industry chain, TTC conducts production, manufacture, and sale on our own. In order to increase the reliability of tea production records and the accuracy of tea manufacturing quality, and to promptly meet the needs of the market, we cooperated with the Institute for Information Industry, and developed a farm and agriculture management system and an advanced customized version for farms. The currently operating platforms are the dedicated "Shennong Knowledge" platform for the production at Laopi Tea Farm, the "Tea Manufacturing Smart Management" platform for control of the tea manufacturing process, and the "Rate Tea System". We will develop the "Shennong Production and Sales Program" platform to manage the entire tea industry chain more efficiently and digitally, improve the transparency of information, and increase the collaboration channels.

Tea Production Management

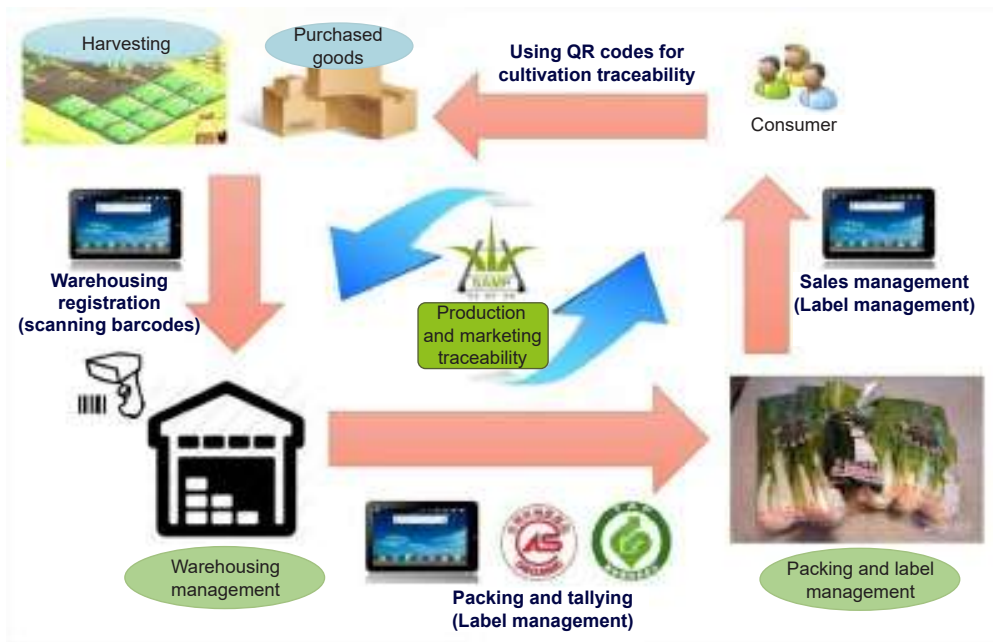
People in Taiwan have increasingly cared about food safety in recent years. In order to allow the consumers to consume our products without worry and smartly manage the tea production process, TTC developed "Shennong Knowledge" exclusively for the Laopi Tea Farm in Pingtung. We utilize big data technologies of software 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.

Shennong Knowledge	
Main functions of the APP/platform	The main functions are recording field operations in detail, collecting the parameters of the soil and the environment of the farm, and collecting the data of manpower utilization, machine dispatch, material usage, etc. Other than proper recording for the TGAP traceable agricultural products certification uploads, the most important function is tracing and mastering the material safety. The Company's management can identify the best management mode by utilizing the backend analysis data, and further improve the efficiency of decision-making and reduce the costs effectively.
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 an 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 the 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 using the website or downloading the app.

We also adopted the field dispatching application developed by the IRI. 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.



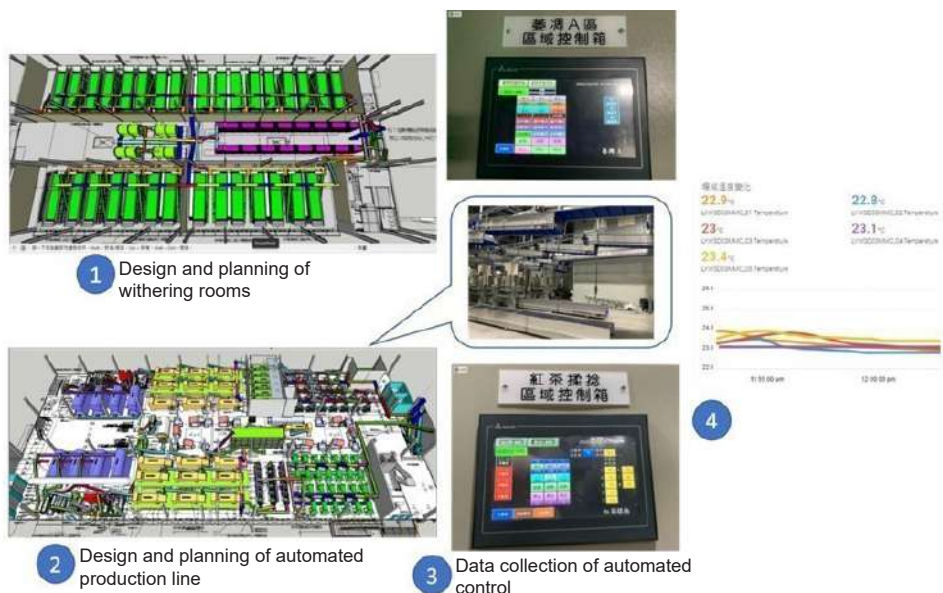
Shennong Knowledge Inventory Management Process



Tea Manufacturing Management

The traditional tea manufacturing process fully relies on personal experiences, and the principles of tea manufacturing vary with the equipment, factories and environment. TTC adopted an automated tea manufacturing process in 2021, conducted central management on machines in the factories, and produced different species of tea by adjusting the backend machine parameters. Moreover, we use the cloud system to collect equipment data and further control the unused machines, resulting in energy saving. The automatic tea factories has been officially put into service in 2022.

Tea Manufacturing Smart Management	
Main functions of the APP/ platform	Connect all tea-making equipment in the factories by using IoT technologies and simultaneously collect the operational data of machines by conducting full-automatic central control of all tea factories and automatic operating mode. The operational data of machines include engine speed, temperature, time, humidity and weight. The data can effectively trace the conditions of each manufacturing batch, so the Company can use it to adjust the tea manufacturing quality.
Benefits	The app adopts automated tea manufacturing machine configuration to reduce the consumption of manpower and increase the accuracy of the tea manufacturing quality. The app can also achieve energy saving by adjusting the backend machine operating parameters through the backend analysis.
Operation mode	Estimate the annual production of the tea plantation farm to calculate the daily production volume of the tea factory, and then input the time and frequency parameters in the production line equipment with the help of adjustment performed by the on-site personnel.
Application	Collect and analyze the data of all machines and equipment in the processing factories through cloud systems to identify the most efficient operating mode, and adjust the mode according to the difference of the materials (tea leaves) at all times. Management can be realized by using the website or downloading the app.
Future progress planning	Continue adjusting and optimizing the time, temperature, and frequency for the production line to achieve premium energy-saving results.



Tea Tasting Management

With the tea inspectors trained by TTC and software, we record the tea masters' know-how of tea flavors and their features in the data. With the help of the software, we assist the tea blending master in combining the flavors to meet the customers' requirements. Contrasting with traditional tea inspecting and blending methods, this new method breaks through the regional restriction for tea inspectors, speeds up the R&D process of tea items, reduces the time for cultivating tea inspectors/blenders, helps the tea blenders to promptly find the materials needed, and speeds up the R&D process of tea items.

Rate Tea System	
Main functions of the APP/ platform	By recording the flavor and feature of each batch of tea leaves, the app allows the tea inspectors to taste the tea and import the inspection result of the batch of sample tea at the same time. The app can be used to make single and batch queries quickly or to search for similar flavors. With the help of the AI algorithm, the blender can blend the tea leaves and adjust the flavor quickly.
Benefits	Cultivation of tea inspectors/blenders can take more than 10 years easily, making it a high-risk matter in the aspect of manpower. This system is designed to implant the skills of tea blenders in computer systems, resulting in an effective reduction of the time for cultivating tea inspectors/blenders.
Application	When tea inspectors import the inspection results via tablet or PCs, the system automatically conducts weighted averaging calculations according to the level of each tea inspector in order to ensure the objectivity and accuracy of the inspection results. Then, the app creates a bill of materials through the AI-assisted blending function.

[illegible]

2.2 Food Safety

Material Topic: Customer Health and Safety	
Actual and Potential Positive Impact on Economy, Environment and People (Opportunity)	TTC can improve the transparency of the process and the management technology at the same time for the health and safety of the customer.
Actual and Potential Positive Impact on Economy, Environment and People (Risk)	The deficiencies in the health and safety of the customer may affect the interests of the consumers, arouse a rebound among the people against the Company and affect our overall revenue.
Resourced Invested in 2023	1. The Tea Division worked with the Institute for Information Industry to develop the [Smart Agri-management Platform System for Farms] to ensure pesticide safety at the initial stage and keep the quality stable. 2. TTC passed the review of the FSSC22000, ISO22000:2018 and HACCP certification and acquired the RFA certificate.

Strategic Objectives	
Policy and Commitment of the Company to Customer's Health and Safety	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.
Short-term Objective (1 Year)	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.
Med-term and Long-term Objective (3-5 Years)	1. Conduct pesticide residue testing thoroughly to have all the products meet the standards. 2. Implement the digital or smart adjustment for quality control with tea inspectors assisting in correction to provide products and services with stable and high quality. 3. Introduce a digital food safety and quality control system to reduce human management errors.

Material Topic: Food, Health and Nutrition	
Actual and Potential Positive Impact on Economy, Environment and People (Opportunity)	There is a strong market demand of health food and the business opportunity can be developed for the technologies and products related to food health and nutrition. This is helpful in the improvement of the image of the Company.
Actual and Potential Positive Impact on Economy, Environment and People (Risk)	The goodwill of the TTC brand will be affected and the a loss in the revenue will occur if any products bring about damage to the health of the consumer or violate the laws related to food safety.
Resourced Invested in 2023	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.

Strategic Objectives	
Policy and Commitment of the Company to 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 also keep track of the situation in the markets and hold regular meetings to check product development progress. TTC is committed to product traceability management and ensures the safety and health of the customer.
Short-term Objective (1 Year)	Create tea formulas with health effectiveness and benefit continuously.
Med-term and Long-term Objective (3-5 Years)	Develop tea extract products beneficial to health.

Food safety incidents are the last thing the food company and consumer want to see. To protect food safety, our North District Finery Factory officially launched the ISO 22000 certification guidance in 2010 and acquired the third-party certificate. ISO 22000:2018 was revised in 2020. In 2020, the North District Finery Factory was moved to the Laopi Tea Farm in Pingtung. TTC emphasizes food safety, so we have enhanced the food quality and safety system for material management and the manufacturing process. The rough and refinery processing factories of the Company in the Laopi Tea Farm passed the FSSC22000, ISO22000:2018 and HACCP reexamination in August 2022, and kept producing tea in accordance with higher food safety and sanitation standards. The percentage of the products produced by its factories to total production is 97.80%, and the percentage thereof to total net operating revenue is 46.07%. We will make an effort to acquire certifications for the rest rough processing branch factories.



FSSC 22000 third-party verification

In addition, TTC acquired the TGAP traceable agricultural products certification from the Council of Agriculture for an area of 478.8429 hectares. The production and sales information of our agricultural products is disclosed, transparent, trackable and traceable, assuring consumer safety. Moreover, Laopi Tea Farm acquired the Rainforest Alliance certification in 2023. It is dedicated to better protection of the surrounding environment and ensuring the sustainable development of the forest.



TTC's Laopi Tea Farm acquired the Rainforest Alliance certification in 2023.

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	The TTC's laboratory was put into use in 2016.
Main planning	TTC's food safety laboratory is intended for measurement of moisture in tea leaves and sensory evaluation. In addition, to improve the reliability of the pesticide residue testing, the laboratory commissions SGS to perform related tests every year, and relevant records are kept for future reference. A water quality test is conducted in the factory annually and the instruments and equipment are calibrated internally (once/six months) and externally (once/year).
Input	In 2023, the total cost for new laboratory equipment was NT\$119,200.



TTC's food safety laboratory for measurement of moisture in tea leaves and the sensory evaluation.

Laboratory-related expenses and the percentage thereof to the net operating revenue

Year	Total net operating revenue	Laboratory-related expenses	Percentage
2023	379,507,022	5,328,623	1.40%
2022	376,995,693	5,447,574	1.44%
2021	369,203,783	5,715,501	1.55%

Addition of laboratory equipment in the recent three years

Year	New equipment	Expenditure
2023	Bar room drainage and power distribution project (including water purification equipment)	119,200
2022	Sample Room (lab table/chest of drawers for samples)	750,000
2021	Hardware and equipment in labs (the bench on the side)	75,000
	Island tea making platform (the laboratory platform) - includes water sinks	155,000
	Electronic balance with five-digit numbers	63,500
	Autoclave	112,000
	Homogenizer	4,500
	Small hot-air drying oven	75,000

Batch-by-batch testing method

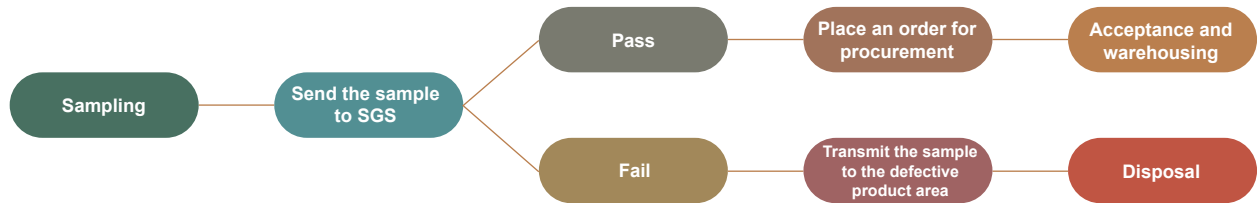
Taiwan Tea Corporation has used the highest standards to ensure food safety. SGS is commissioned to conduct multiple pesticide residue tests for our tea leaves. The samples in line with our quality standards are selected from the raw materials (such as Ceylon tea, Indian tea, etc.) to be purchased and the tea leaves of our tea farms through sensory evaluation 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 346 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. Thus, The batch-by-batch testing method that we have adopted for years is the most rigorous testing approach in the industry. In 2023, 365 products underwent inspections and 97.81% of them passed the tests. Over the last three years, we had a total of 1,037 tea leaf products sent to SGS for testing.



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

Product Testing Process



2.3 Local Procurement

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 2022, the percentage of the products purchased by the Company locally and from overseas was 87.88% and 12.12%, respectively.

Procurement Ratio by Business Locations in 2023	
Location of operations	Procurement ratio in 2023
Head office	12.40%
Sanxia Branch Office	0.91%
Key account warehouse in Sanxia	0.00%
Daxi Tea Factory	3.78%
Tongluo Tea Factory	1.19%
Miaoli Branch Office	1.08%
Sun Moon Lake Antique Assam Tea Farm	5.93%
LuGao Cafe	1.87%
Nantou Branch Office	4.70%
Pingtung Branch Office	68.14%
Total	100%

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 natural food. In addition, the Company does not use genetically modified agricultural products as raw materials of products for direct human consumption. By doing so, we can protect the consumers' safety.

TTC's Top Five Upstream Suppliers				
Type (wholesale, contracting, etc.)	Estimated quantity	Service/product type	Estimated amount paid to supplier	Geographic location
A	82,800	Tea leaf raw material	\$10,431,324	Sri Lanka
B	23,922	Tea leaf raw material	\$7,017,546	Nantou county
C	17,346	Tea leaf raw material	\$5,079,051	Nantou county
D	12,438	Tea leaf raw material	\$4,440,351	Nantou county
E	12,492	Tea leaf raw material	\$3,626,208	Nantou county

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\$9,585,910.

Procurement of FSC-certified Products			
Year	Amount	International accreditation or standardization bodies	Procurement percentage
2023	\$2,308,785	FSC	2.67%
2022	\$3,942,228	FSC	3.20%
2021	\$3,334,897	FSC	2.74%

Statistics on Products Certified by International Bodies

Year	Procured items	Amount	International accreditation or standardization bodies	Procurement percentage
2023	PET mesh 2514S Cotton yarn - PP yarn246 Nonwoven fabric 1206AP-S PLA Thread PLA Mesh Aluminum foil bags/PET bags Aluminum foil bags/ESD bags Picking machines/Hydraulic press parts Packaging material - Cardboard boxes Packaging material - Colored boxes Packaging material - Stickers Packaging material - Gift boxes Packaging material - Handbags	\$5,939,121	SGS HACCP FSSC ISO_14001 ISO_9001 ISO_22000 FSC	6.87%

2.4 Supplier Management

Material Topic: Environmental and Social Assessment of Suppliers

Actual and Potential Positive Impact on Economy, Environment and People (Opportunity)	1. Ensure that the partners in the supply chain fulfill their corporate social responsibility, respect the employees reasonably and stick to the ethical standards. 2. Work with the upstream and downstream companies to put the green supply chain into practice and ensure the environment is protected substantially.
Actual and Potential Positive Impact on Economy, Environment and People (Risk)	1. The stability of the supply chain cannot be guaranteed. The Company may be involved due to negative news reports. 2. If the products of the supplier damage the balance of the environment, this may affect the land of the Company or the Company may be punished in accordance with the law.
Resourced Invested in 2023	We conduct evaluation of suppliers with whom we have transacted more frequently in terms of the quality, delivery performance, after-sales service. In 2023, 164 suppliers were evaluated, accounting for 69% 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.

Strategic Objectives

Policy and Commitment of the Company to environmental and social assessment of suppliers	TTC ensures that the partners in the supply chain carry out corporate social responsibility, respect the employees reasonably and stick to ethical standards, the Company signs the Commitment Letter of Social Responsibility and Ethical Standards with the suppliers. Other than that, we use products that align with international standards if possible. We are also dedicated to the environmental protection, enter into the agreement on the regulations concerning environmental protection, safety and health with the suppliers, and work with upstream and downstream partners to develop a green supply chain.
Short-term Objective (1 Year)	1. We continue supervising the suppliers through the CSR self-evaluation of suppliers and on-site audits. 2. The suppliers who have passed any relevant management system certifications, such as ISO9001 and ISO14001, will be first taken into account.
Med-term and Long-term Objective (3-5 Years)	1. Enhance the supplier management performance; track and review the achievement status of the goals to implement performance. 2. Ask the suppliers to provide the certificates issued by SGS, OHSAS, HACCP, ISO, BRC, FSC 3. Adopting green procurement to effectively prevent the environmental pollution and the waste of resources. 4. Work with the upstream and downstream partners to protect the environment.

TTC's Supplier Management Approach

1. Suppliers with whom we have a business relationship can be listed as long-term partners when necessary if they have good reputation, good after-sales service, reasonable prices, stable quality, and no poor delivery history. We shall investigate market conditions and compare prices from time to time, if needed.	
2. If the situations stated on the right side occurs to a long-term supply partner, the procurement personnel shall discuss with the supplier for improvement. If the coordination fails, cancelation of the long-term partnership may be taken into account and find other suppliers for transactions.	The price of the same goods or services is higher than that of other suppliers.
	The frequency of delivery delays is high.
	The delivery quality is poor and cannot not be improved.
	Other circumstances in which the rights and interests of the Company may be damaged.

2.4.1 Supplier Selection Criteria

We have established definite screening criteria for suppliers to make sure whether suppliers have stable quality and check whether they have the equipment and technical capabilities to produce products and can provide adequate productivity. After inquiry, comparison and negotiation of the price to ensure the reasonableness of the quotation, we then determine the acceptable cost price through bilateral negotiations.

The procurement personnel and the QA department of the Company send self-evaluation questionnaires to long-term supply partners every year and conduct on-site visit from time to time.

Percentage of Each Evaluation Item Subject to On-site Investigation	
Warehouse control	20%
Process and quality control	16%
Management of biological and chemical substance and related appliances	8%
Disposal of waste	4%
Transport control	4%
Customer complaint or finished product recall control	4%
Traceability system	4%
Price	15%
Cooperation status and willingness	15%
Product testing	5%
International certification items or standards	5%

We started to implement sustainable management of suppliers in 2023. The Company internally collected the information of sustainability related to the Company and the procurement department designed the "Supplier Sustainability Risk Questionnaire". The survey items include environmental assessment of suppliers, labor practice assessment of suppliers, human rights assessment of suppliers, social impact assessment of suppliers, and product responsibility impact assessment.



台灣農林股份有限公司
TAIWAN TEA CORPORATION
供應商永續風險評估自評問卷

本公司期望藉由問卷的方式，了解公司商業夥伴之永續發展(ESG)的管理現況。本問卷分為六大部份，煩請貴公司針對以下問題進行回應，問卷回覆結果將進一步做為本公司管理的指導原則並符合國際趨勢要求(GRI 308)。敬請貴司撥冗填寫，謝謝!!

一、基本資料

- 報告期間： 112 年 1 月 1 日 ~ 112 年 12 月 31 日
- 供應商名稱： _____ (公司登記證名稱)
- 供應商編號： _____ (統一編號)
- 供應商類別： ☒ 原物料 ☐ 成品 ☐ 工程 ☐ 設備 ☐ 資訊 ☐ 代工 ☐ 農肥料
☐ 其它： _____
- 供應商地址： _____
- 填寫人姓名： _____
- 聯絡電話： _____
- E-MAIL： _____
- 公司是否曾發佈過企業社會責任相關類型報告 (例如：企業社會責任報告書、永續發展報告書)
☒ 是
☐ 否

二、供應商環境評估

環境考量面的永續發展(永續性的環境面向)主要注重於組織對有生命和非生命的自然系統之衝擊，包括土地、空氣、水和生態系統。環境類別所包含的衝擊與各種輸入(如：能源和水)及輸出(如：排放物、放流水及廢棄物)有關。此外，亦包括生物多樣性、交通運輸、產品與服務相關的衝擊，以及環保法規的符合及環境支出。

- 報告期間內 貴公司主要產品或服務中是否有使用再生原物料(例如：碎玻璃、廢鐵、廢紙、廢輪胎、再生紙)？
☒ 是
☐ 否
☐ 不適用

Aspects and Contents of TTC's Supplier Sustainability Risk Questionnaire

Environmental Assessment of Suppliers	This mainly focuses on the impact of the organization on living and non-living natural systems, including land, air, water, and ecosystems. The impacts included in the environmental category are related to various inputs (such as energy and water) and outputs (such as emissions, effluents, and wastes). In addition, impacts related to biodiversity, transportation, products and services, compliance with environmental regulations, and environmental expenditures are also included.
Labor Practice Assessment of Suppliers	Based on internationally recognized general standards, labor practices include employment practices, health and safety practices, incidents (such as verbal, psychological, physical, or sexual abuse, coercion, or harassment), labor-management relations, wages and remuneration, and working hours.
Human Rights Assessment of Suppliers	The considerations include relevant procedures implemented, human rights violations, and the extent of the stakeholders' ability to enjoy and exercise their human rights. Human rights issues include non-discrimination, gender equality, freedom of association, collective bargaining, child labor, forced and compulsory labor, and indigenous peoples' rights.
Social Impact Assessment of Suppliers	The focus is the impact of an organization on the society and local community.
Product Responsibility Impact Assessment	The direct impact of products and services on stakeholders, especially customers.

2.4.2 Traceability management

TTC's Product Traceability Management in 2023

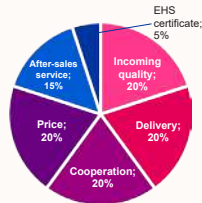
The Company implements product traceability management as required by regulations and registers the products on the food traceability system every month. Products are traced and managed with batch numbers.

Product	Percentage to all products produced with tea leaves
RG18990322000001 Sri Lanka Black Tea FOP	2.39%
RG18990323000002 Sri Lanka Black Tea Strips FOP	1.84%
RG18990622000002 Sri Lanka Black Tea Flakes BOP1	2.71%
RG18990623000002 Sri Lanka Black Tea Flakes BOP1	0.00%

Supplier evaluation

To ensure the implementation of the qualified suppliers' quality and management system, TTC arranges an evaluation at the end of every year to evaluate their product quality, delivery performance, product price, cooperation with us and after-sales service, etc. All suppliers evaluated in 2023 met our evaluation criteria.

Supplier Evaluation Result in the Recent Three Years

Year	Evaluation frequency	Number of evaluated suppliers	Total suppliers	Supplier evaluation rate	Evaluation item	Pass rate (%)
2023	Once a year	164	238	69%		100%
2022	Once a year	79	168	47%		100%
2021	Once a year	60	150	40%		100%

In the evaluation of the quality, delivery performance, cooperation, price, after-sales service, and EHS certification of the suppliers, we classified the evaluation results into three levels of A, B, and C, and formulated response measures. If defects are found during the annual evaluation, we immediately ask the suppliers to propose appropriate improvement plans. We also ask them to establish specific and clear methods and the time needed for improvement. By carrying out the evaluation, we show the suppliers how much we care about the quality and safety of food products.

Evaluation Grading	Grading Basis	Response Measures
Grade A	80-100 points	Continue to maintain cooperative relations
Grade B	60-80 points	Assist the supplier to become an outstanding supplier
Grade C (failed)	Under 60 points	Seek an alternative supplier

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 were no violation of laws and regulations in the provision and use of our products and services.

2.5.1 Consumer protection

Material topic: Marketing and Labeling	
Actual and Potential Positive Impact on Economy, Environment and People (Opportunity)	Good and complete marketing and labeling may communicate the spirit of corporate sustainability and help consumers learn more about our production information.
Actual and Potential Positive Impact on Economy, Environment and People (Risk)	Incorrect or incomplete product labeling may extend the food safety risk or arouse the concern about our products among the consumers.
Resourced Invested in 2023	- We keep our eyes on any changes in the laws and regulations related to product labeling. In addition to observing such laws and regulations, we communicate TTC value to the public by actively implementing effective marketing techniques. - We control the source of the production process properly and indicate production information clearly, so that customers can understand it. - 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.

Strategic Objectives	
Policy and Commitment of the Company to Marketing and Labeling	Providing healthy products without the concern of safety on the market is the core principle of the Company. We commit that the internal R&D and QA units will be fully aware of the changes in the government law and disclose production information on the package pursuant to such law. Control product quality properly to ensure satisfaction of the customer.
Short-term Objective (1 Year)	Label properly in accordance with the law, continue to enhance our marketing practices, and improve the transparency of information.
Med-term and Long-term Objective (3-5 Years)	Continue improving the loyalty, trust and repurchase rate of the customer.

Five Consumer Protection Principles

- To further develop our core business of tea leaves, we are dedicated to integrated tea production and sales 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 the TGAP production traceability certification of the Council of Agriculture.
- 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 SGS 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.
- 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.
- 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.
- The Company assures product safety, protects the consumers and forbids the sale of controversial products.

2.5.2 Customer Service

Material Topic: Complaint and Communication Mechanisms (for customers)	
Actual and Potential Positive Impact on Economy, Environment and People (Opportunity)	Establish a good complaint and communication mechanism for customers to ask questions and express opinions, understand the reasonable expectations and needs of the stakeholders in this way, and provide a response mechanism. Enhance the link between the Company and stakeholders and thus improve the completeness of the Company's strategy.
Actual and Potential Positive Impact on Economy, Environment and People (Risk)	Inconsistency between the management and employees may form a vulnerability in the operation and management if a communication mechanism lacks. If the Company does not have adequate channels to listen to the external stakeholders, we may drift apart from them and thus, the development of the Company and the market confidence may be affected.
Resourced Invested in 2023	We provide multiple communication channels. In addition to providing customers with a communication channel on our website, we have increased the two-way communication opportunities with customers in the e-commerce department by collecting tourists' evaluations through the evaluation mechanism of the e-commerce platform. When receiving consumers' message, we will take actions immediately, such as contacting the customer by phone, activating the internal customer speedy handling process of the Company, notifying the quality control department, and initiating optimization based on the feedback of the consumers. In addition, we can receive suggestions on the platforms, such as Shopee Supermarket, and make responses and adjustments in a timely manner.

Strategic Objectives	
Policy and Commitment of the Company to Complaint and Communication Mechanisms (for Customers)	Our official website and social platforms continuously offer customer comment mailboxes and service hotlines to receive consumers' questions. We record and report these questions to relevant units, present solutions or improvement proposals, and give a reply to consumers. By doing so, we hope to deliver the service of the best quality to consumers. We will protect our customers' rights, prevent problems and optimize customer service efficiency, and effectively follow up on customer feedback and market trends, and continuously improve our quality.
Short-term Objective (1 Year)	Continuously enhance the education and training on professional knowledge of products and provision of warmhearted services for our frontline employees and customer service personnel.
Med-term and Long-term Objective (3-5 Years)	1. Actively engage in customer service, improve customer satisfaction, and place importance on the feeling and opinions of the consumers. 2. Follow up and review each case and reduce the customer complaint rate, increase the consumers' trust in the Company and their repurchase rate, boost the revenue of the Company, and improve the corporate image and customer satisfaction

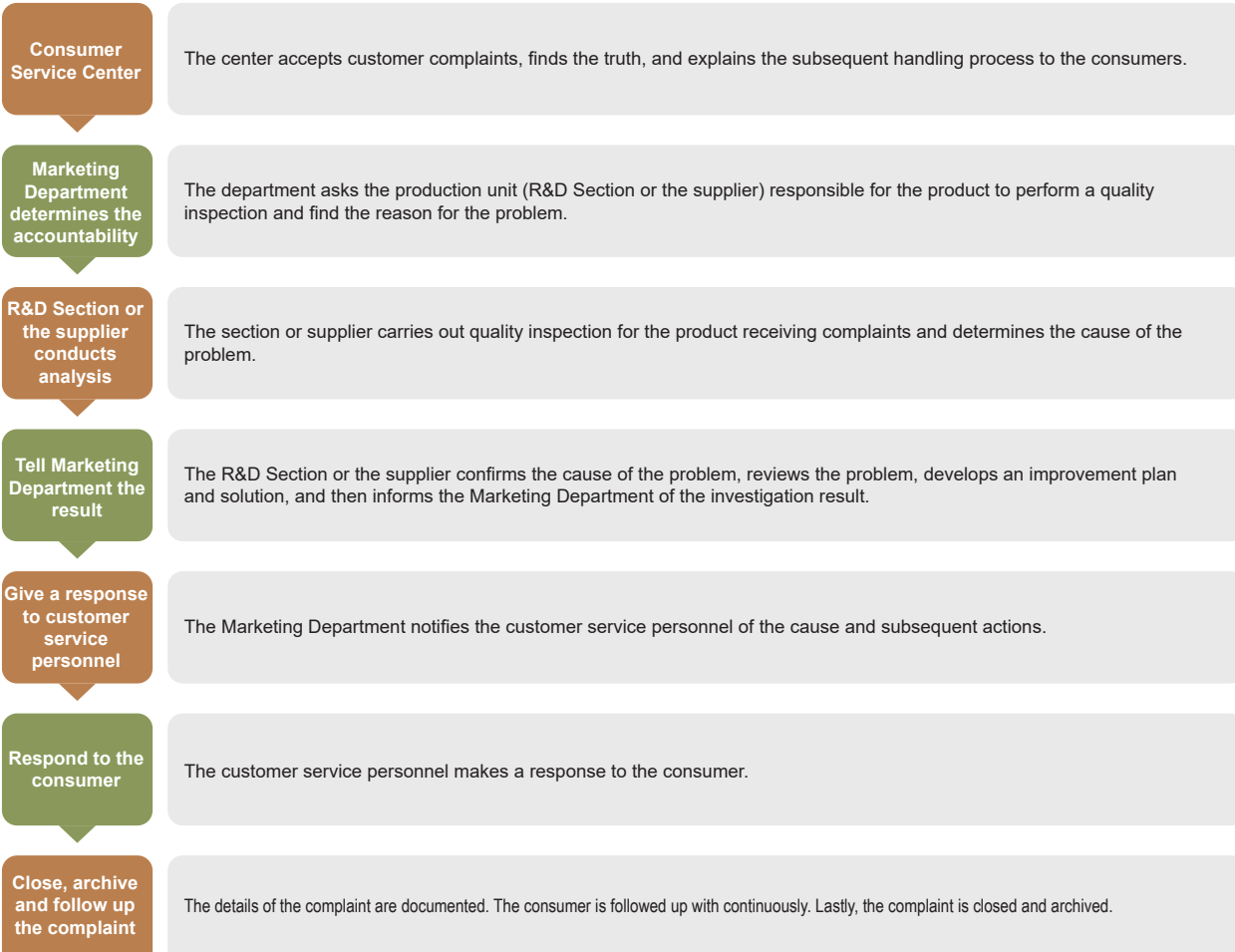
Meeting our customers' needs is our first priority. To specifically satisfy their requirements and respond to their expectations, we hold business meetings in accordance with the response of the customers to review their feedback and satisfaction. The frontline sales representatives and assistants must 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. The issues such as labor rights, environmental management, and energy management arising from food and labor safety issues have drawn the attention of the global supply chain, and these issues have recently become a concern and significant requirement of our corporate customers. 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.

Consumer Complaint Handling Process

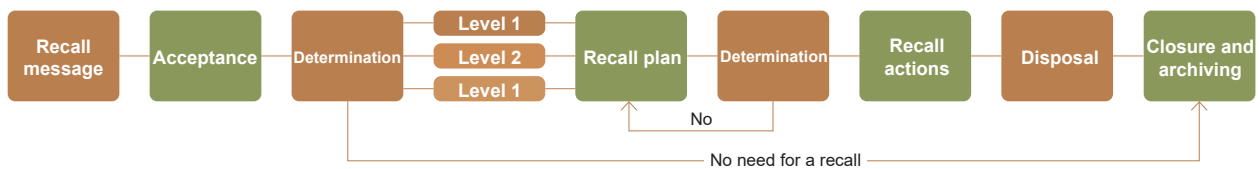


Customer Complaint in 2023		
Case	Complaint Count	Action and Improvement
Related to tea product	18	In case of customer complaints such as quality worse than expected, damaged packaging, foreign matters in products, or complaints about delivery services, relevant information will be sent to the quality control department and home delivery operators for improvement, and the products will be resent to consumers.
Related to experience in a physical store	5	As for admission charging problems and complaint against store staff service quality or unclear marking of the routes in the factory, education and training will be enhanced for store staff and warning signs and other markings will be optimized.

To ensure the protection on the consumers' health and safety, TTC holds a drill annually for product recalls according to the finished product recall process, and enhances the emergency response capabilities for product recall emergencies. By conducting the drills, we achieve the goal of preventing and reducing the damages of emergencies and on the customers. TTC held a drill for product recalls in 2023, and we achieved a 100% product recall rate. We gained an excellent result of the drill.

2023 Result of the Drill for Product Recalls				
Date of the drill	Recalled product in the drill	Level of recall	Aspect of recall	Results
2023.10.03	Taiwan Four Seasons Oolong Tea	Level 3	Consumer	A 100% recall rate

Figure Finished Product Recall Process



Determination of Levels and Description

Level 1	Food is expected to bring about death or significant hazard to the health of the public, and shall be recovered within 24 hours.
Level 2	Food is expected or likely to bring about hazard to the health of the public, and shall be recovered within 3 days.
Level 3	Food is expected not to bring about hazard to the health of the public, but its quality does not meet the standard, and shall be recovered within 7 days.

2.5.3 Multiple communication channels

Digitization has become a trend in recent years. Many e-commerce platforms have merged in this period and the consumer habit has changed as a result. We listen to the consumers and established an e-commerce department in 2022 to set up more interactive platforms and communication channels between TTC and consumers. In addition to implementing TTC's core values of health, leisure and environmental protection, the new department is dedicated to promoting local tea aroma and protecting the vision of the century-old tea factory. We actively develop multiple online marketing channels and help consumers of tea and coffee become aware of these new purchase channels and drink good tea without concerns. We hope to communicate to the public an upright, honest and soothing image that TTC operates the business directly, controls the quality of the tea for food safety, and ensure transparency of information.

After the establishment of the e-commerce department at the end of 2022. We worked with the Pinkoi design and shopping website to organize commodity marketing events in the same period and entered the Shopee Supermarket and momo shopping website at the beginning of 2023. In the meantime, we continue managing our existing fan page on Facebook and present our products in line with the experiencing event at each old tea factory. This way, we conduct more two-way communication with our customers.



TTC continues establishing a highly effective two-way communication channel with customers through our fan page on Facebook.



TTC worked with momo shopping platform to organize commodity marketing events and participated in its Fubon bank card marketing activities.



TTC worked with momo.com Inc. through Facebook CPAS products; first revealed on the homepage of the momo super food market event.



TTC entered Shopee Supermarket in January 2023 to take care of the needs of the customers attentively.

2023 TTC Facebook Page Marketing Campaign



LuGao Cafe Facebook Page: A 10-second video introduced the Cafe and picnic photos

- Number of people reached: 10,027
- Number of likes: 183



LuGao Cafe Facebook Page: A single post introduced picnic boxes

- Number of people reached: 4,664
- Number of likes: 171



Tongluo Tea Factory Facebook Page: A 10-second video introduced the DIY tea picking activity



Tongluo Tea Factory Facebook page: A single post promoted the DIY tea picking activity



LuGao Cafe online promotion of giveaway against full shopping amount

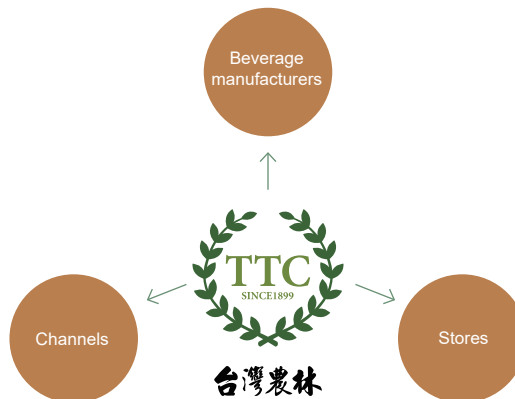
2.6 Product Innovation

Material Topic: Innovative R&D	
Actual and Potential Positive Impact on Economy, Environment and People (Opportunity)	Expand channels and online platforms with multiple products to create more opportunities for TTC. Develop green products, processes and packages more friendly to the environment to increase TTC's sustainable practices.
Actual and Potential Positive Impact on Economy, Environment and People (Risk)	Launch new products in consideration that food safety problems will have a severe impact on the image of TTC as a century-old factory. Excessive product lines may dilute the brand image of TTC and it may be difficult in the management of the products.
Resourced Invested in 2023	R&D plans that meet the corporate core values of TTC are established based on market trends, customer concerns or forward-looking needs. These plans shall align with the sustainability and the philosophy of co-existence with the land to maximize the value of our brand and product.

Strategic Objectives	
Policy and Commitment of the Company to Innovative R&D	With existing raw materials of tea and coffee as the basis, develop commodities of high quality and added value as well as innovative packages with reference to market trends and big data analysis. We will satisfy the consumers' needs as the main purpose and follow food laws and regulations to provide safe products on the market.
Short-term Objective (1 Year)	With the directions and objectives of TTC's operations and the planning of budgets as the basis, we formulate marketing strategies and establish market position, and then develop multiple new commodities, upgrade and optimize packaging, observe the concept of environmental protection, and improve our market reputation and competitive advantages.
Med-term and Long-term Objective (3-5 Years)	1. Deepen the quality value; promote health, leisure and environmental protection as the core of the overall business. 2. Improve satisfaction with services and commodities to create business performance and increase brand voice.

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 of Communication Between TTC and Its Partners



2.6.1 Development and marketing of products

To bring a different sensory feeling to consumers, we developed and launched new product items in the tea, gift box, beverage and food, and coffee categories in 2023. We will innovate continuously to satisfy the taste of the consumers.

Product Item	Innovation and Effectiveness	
Hanging ear drip tea bag	Designed with the imitated hand-brewing concept, we use the tea leaves from our own tea gardens and grind them into particles in different proportions of sizes according to the characteristics of the tea. This technique can perfectly restore the uniqueness and original flavor of the tea leaves. People can enjoy a cup of classic Taiwanese tea at any time and in any place.	

Product Item	Innovation and Effectiveness	
Launching 3 innovative tea set meals at our food and beverage outlets	The Company launched three new tea sets and optimized tableware arrangements to enhance the overall visual experience and ambience of dining. The addition of tea in meals connects the emotions between cooking and the century-old Taiwan Tea culture, and the connection is well received by consumers.	
Development of Taiwan Tea series ice cream	The "Tea and Coffee Taste" quiet lifestyle concept was realized by mixing our own tea and coffee into ice and widely accepted by consumers.	

2023 TTC offline brand promotion activities

Item	Cross-industry collaboration	Content and effectiveness
Tourism	- Hakka Theater of Taiwan Hakka Culture Development Center, Hakka Affairs Council: Discount for inter-theater coupons   - Department of Transportation, Taipei City Government: iPASS Card Daxi Tea Factory admission discount for Taipei City, New Taipei City, Taoyuan City and Keelung City   - Nantou Puli Fuxing Visitor Center: Nantou Chocolate Coffee Festival  	By integrating the resources of the public sector, we organized marketing events at our leisure locations, promoted tourism factories and cafes, assisted tourists in understanding the connotation of the tea and coffee culture, promoted local industries to effectively improve the popularity of these locations and our brand image effectively, and increase the real operating revenue. We will actively participate in related activities, such as the Chocolate Coffee Festival, to let consumers understand the connotation of the coffee culture and promote the local coffee industry together.
Local activities	We worked with local operators to organize course activities, small farmers' chrysanthemum experiencing events, and Hakka chrysanthemum season tea art exhibitions.  	The Company increased the exposure of our products, shared resources with local operators, provides more diverse and in-depth experiences of local characteristics, and promoted the development of the local tourism industry.

Item	Cross-industry collaboration	Content and effectiveness
Research institute establishment project	Nova: 2023 design-driven corporate innovation and development DFI project, 2023 promotion of industrial green design (DFS) demonstration guidance 	We worked with design companies to innovate the value of tea products and hold exhibitions to overall change the traditional impression of tea. We enhanced the marketing efforts of both parties and improved the impression and image to create a win-win situation.
Media exposure	1. Huajia Teenagers 2. Let's Learn How to Love  <Tongluo Episode>  <Tongluo Episode>  <LuGao Episode> 3. Wassup Man! Let's chill!! 	We worked with reality TV shows to enrich the journey experience in the program, attract more visitors, and promote the tea factory and the tea industry culture with the development of the reality program.

2.6.2 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.

Chou Chin Industrial Co., Ltd. has brands such as Chou Chin, Ge-Lin and Bomy while serving as the OEM for the brands of Taisun, Tsin Tsin, Lipton, Tait, and AGV.

Product	Nature of products	Launch time	Main channels	Sales	Number of products sold
Chrysanthemum Oolong Tea	Refrigerated	October 2019 - up to now	7-11, Hsin Tung Yang, Rest areas, SHOWBA	NT\$1.687 million	1,128,555
Cassia Black Tea	Refrigerated	August 2020 - up to now	7-11, Hsin Tung Yang, Rest areas, SHOWBA	NT\$283 million	2,400,953

Note: The scope of the data is up to 2023.



TTC launched two cold drinks at convenience stores: Chrysanthemum Oolong Tea and 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
Formosa Black Tea Formosa Milk Tea Formosa Pearl Milk Tea	LET'S CAFÉ	May 2021 up to now	4,234 stores	NT\$2.307 million
Zhen Fang Fresh Black Tea Zhen Fang Black Tea Milk	FamilyMart, Zhen Fang	June 2023		NT\$573 thousand

Note: The scope of the data is 2023.



TTC's self-owned brands x FamilyMart co-branded tea product - New Formosa Black Tea, Formosa Milk Tea, and Formosa Pearl Milk Tea



TTC worked with the popular restaurant Zhen Fang and the FamilyMart convenience store to launch Zhen Fang Black Tea and Zhen Fang Fresh Milk Tea.

- Cooperation with President Chain Store Corporation

We signed a licensing agreement with Chou Chin for use of the refrigerated and room temperature beverages. New products are launched every year and sold at all 7-Eleven stores.

Product	Collaborative unit	Launch time	7-11 channels	Sales
TTC Osmanthus Sijiching Tea	Chou Chin	September 2023 up to now	All stores	NT\$2.763 million
TTC Sun-Moon Lake Black Tea				NT\$2.105 million



TTC launched Osmanthus Sijiching Tea and Sun-Moon Lake Black Tea at convenience stores

- Cooperation with Carrefour Taiwan

Product	Collaborative unit	Launch time	Carrefour channels	The revenue in 2023 (thousand)
Carrefour Sun-Moon Lake Black Tea	Carrefour	August 2014	313 stores	2023
Carrefour Sun-Moon Lake Black Tea 3D tea bag				1316



TTC and the Carrefour dual-brand department launched black tea bags and 3D black tea bags

- Collaborate with Hand-Shaken Drink Manufacturers

To offer the consumers better products and support local suppliers, we have cooperated with other manufacturers to promote our own tea leaves and the tea-based beverage brands in the market. We provide tea leaves with TTC features to beverage manufacturing partners and launch tea products with different flavors depending on the need of the manufacturers.



In 2023, we collaborated with "White Alley", a hand-shaken drink business operator, to launch the King of the Red Oolong Tea that features 100% Taiwan tea.

2.6.3 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 2023 include: Moon Festival giftboxes, Chinese New Year giftboxes, hanging ear drip tea bags, and Taiwan Tea series ice creams.



LuGao Coffee - Yellow Catuai - honey-processed medium roasted coffee



Elegant Taiwan tea - Small-leaf Honey Flavor Black Tea



Selected roasted Assam (refill pack)



Selected roasted Assam



Sun-Dried Small-leaf Honey Flavor Black Tea



Elegant Forest



Spring Rabbit



Cold brew coffee - sun-dried and medium roasted



Cold brew coffee - honey-processed medium roasted



Moon Tea Taste giftbox



Beautiful Taiwan



Daily Tea giftbox



Moon & Tea giftbox



Classical Treasure



Nongsi giftbox



Nongxin giftbox



Tea and Music Ceremony giftbox



Charm of Tea giftbox



Taiwan Tea series ice cream



Tea sets



LuGao hanging ear drip tea bag (washed)

2.7 Awards and Certifications

Awards

In 2023, we received the silver, bronze, excellence, and quality evaluation awards in the Miaoli Black Tea Evaluation, and eventually won 15 awards in total. All the award winning products came from the tea farms in Tongluo and Sanyi with the one-tip two-leaf tender shoots picked in summer as the raw material. The "Miaoli black Tea" is a combination of the Oriental Beauty Tea withering and black tea fermentation processes. The leaf twist is neat and clean with clear white fine hair. The flavor is honey sweet and then presents fruity aroma like Oolong and black tea.

Award	Number of Awards
Silver Award	1
Bronze Award	2
Excellence Award	9
Quality Evaluation Award	3
The total number of awards in Miaoli Black Tea Evaluation in 2023	15

In 2023, the Company participated in the Miaoli and national Oriental Beauty Tea evaluations. The award-winning products came from the tea farms in Tongluo and Sanyi. After the tender buds of the Oriental Beauty tea were sucked by small green-leaf cicadas, tea farmers picked the one-tip two-leaf tender shoots of them by hand, and tea masters used traditional techniques to refine the shoots into high-grade white-tip Oolong tea by hand. The leaves are white, green, yellow, red, and brown in color. The tea liquid is amber in color and has a natural honey and ripe fruit flavor.

The number of awards in Miaoli Oriental Beauty Tea Evaluation

Award	Number of Awards
First Prize	1
Second Prize	0
Third Prize	0
Third Plum Award	1
Second Plum Award	3
First Plum Award	0
Quality Evaluation Award	0
The total number of awards in Miaoli Oriental Beauty Tea Evaluation in 2023	5

The number of awards in National Oriental Beauty Tea Evaluation

Award	Number of Awards
First Prize	1
Second Prize	0
Third Prize	1
Third Plum Award	0
Second Plum Award	1
First Plum Award	0
Quality Evaluation Award	1
The total number of awards in National Oriental Beauty Tea Evaluation in 2023	4

Yu-de Wu, a tea master of the San Yi Tea Factory, was crowned the champion of the 2023 Miaoli Oriental Beauty Tea Making Competition. The two-day competition was held from September 22 to September 23, with a total of 50 competitors competing against each other. The organizer distributed the tea leaves to test the on-site tea making ability of the tea masters in a way of "watching, swinging, and making teas depending on the weather". They made teas for two days and one night continuously.

After being judged by experts, Yu-de Wu of the San Yi Tea Factory won the championship. This demonstrate the profound tea-making techniques of TTC's talents.

For the information of the awards that we have received, please refer to the [2022 TTC Sustainability Report](#).

Certifications

TAP certification



The TAP verification system refers to the fact that agricultural operators follow standardized operating procedures, implement Taiwan Good Agricultural Practice during the production, disclose and trace the self-management information, and pass the inspection conducted by a third-party verification organization to provide consumers with safe and ensured agricultural products and promote the sustainability of resource circulations in the agricultural environment.

Verification item: Tea leaves; the area of the tea plantation is 478 hectares.

ISO22000:2018, FSSC 22000, HACCP



FSSC 22000 is a food safety program accredited by the Global Food Safety Initiative (GFSI) of the International Organization for Standardization (ISO).

Its main goal is to strengthen global food safety, enhance consumer trust, establish necessary food safety programs, and improve performance through the food supply chain. Through the knowledge exchange platform, organizations (i.e. food retailers, suppliers, manufacturers, and certification/verification bodies) can discuss food safety issues to reach consistent and objective compliance standards and reduce unnecessary duplication of certification and evaluation, in the hope to ultimately achieve the goal of "one evaluation and one certificate applicable all over the world."

Verification item category: Production of crude tea, production of refined tea (including tea bags)

Rainforest Alliance certification



Rainforest Alliance certification ensures that products from a farm or forest operator meet comprehensive sustainability standards in order to protect the environment and promote the rights and well-being of the workers, their families, and communities.

The Rainforest Alliance is committed to protecting forests, mitigating climate change, protecting wildlife, reducing poverty, transforming business practices to be more sustainable, and conserving forests.

Verification item category: Tea plantation and labor safety



See the certifications at:

<https://epv.afa.gov.tw/Home/OrganicResult?Field=0&Word=%E5%8F%B0%E7%81%A3%E8%BE%B2%E6%9E%97>



CH3 Happy Workplace

- 3.1 Current Status of Human Resources
- 3.2 Building a Happy Workplace

Daxi Tea Factory

3.1 Current Status of Human Resources

3.1.1 Staff structure

The labor force of the Company is comprised of full-time, contracted and non-contracted employees. There were 364 full-time and temporary employees and 227 non-contracted employees in 2023.

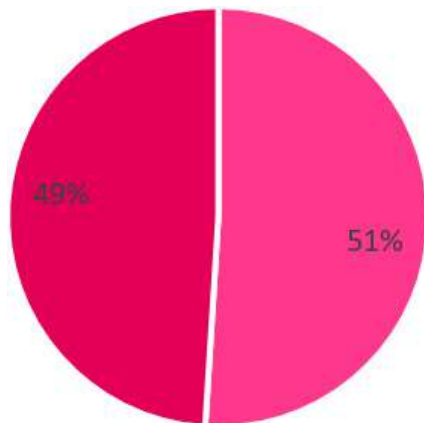
Total Number of Employees	Total Number of Employees	Female	209	
		Male	155	
Contract	Full-time	Female	114	54.55%
		Male	113	72.9%
	Part-time	Female	0	0
		Male	0	0
	Contractor	Female	95	45.45%
		Male	42	27.1%
	Non-guaranteed hours	Female	0	0
		Male	0	0

Note 1: Non-contracted employee (including security service personnel, cleaning personnel, contractor, dispatched worker, apprentice, subcontractor and volunteer)

Note 2: The formula for calculating the percentage of the contracted employees by gender = full-time employees - female/total employees - female (and so forth)

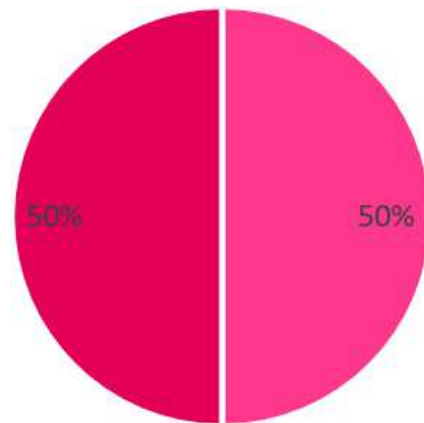
Up to the end of December 2023, TTC had a total of 227 full-time employees, of which 114 were female and 113 were male. 41 were section managers (grade 8) or higher-level executives, of which 20 are female and 21 are male, taking up 49% and 51% of the total employees, respectively.

Employee Distribution by Gender



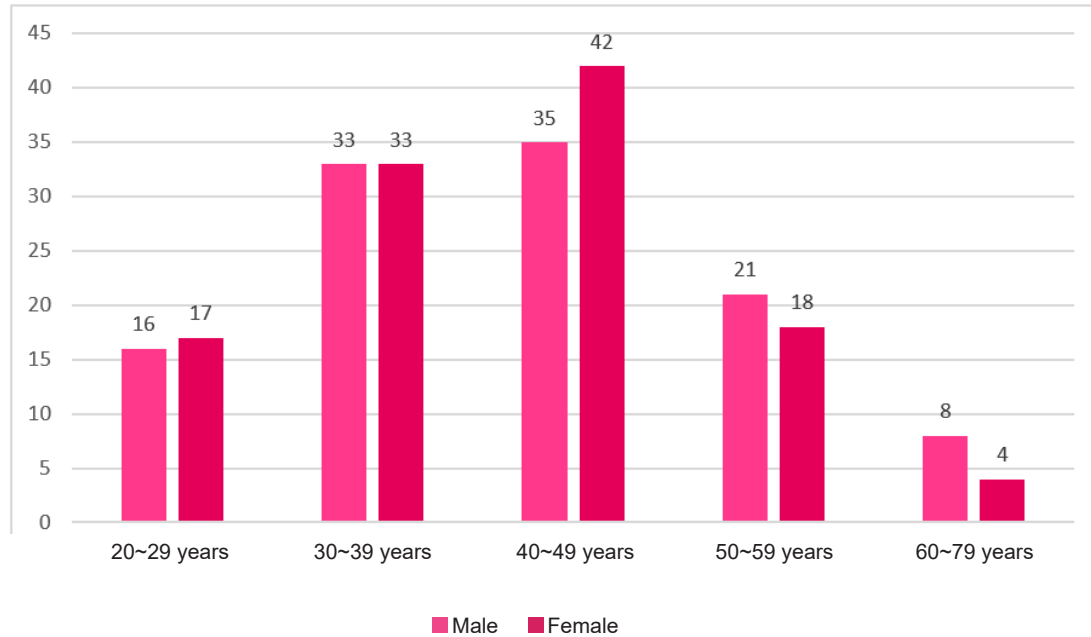
■ Male ■ Female

Supervisor Distribution by Gender



■ Male ■ Female

Employment by Age and Gender



Distribution by grade and gender

Job grade	Title	Number of employees in 2023	
		Male	Female
Grade 11 or higher	Chairman, general Manager, assistant general manager, director	5	3
Grade 10	Consultant, manager, special assistant, project manager	5	4
Grade 9	Factory director, assistant manager, senior specialist, engineer	7	3
Grade 8	Assistant factory director, section manager, intermediate specialist, deputy engineer	6	11
Grade 7	Executive, junior specialist, assistant engineer	7	6
Grade 6	Section assistant, recreational store manager, technician, sub-division chief, 1 st - to 3 rd -level senior technicians	7	14
Grade 5	Clerk, assistant recreational store manager, assistant technician, deputy sub-division chief, 1 st - to 3 rd -level intermediate technicians	13	7
Grade 4	Assistant, store manager, team leader, associate technician, foreman of tea makers, junior technician, 2 nd - and 3 rd -level senior technical workers	13	27
Grade 3	Employee, assistant store manager, tea maker, technical worker, assistant team leader, recreational store personnel, 1 st -level senior technical worker, 3 rd -level intermediate technical worker	20	13
Grade 1-2	Store personnel, shift manager, 1 st - and 2 nd -level intermediate technical workers, junior technical worker, assistant clerk, operator, packer, cleaner	30	26

3.1.2 Overview of employee turnover

In 2023, the Company had 24 newcomers, accounting for 10.53% of the total employees. Of the 24 newcomers, 19 were females, accounting for 79.17% of the new employees. The retention rate of new employees was 50%; 95 people resigned, accounting for 41.67% of all employees.

Unit	Newcomer in 2023		Resigned employee in 2023	
	Male	Female	Male	Female
Head office	2	11	8	14
Sanxia Branch Office	0	0	3	1
Miaoli Branch Office	0	0	0	0
Nantou Branch Office	0	0	0	0
Pingtung Branch Office	0	0	0	0
Daliao Historical Tea House	0	0	1	1
Xiong Kong Tea Plantation	0	0	0	0
Daxi Tea Factory	0	0	0	1
Tongluo Tea Factory	2	4	1	3
Sun Moon Lake Antique Assam Tea Farm	0	2	1	0
LuGao Cafe	1	2	2	2
Fu Xing Tea Factory	0	0	0	0
Xiong Kong Tea Factory	0	0	2	0
San Yi Tea Factory	0	0	4	1
Yu Chi Tea Factory	0	0	0	0
Laopi Tea Farm	0	0	35	15
Technical R&D Department	0	0	0	0
North District Finery Factory	0	0	0	0
Headquarters Store	0	0	0	0
Total	5	19	73	57
Total	24		95	

Category	Gender		Age				Total
	Female	Male	Under 30 years	31-40 years	41-50 years	Over 51 years	
Newcomer	19	5	7	9	8	0	24
	8.33%	2.19%	3.07%	3.95%	3.51%	0.00%	10.53%
Resigned employee	38	57	22	24	27	22	95
	16.67%	25.00%	9.65%	10.53%	11.84%	9.65%	41.67%

	Gender		Age				Total
	Female	Male	Under 30 years	31-40 years	41-50 years	Over 51 years	
Resigned newcomer	5	1	1	2	3	0	12
Retention rate	20.83%	4.17%	4.17%	8.33%	12.50%	0.00%	50.00%

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	
Actual and Potential Positive Impact on Economy, Environment and People (Opportunity)	Good remuneration and employee welfare attract employees to stay and thus mitigate the impact of labor shortage on the Company.
Actual and Potential Positive Impact on Economy, Environment and People (Risk)	Unattractive remuneration and employee welfare lead to high turnover rate and rising costs for recruitment and training of new employees.
Resourced Invested in 2023	1. The remuneration is determined depending on the achievement of the overall operating goal, annual profitability, and the personal performance and engagement of the employees. 2. In every year, the Company adjusts the wage of the employees properly in consideration of the operating status, the overall remuneration level of the industry, the personal performance of the employee, and the development in the future. 3. In addition to taking out labor insurance and national health insurance and provision of the pension in accordance with the law, the Company takes out group insurance for the employees and their families. The premium of the group insurance is fully burdened by the Company. It includes term life insurance, accident insurance, accident medical insurance, critical illness insurance, hospitalization treatment limit insurance, cancer health insurance, and occupational accident insurance. The family members of the employees are also entitled to these comprehensive insurance plans, so that the employees can work in the workplace without worries. We care about the employees and extend this care to their families.

Strategic Objectives	
Policy and Commitment of the Company to Employee Incentives and Retention	In addition to actively recruiting outstanding talents, we focus on retention of these talents. The Company is dedicated to enhancing the acceptance and implementation of the core value among the employees, improving the organizational commitment among them, implementing our core value and management philosophy, and offering competitive remuneration. Through different human resource measures, we help employees demonstrate their specialties and grow in the right position to increase their engagement and solidarity. In addition, the Company is committed to raising employees' awareness of various forms of discrimination and providing all employees with employment opportunities and equal pay for equal work.
Short-term Objective (1 Year)	The Company offers fair and competitive remuneration and welfare, implements a performance-based management system, and establishes long-term incentive measures and rewarding plans to improve the engagement and solidarity of the employees.
Med-term and Long-term Objective (3-5 Years)	We offer the remuneration and incentive higher than those of the industry and create a work environment that can arouse the potential of the employees.

3.2.1 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.

(1) Diverse employment and equal promotion opportunity

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 2023, the Company had 6 full-time and 1 part-time employees with disabilities.

The Company employed a total of six people aged 65 years and above. Two of them were the employees who have retired at the age of 65 and been hired continuously. We continue to hire the elderly to ensure stable employment of the middle-aged and the elderly people.

The Company persists in the business philosophy of caring for employees, securing employment for employees, protecting the consumer's health, and growing with the land. We support the policy of the government by providing employment opportunities to the minorities and hiring extra indigenous people. The Company hires indigenous people and provide independent, developed spaces and friendly work environment to protect their chance to fairly participate in social life. We forbid unreasonable restriction and discrimination, and pay equal wage for equal work to protect the wage and working conditions of indigenous people. In 2023, the Pingtung Branch Office of the Company hired indigenous people 25% more than the employment quota.

(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 Channel	Sexual Harassment Dissemination Poster
Complaint hotline: (03)659-0546 Complaint fax: (03)659-1199 Complaint mailbox: 113@ttch.com.tw	

In 2023, the Company did not receive any complaints of discrimination or harassment from the employees.

(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.

In 2023, 1 male and 2 female employees had parental leave and 3 employees applied for unpaid parental leave. 2 employees who had been on unpaid parental leave returned to work in 2022 and worked for a year afterward, showing a retention rate of 50%.

Item	Female	Male	Total
A: Total employees applying for unpaid parental leave in 2023	2	1	3
B: Employees planning to return to work in 2023	3	4	7
C: Employees returning to work in 2023	2	2	4
D: Employees applying for postponing the date when they were supposed to return to work in 2023	0	0	0
E: Employees who returned to work from unpaid parental leave in 2022 and worked for a year afterward	1	0	1
F: Employees who returned to work from unpaid parental leave in 2022	2	0	2
Return rate % C/(B-D)	67%	50%	57%
Retention rate % (E/F)	50%	0%	50%

3.2.2 Occupational safety and 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.

The Company has been recognized as a Top 10% Outstanding Enterprise in the "Occupational Safety and Health Indicator Proactive Evaluation for Sustainable Corporate Reports" organized by the Occupational Safety and Health Administration, Ministry of Labor, in 2023. This demonstrates our efforts in the maintenance of the occupational health and safety



▲The Company was recognized by the Ministry of Labor as an outstanding company in the "Occupational Safety and Health Indicator Proactive Evaluation for Sustainable Corporate Reports".

(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.

In 2023, there were 3 employees of the Company injured in occupational accidents. The disabling injury severity rate (S.R) reached 318.181%, and the disabling injury frequency rate (F.R.) reached 5%. TTC will actively implement educational training to reduce the occurrence percentage of occupational accidents, make continuous improvements and provide the employees with safe and hygiene work environment. The Company had no work-related death and occupational disease cases in 2023.

Gender	Occupational injury		Absence			Disabling injury frequency rate			Disabling injury severity rate		
	Number of the injured	Number of the dead	Total absence days	Total working days	Absence rate (A.R.)	Number of disabling injuries	Total working hours	Disabling injury frequency rate (F.R.)	Total working days lost from injury	Total working hours	Disabling injury severity rate (S.R.)
Female	3	0	131.75	744	17.71%	3	263,368	11.391	191	263,368	725.221
Male	0	0	0	0	0%	0	336,920	0	0	336,920	0
Total	3	0	131.75	744	17.71%	3	600,288	4.9976	191	600,288	318.181

Description:

- The absence rate is calculated on the basis that employees become absent due to loss of the working capacity without the limitation to occupational injury or illness and excluding the holiday that has been approved, such as festivals, training, maternity leave/paternity leave and funeral leave.
- The "days" that have been "lost" because a worker is not able to do daily work due to an occupational accident or illness.
- The determination of an occupational illness is subject to the diagnosis performed by a specialist of the occupational medicine in a hospital.
- The calculation formula is described below, applicable to both formal and informal employees.
 - Total working hours = total number of working employees x daily working hours x actual working days in a year
 - Absent rate = total absent days/total working days x 100%
 - Disabling injury frequency rate = (total number of employees lost from disabling injury *1,000,000) ÷ total working hours
 - Disabling injury severity rate = (total working days lost from injury *1,000,000) ÷ total working hours
 - Occupational injury category: Bee sting, falling and fall-over (excluding traffic accident occurring when going to work and retuning to home)

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 2023, a total of 2,101.8 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. In 2023, there was no possible safety issue reported.

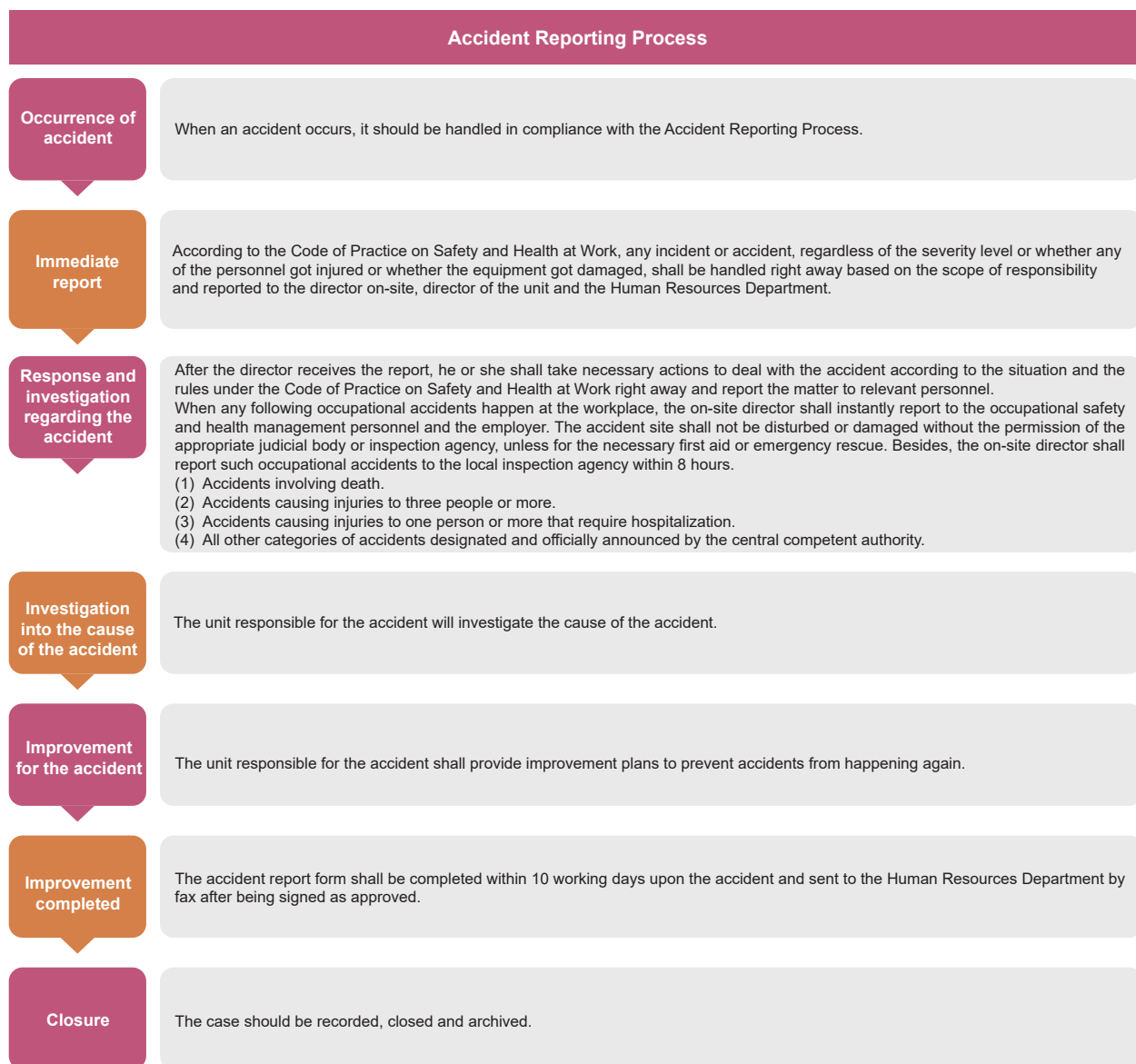
In addition to the education and training on occupational safety, the Company is actively engaged in health promotion business such as offering health checkups and on-site doctor and nurse services to employees.



Photo of labor safety training



Photo of on-site nursing services



(3) Health checkup

Taiwan Tea Corporation currently provides medical check welfare that surpasses the checks specified in the laws and regulations. Under various measures, the number of health checks conducted for catering employees in 2023 was 123. The total cost amounted to NT\$93,020. Among those, 5 employees aged 65 and above underwent annual health checks, totaling NT\$4,900. Additionally, 2 employees aged 65 and above received supplementary catering health checks, with a total cost of NT\$2,973. Overall, the total cost incurred was NT\$100,893. In 2023, the workplace unlawful infringement checklist form declares that our Company does not tolerate workplace unlawful infringement behavior. By using this checklist, individuals can conduct self-checks on their behavior, achieving the intended preventive purpose.

(4) Health education for employees

The Company employed each one contracted nurse and doctor to provide on-site labor health services thrice a month during the period from January to December 2023. On-site nurse services were provided to a total of 72 hours, and on-site doctor services were provided thrice a year. The Pingtung Branch Office employed a contracted nurse to provide on-site labor health services thrice a month. On-site doctor services were provided thrice a year. On-site nurse services were provided to a total of 72 hours and 72 sessions during the period from January to December 2023. In addition, the head office organized a health promotion event in 2023 to announce health promotion and epidemic prevention messages and actively create a healthy work environment.

On-site services:

- Supporting the work assignment so that appropriate work are 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.

Health education course: Health education for employees delivered with four promotion plans in conjunction with four 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

Four Health Education Steps



(5) Health promotion courses

To protect the physical and mental health of employees, develop a healthy workplace culture, and highlight illegal infringement at the workplace, the Company enhances the training on the awareness of this infringement and the method for addressing it. We provide relevant guidance to help employees understand the type of illegal infringement, such as sexual harassment, bullying and discrimination, and the methods for coping with this situation. We are dedicated to create a safe and healthy working environment without discrimination to protect the interests and welfare of the employees.

Health promotion courses	Description of the Course	Number of participants	Total hours
Possible Causes of Headache and Illegal Infringements at the Workplace	Teach you to understand the illegal infringement at the workplace and how to address this situation	78	39hr

(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 2023 (validity period of the mark: 2022/1/1-2024/12/31).



(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.
- On December 19, 2023, the group accident insurance for employees who commuted due to office relocation was renewed for NT\$5 million, with an additional NT\$1.5 million for major burns and scalds, to enhance employee commuting risk protection.

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. 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.

3.2.3 Employee remuneration, welfare and communication

Material Topic: Complaint and Communication Mechanisms (for Employees)	
Actual and Potential Positive Impact on Economy, Environment and People (Opportunity)	The Company respects all the employees and promises to ensure a safe, happy working environment where everyone is treated equally.
Actual and Potential Positive Impact on Economy, Environment and People (Risk)	In addition that the employee involved does not feel safe in the Company, his/her work efficiency will decrease and the team may also be affected, or even violation of relevant labor regulations may occur.
Resourced Invested in 2023	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 function or position will not influence the way the matter is addressed.

Strategic Objectives	
Policy and Commitment of the Company to Complaint and Communication Mechanisms (for Employees)	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.
Short-term Objective (1 Year)	1. Perform dissemination and provide education to teach the employees that there should not be any illegal infringement, and the employee who encounters such infringement should be brave to file a complaint. 2. Ensure that the complaint is address initially within 5 workdays after it is filed and a preliminary investigation and solution shall be completed within one month.
Med-term and Long-term Objective (3-5 Years)	1. Establish a fair, neutral and objective complaint addressing mechanism and ensure every employee is treated fairly and correctly during the process. 2. Establish an open and inclusive organizational culture to assure the employees that they can feel safe and express opinions freely. 3. The occurrence rate of illegal infringement at the workplace is zero.

Compensation to employees

Indicator	Ratio
2023 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, and for working students or temporary workers, 6% of the pension is distributed to their labor pension accounts as per laws. Also, TTC 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 2023, the ratio of wages between the female and male supervisory employees was 1 : 1.49, while the ratio of wages between female and male employees who were not supervisory employees was 1 : 1.07. 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	1
Male (as the multiple)	1.49	1.07

The ratio of the Company's highest annual total compensation to the median wage of all the employees was 4.15; the highest annual total compensation in 2023 was less than that in 2022 by 0.18% because more senior managers applied for resignation (retirement), while the median wage of all the employees decreased by 0.76%.

Annual Total Compensation Ratio			
The highest annual total compensation of the organization	2,023,942	Increase of the highest annual total compensation of the organization in percentage	-0.18%
The annual total median wage of all the employees (excluding the person with the highest compensation)	487,926	Increase of the annual total median wage of all the employees (excluding the person with the highest compensation) in percentage	-0.76%
Annual total compensation ratio	4.15	Annual total compensation variable ratio	23%

Note 1: Annual total compensation ratio = the highest annual total compensation of the organization/the annual total median wage of all the employees (excluding the person with the highest compensation)

Note 2: Annual total compensation variable ratio = increase of the highest annual total compensation of the organization in percentage/increase of the annual total median wage of all the employees (excluding the person with the highest compensation) in percentage

We continue paying attention to the development trends of compensation and welfare and making adjustment in the light of the market demand and the performance of the Company to ensure that employees can receive reasonable and competitive compensation and welfare. Currently, the Company steadily adjusts the compensation by 3.7%~3.8% every year.

Item	2021	2022	2023
Number of full-time non-supervisory employees	295 persons	298 persons	260 persons
Average wage of full-time non-supervisory employees	NT\$583 thousand	NT\$583 thousand	NT\$543 thousand
Median wage of full-time non-supervisory employees	NT\$471 thousand	NT\$492 thousand	NT\$489 thousand

Employee performance evaluation

The Company implement a full-pay performance evaluation system in 2023 to reduce the previous subjective component and establish a more effective and systematic evaluation procedure in order to ensure reflecting the work performance of the employees more accurately.

1	The General Manager determines the organization's rating based on annual operating performance
2	The Human Resources Department announces the performance evaluation schedule
3	Self-evaluation of performance
4	Performance evaluation interviews, initial evaluations, and reevaluations shall be conducted. The supervisor of the center rates the unit according to the grade approved by the General Manager. Each unit approves the evaluation results according to the grade assignment table. For the employee whose performance rating is A+ or C, the supervisor shall provide specific deeds or evidence and attach them to the performance evaluation form for future reference.
5	Submit to the Human Resources Department for sorting
6	Submit to the General Manager for approval
7	The Human Resources Department notifies heads of each division about the result of the approved evaluation.
8	Provide the target setting for the next year.

Employee welfare system

The Company provides a complete welfare system to attract and retain talents. In response to the movement of the head office from Taipei to Hsinchu in 2023, we built additional employee dormitories in Hsinchu, provided shuttle buses between Taipei and Hsinchu, granted financial support for commute between these two cities, and adopted flexible work time to minimize the impact of the movement on the employees.

Welfare	Implementation status
Work environment - relocation of head office	The head office was moved to No. 3, Zhonghua Rd., Hsinchu Industrial Park, Hukou Township, Hsinchu County on December 19, 2022, close to the exit of the Hsinchu Interchange. There are restaurants and financial institutions in the vicinity. It is convenient with great amenities. The factory area is full of greenery and beautiful scenery with flowers and trees. An ecological pool is available to protect the natural environment. It is spacious and equipped with comprehensive facilities such as employee cafeteria and convenience stores, vending machines and ATM machines, gymnasium, and employee activity center.
Provision of premium dormitories to the employees from other regions	Premium dormitories with air conditioners, wash machines, TV sets, networks, kitchens, recreation rooms, and other facilities are available in Sanxia (New Taipei Cit), Daxi (Taoyuan), Hukou (Hsinchu), Sanyi and Tongliao (Miaoli) and Pingtung.
Meal allowance	In line with the "Income Tax System Optimization and Preferential Measures" approved by the Ministry of Finance, the Company chanted the tax-free limit of the meal allowance from the current NT\$2,400 to NT\$3,000 per person every month. To reduce the tax burden on the employees, the Company plans to adjust the compensation structure by increasing the meal allowance received by the employees every month from NT\$2,200 to NT\$3,000 to ensure the well-being of employees.
Employee safety	Security service personnel assure the safety when employees enter and leave the office area, where security service personnel were stationed during holidays and workdays. An identification card is required for access. there are no dangerous workplaces, contaminants, waste or any substances harmful to the environment. Thus, there is no significant threat to the personal safety of the employee. The Company emphasizes the health of the employees and provides them with regular free health checkup. Smoking is prohibited in the office according to the Tobacco Hazards Prevention Act of the government and dissemination is arranged to for this purpose. 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 relevant courses of the Bureau of Labor Insurance, Securities and Futures Bureau, and Taiwan Stock Exchange, if needed for the business.

Employee training	New employees must take general training courses (including finance, protection of personal data, work rules, and occupational safety) depending on their tasks and the location where they work. The head of each unit, if needed for the work, may arrange professional training (such as training on professional knowledge of tea leaves for the recreational store, training on food safety control system for the R&D and food safety units, and periodical training for the head of the finance unit, auditor, and occupational safety and first-aid personnel).
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 or 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	We established the Guidelines for Employee Complaint on December 22, 2015 and announced in 2020 to the employees a written statement to prohibit violence and sexual harassment at the workplace. The employee can file a complaint through the labor representative of the labor-management conference or the Executive Secretary of the Employee Welfare Committee, or to the manager of the Human Resources Department. The communication channel is very smooth.

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



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 2023

Activity	Number of Participants/Recipients
Scholarship for the employees and their family members (two semesters)	40
Allowance for the Dragon Boat Festival	254
Allowance for the Moon Festival	233
Birthday cash gift	282
Lunar New Year cash gift	287
Bonus in lieu of year-end appreciation gift	287
Double Ninth Festival cash gift	49
Wedding cash gift for the employees and their children	2
Maternity benefit for the employees	3
Funeral subsidy for the death of the employees' parents, children or spouses	10
Early retirement subsidy for the employees	48
Medical subsidy for the employees and their family members hospitalized due to illnesses or injuries.	43
Health checkup for catering personnel	149

Note (1): The expenses for the medical checkups for employees and the catering personnel are covered with the Company's budget.
 Note (2): Employee health checkup is conducted once every two years; no health checkup was conducted in 2023.

3.2.4 Talent development

There were 1,326 males 952 females in total receiving the internal educational training given by our lecturers in 2023. The average training hours of male employees were 0.59 while the average training hours of female employees were 0.67. The number of male and female employees who were dispatched for external training on specialized knowledge and technique and the total hours increased in comparison with the previous year, indicating that we attached more importance to the training of employees.

Employee Training in 2023					
Focus of training	Male		Female		Total hours
	Participants	Average hours	Participants	Average hours	
Training for newcomers and internal lecturers	1326	0.59	952	0.67	1409
Individual external training in specialized knowledge	64	13.51	51	11.29	1442

※Note: In 2022, the total number of employees dispatched for external training on specialized knowledge was 76 to a total of 942 hours.

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 21, 2024.

Name of system	HRM system of Soar Cloud
Expected amount of reduced paper	18,600
Function of system	1. Take leave or business trip electronically: Punching in/out or sending a business trip form using a cellular phone or computer. 2. Online approval: Approving online as a substitute for submission of paper documents.

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 training by the Company's lecturers

Under the lead of the internal executives, the Company conducts internal educational training. The courses include aspects such as professional skills, ethical management, labor safety, health promotion.

Category	Topic	Number of participants	Total hours (hr)
Professional skills	Tea sensory and inspection course	25	100
	Level 3 Tea Making Technician	3	21
Ethical Management	2023 Information Security Awareness - Information Security from CHAT GPT	8	8
	Income Tax Withholding Laws and Regulations and Practical Analysis of Tax Bureau Audit	5	15
	Understanding Carbon Rights and Carbon Emissions - Promoting Carbon Rights Planning Strategies	56	116.5
	Trade Secrets and Prevention of Insider Trading	37	37
Labor safety	Occupational Safety Training & Fire Protection Workshop	2066	1072.9
Health promotion	Possible Causes of Headache and Illegal Infringements at the Workplace	78	39



ESG GHG inventory course (head office)



Level 3 tea making technician course



HACCP certificate of conformity for training on food safety management system



Coffee roasting



2023 net-zero emissions and corporate transformation technology cause completion certificate



Training class completion certificate of climate action management personnel of TWSE Listed Companies

External professional training

Category	External course	Number of participants	Training hours
Professional skills	Level 3 Tea Making Technician	6	33
	Forklift Truck Over 1 Ton	3	54
	Energy Management Personnel Training Class	1	19
	Work Management (integrating Time Management and Work Efficiency)	3	18
	On-the-job Training for Fixed Crane Operators	3	9
	General Manual Electric Welding Operations	2	37
	Retraining for Forklift Truck Operators	8	27
	Mobile Elevating Work Platform Operators	7	114.5
	Basic HACCP Class	4	128
	Remote-controlled Drone	1	32
	Workshop for Non-financial Executives on How to Read and Analyze Financial Statements	3	18
	High-pressure Gas Container Operators	1	35
	HACCP Safety Control System	1	32
	Drone Operation License Guidance Class	2	54
	Excavator + Backhoe	2	54
	Basic Tea Sensory and Inspection Class	1	30
	Advanced Auto Cad	2	18
	Three-Year Calibration Course for Coffee Quality Appraisers	1	8
	Improvement of Legal Knowledge for TAP Counselors	2	12
	2023 Pesticide Management Personnel Qualification Training	1	80
	How Production Management Personnel Implement Production-Sale Coordination	2	12
	HACCP Continuing Education Class	1	6
	Sun Moon Lake Black Tea Blending Training Course	2	24
	SCA CSP Sensory Master Junior/Intermediate Level	2	60
Ethical Management	Sanitation Training for Food Manufacturers in Miaoli	1	8
	The Latest Tax Laws and Business Tax Declaration Practices	2	12
	Climate Action Management Personnel of TWSE Listed Companies	1	20
	Production Cycle Practices and Audit Focuses	1	6
	Food Factory Measuring Tools Retraining	2	12
	104 Chief Human Resource Officer	1	2.5
	Cost Accounting and Management Practices for Small and Medium-Sized Enterprises	1	6
	HACCP Safety Control System	1	32
	Policy Development and Internal Control Management Practices Related to ESG Sustainability and Self-Prepared Financial Statements	1	6
	Food Labeling Guidance	1	3.5
	Continuing Education for Food Safety Control Team	1	6
	Internal Auditors' Audit Management and Control Practices for Information Security	1	6
	Continuing Education Refresher Course for Accounting Officers of Securities Issuers, Securities Dealers, and Stock Exchanges	1	30
	Acetylene Welding Device or Gas Gathering Device	2	38
	Carbon Footprint Verification Class	1	11.5
	Corporate Sustainable Operation and Transformation Class	1	15.5
	Latest Sustainable Development Action Plans and Practical Analysis in the Impact of Net Zero Carbon Emissions on Financial Statements	1	30
	Training Course on the Additional Requirements of the FSSC 22000 V6 Food Safety System Certification	2	12
	Net-Zero Transformation of Companies to Create Green Supply Chain Competitiveness	2	8

Labor safety	Primary Training of Fire Protection Personnel	1	12
	Identification of Safety and Health Hazards in Agricultural, Livestock and Fishing Industries	2	8
	Retraining of Occupational Safety Management Personnel	1	6
	Level 4 Occupational Safety Supervisor	1	21
	Retraining of Fire Protection Personnel	1	6
	First-Aid Personnel Retraining	1	3
	Health Education and Training for First-Aid Personnel	1	16
	112 High-Temperature Outdoor Operations	1	3
	113 High-Temperature Outdoor Operations	1	3
	Level 4 Occupational Safety Supervisor	3	63
	Fall Accident Education and Training	2	8
	2023 Occupational Safety and Health Training and Promotion of Reinstatement for Workers Suffering from Occupational Accidents	1	6
	Dangerous Machinery Hazard Prevention Course	1	6
	In-Service Education and Training for Occupational Safety Supervisors	1	6.5
	First-Aid Personnel	3	48
	BLS Lifesaving Technique	2	16
	In-Service Forklift Truck Retraining	1	3.5
	Mechanical Equipment Hazard Prevention Training Course	1	3
	Pesticide Application and Safety Protection Class	1	3
	Laws of Public Safety Inspection Declaration and Lifting Equipment of Buildings	2	7
	Retraining of Occupational Safety Management Personnel	2	12



▲
HACCP Course



▲
Internal Auditors' Audit Management and Control Practices for Information Security

The Company actively provides employees with educational training at multiple aspects, including professional skills, labor safety and ethical management. In 2023, TTC conducted external educational training totaling 1441.5 hours.

Category	Participants	Total hours
Professional skills	61	916.5
Labor safety	30	260
Ethical Management	24	265
Total	115	1441.5



Industry-academia collaboration

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. We provide our Laopi Tea Farm as a place for internship for relevant department students of universities and colleges. It can also serve as a place to research and discuss the development of agricultural techniques in order to enhance the agricultural techniques in Taiwan.

In 2023, 4 students from the Department of Biomechatronics Engineering, National Pingtung University of Science and Technology; 2 students from the Department of Biological Science and Technology, Meiho University; and 6 students from the Department of Plant Industry, National Pingtung University of Science and Technology, to a total of 12 students, participated in the practical training at Laopi Tea Farm, and we awarded scholarships to a total amount of NT\$ 411,503.

In addition, LuGao Cafe provided relevant practical training for the students and arranged various practical skill training to cultivate talents.

A background image showing a pair of hands wearing a blue long-sleeved shirt with colorful floral patterns on the cuffs, carefully picking tea leaves from a tea bush. The scene is set in a tea field with many tea plants visible.

**2023
Sustainability
Report**

CH4 Green Environment

- 4.1 TCFD Climate Change and Risk Management
- 4.2 Green Environmental Actions
- 4.3 Energy and Resource Management

Xiong Kong Tea Plantation



Material Topic: Impact of Operations on the Environment

Actual and Potential Positive Impact on Economy, Environment and People (Opportunity)	Actual and Potential Positive Impact on Economy, Environment and People (Risk)	Resourced Invested in 2023
- In terms of water and electricity consumption, water and electricity consumption was relatively high due to climate warming, resulting in increased water and electricity costs. Therefore, it was necessary to promote water and electricity conservation on a daily basis, and prepared generators and water storage facilities just in case. - Extreme rainfall and drought may affect employee management and relevant regulations (such as health, safety, attendance, etc.)	- Extreme climate events lead to rising global temperature. This results in increased electricity costs and excessive electricity demand leads to insufficient electricity supply and affects office work (such as use of computers and photocopying equipment). - The rise in global average temperature may lead to more torrential rains and floods. This and the rise in seawater temperature as well as the increased super typhoons cause more disasters. - Global climate changes have led to the emergence of many different types of viruses and endangered human health.	- Promotion of electricity and water conservation was conducted. To prevent insufficient power supply, it was necessary to install generators and inspected emergency power generation equipment on a regular basis. - As for water consumption, water storage equipment should be purchased to cope with the inconvenience of office work due to temporary water cutoff. - Preparation for disasters and formulation of disaster prevention SOPs were needed to cope with and effectively prevent sudden temporary disasters.

Strategic Objectives

Policy and Commitment of the Company to the Impact of Operations on the Environment	Short-term Objective (1 Year)	Med-term and Long-term Objective (3-5 Years)
- Plan the introduction of TCFD and assess possible climate risks that may occur during business operations. - Conduct greenhouse gas inventory every year to understand relevant GHG inventory data in different areas. Formulate countermeasures based on these data to reduce greenhouse gas emissions. - Reduce the use of heavy oil machinery in the factory to minimize carbon emissions.	- There are no business discontinuity due to emergencies. - Advocate energy conservation and carbon reduction, and reduce greenhouse gas emissions from business operations. - Actively introduce international standard certification, participate in assessment, and organize relevant education and training to enhance employees' awareness and professional knowledge of environmental sustainability. - Provide venues and lease out properties. Rent out idle land for afforestation, or rents out it in a way of cooperative operations.	- The "Greenhouse Gas Inventory Team" has been established under the Board of Directors. It shall report to the Board of Directors every quarter on the GHG inventory implementation status and operational risks. - The Company has worked with the Greenhouse Gas Inventory Team to conduct greenhouse gas inventory. The data of the inventory in 2022 and 2023 have been provided to the team for analysis and report of the inventory. - The Company expects to complete the greenhouse gas inventory by the end of 2025, and complete the verification by the end of 2027. - Apply for certification from domestic institutions to obtain carbon credits through carbon reduction projects such as renewable energy and afforestation, and use these carbon credits to offset the carbon emissions of the Company, achieve carbon reduction goals, and increase corporate revenue.

4.1 TCFD Climate Change and Risk Management

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 2022 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. In the era of climate emergency, we pay more attention to the climate change related topics and identify potential opportunities hidden in the risk accordance with the Task Force on Climate-related Financial Disclosure (TCFD). In addition to establishing mechanisms and implementing enhancement practices, we have formulated the management strategies and action plans for the risk and opportunity in the climate change based on the four TCFD aspects of "governance", "strategy", "risk management", and "metric and target", in the hope to reduce the impact of the climate change through different mitigation and reduction measures, further develop a sustainable tea industry, and grasp the opportunities in the low-carbon transformation.

4.1.1 Description of TCFD implementation and planning for the future

Aspect	Description	Planning
Governance	Ensure that the Board of Directors and the top management have fully understood the climate change topics, incorporated them in the strategy and risk management process of the Company, and played a role in the identification of risks, risk management, countermeasures, and supervisory management.	The General Manager shall be a member of the ESG Committee and shall review and report regularly to the Board of Directors on ESG-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 sustainability report, which shall be completed by the end of August each year.
Strategy	Analyze and disclose existing short-term, medium-term and long terms risks and opportunities in the climate change, assess the possible impact on the financial planning of the Company, and provide management approaches, countermeasures, and development directions.	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.
Risk Management	Explain the risks and opportunities assessed, understand the impact of the risks and opportunities on the operations of the Company and the benefits they bring about through scenario analysis and other quantitative approaches, and then establish management processes and methods based on the results.	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.
Metric and target	Set definite climate related targets and establish a corresponding monitoring mechanism to follow up the performance; report on the implementation status of the climate work.	- Improve the ability of the Company to mitigate and adapt to risks. - Calculate the potential financial impact of the climate risk and establish avoidance measures. - Establish an energy saving and carbon reduction plan to facilitate the development of the low-carbon economy.

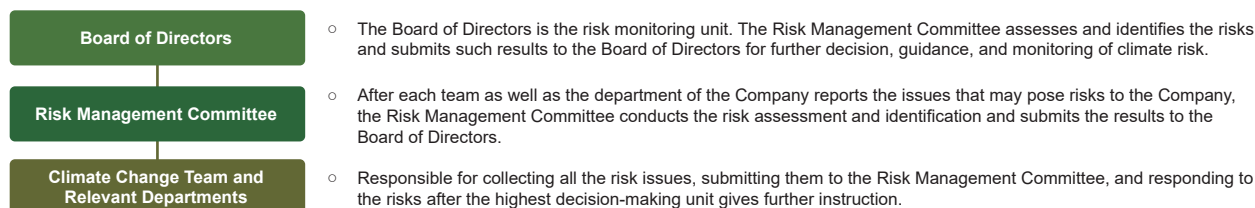
Climate risk management procedure

Taiwan Tea Corporation's climate risk management 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.



4.1.2 Climate governance

TTC's climate governance structure



Internal communication process

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



4.1.3 Climate risk management and strategy

TTC's climate topic identification process

In response to the risks and opportunities in the climate change, TTC incorporates climate change in the daily operations and long-term strategies. To identify the type of the risk, time interval of the impact, extent of loss, likelihood of occurrence, and nature of the business and establish a climate risk identification process.

STEP 1 Collection of climate related topics	We followed the TCFD principles to collect domestic and international climate related research reports and summarize these to TTC's 10 climate risk topics and 6 climate opportunity topics .
STEP 2 Assessment of the interactivity between the climate related topics and the impact on business	Based on the nature of the business, each business unit of TTC assesses how climate risk and opportunity topics affect its daily operations.
STEP 3 Assessment of the extent of impact produced by the climate risk and opportunity	The opinions on the extent of impact, likelihood of occurrence, and time interval of impact of the risk and opportunity is collected from each unit through a questionnaire survey. The scores of the climate risk and opportunity are calculated based on two dimensions of "extent of impact" and "likelihood of occurrence" to define the order of the climate risk and opportunity in terms of the materiality.
STEP 4 Establishment of corresponding strategies and targets	We establish management approaches and subsequent climate action plans for the risk items identified.

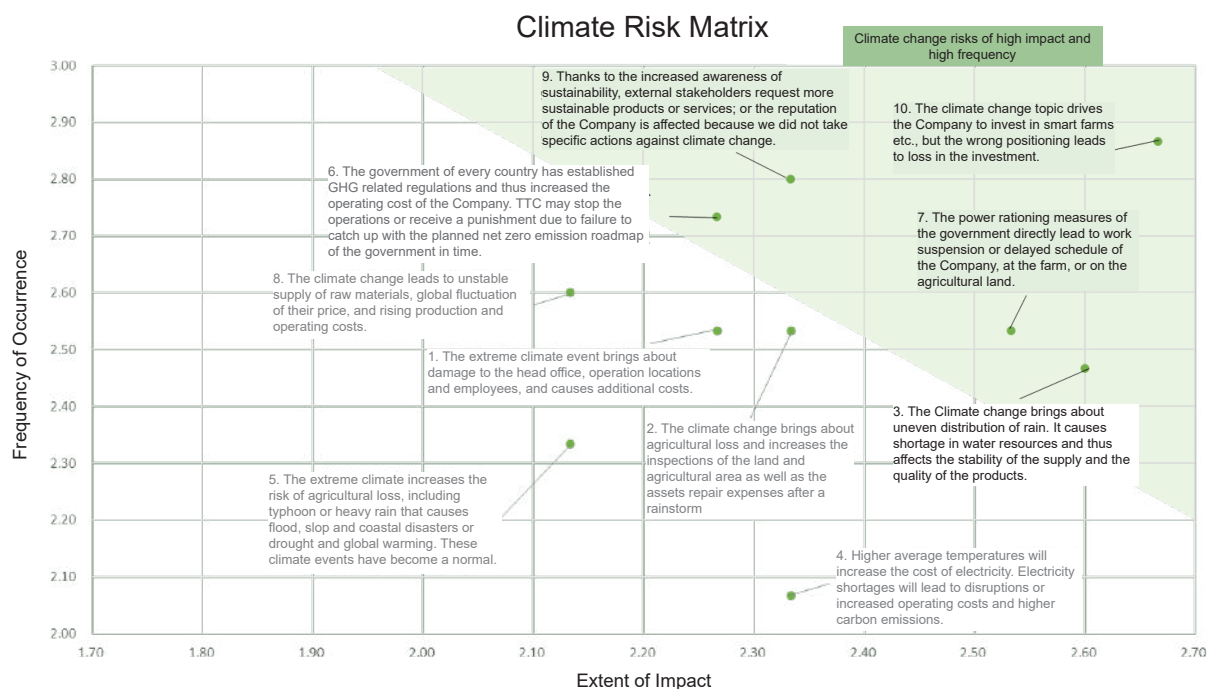
Climate risk identification result

TTC collected 10 climate related risk topics this year based on the consideration aspects under the TCFD, and defined the order of these risks in terms of their materiality based on the relative comparison made by the head of each unit with respect to their likelihood of occurrence and extent of impact. The Top-5 risks identified are material climate risks. We ascertain the impact of these risks on the business of the Company and establish countermeasures.

TTC's Climate Related Risk Topic		
Risk factors	Risk aspect	Topic
Physical risks	Acute risks	The extreme climate event brings about direct damage to the head office, operation locations and employees, and causes additional costs.
		The climate change brings about agricultural loss and increases the inspections of the land and agricultural area as well as the assets repair expenses after a rainstorm
	Long-term risks	The Climate change brings about uneven distribution of rain. It may cause shortage in water resources and thus affect the stability of the supply and the quality of the products.
		Higher average temperatures will increase the cost of electricity. Electricity shortages will lead to disruptions or increased operating costs.
		The extreme climate increases the risk of agricultural loss, including typhoon or heavy rain that causes flood, slop and coastal disasters or drought and global warming. These climate events have become a normal.
Transformation risk	Policy and Legal risk	The government of every country has established GHG related regulations and thus increased the operating cost of the Company. TTC may stop the operations or receive a punishment due to failure to catch up with the planned net zero emission roadmap of the government in time.
		The power rationing measures of the government directly lead to work suspension or delayed schedule of the Company, at the farm, or on the agricultural land.
	Market risk	The climate change leads to unstable supply of raw materials, global fluctuation of their price, and rising production and operating costs.
	Reputational risk	Thanks to the increased awareness of sustainability, external stakeholders request more sustainable products or services; or the reputation of the Company is affected because we did not take specific actions against climate change.
	Technical risk	The issue of climate change has led to a decrease in the bearing capacity of land development and utilization, and the difficulty or cost of the environmental restoration and maintenance technologies has increased gradually.

TTC's 2023 climate risk matrix

The Top-5 risks on the upper right corner are identified from the 10 climate risks as the material climate risks of "high frequency" and "high impact".



Climate risk management approach

Risk item (1)	The issue of climate change has led to a decrease in the bearing capacity of land development and utilization, and the difficulty or cost of the environmental restoration and maintenance technologies has increased gradually.
Risk impact description	For any development items, the variation of rainfall due to climate change makes it necessary to consider the effect of increased rainfall on the land. This may affect the land use intensity and the investment scale of environmental maintenance facilities.
Potential operational impact	Increased environmental risk leads to the rise of the environmental maintenance cost and the cost for setup of soil and water conservation facilities.
Stakeholder	Affected stakeholders include TTC and local communities.
Metric and target	1. Business model: Assess the operating conditions of the development items and the land use scale and intensity. 2. Overall cost: Low environmental disturbance is the direction of consideration in the development activities and can reduce the cost of investment in the setup of facilities. 2023 result: The Company continued to communicate with local competent authorities and environmental protection groups about the impact of land development and utilization on the ecological environment and the methods of maintaining balance. 2024 objective: Continue to pay attention to the ways of reducing potential environmental disturbance caused by development activities.
Risk item (2)	Thanks to the increased awareness of sustainability, external stakeholders request more sustainable products or services; or the reputation of the Company is affected because we did not take specific actions against climate change.
Risk impact description	As for the global carbon reduction trend, low carbon products demonstrate strong market demands. Customers have higher awareness of low energy consumption or green products, and place more importance on the sustainability awareness and strategy of a company. This risk has high impact.
Potential operational impact	1. The investment on R&D and manufacture costs of a company as well as the cost for recruitment of professional talents may increase. 2. The operating revenue of a company may drop substantially if it is not able to catch up with the trend of sustainable products and services, or fails to meet the requirements of the stakeholders in time.
Stakeholder	Stakeholders affected by this risk may include the Company, our employees, and upstream and downstream enterprises in the supply chain, such as agricultural product suppliers, product processors, sales channels, and customers.
Metric and target	1. Implement a voluntary GHG reduction plan, reduce the energy cost of the Company, and improve the competitiveness of the Company in the industry. 2. Increase the frequency of communication with stakeholders and understand the requirements for sustainability on the market to launch corresponding products and services. 3. Enhance exposure of corporate sustainability image, pass on TTC's sustainability spirit, and protect brand reputation. 4. Actively formulate sustainable strategies, introduce technical talents, or strengthen sustainability education and training of employees 5. Develop sustainable products and optimize existing processes and services

Risk item (3)	The power rationing measures of the government directly may lead to work suspension or delayed schedule of the Company, at the farm, or on the agricultural land in the future.
Risk impact description	Being affected by the environmental or climate policy of the government, extra power sources may be needed (e.g. use of green electricity), or there is a risk of production schedule adjustment or work suspension.
Potential operational impact	Punishment is received because of failure to follow government regulations.
Stakeholder	The stakeholders that may be affected by this risk include TTC, supply chain, customer, and community.
Metric and target	Enhance the communication and collaboration with the government and all sectors of society, actively participate in the establishment and implementation of the net zero emission roadmap, and strive for political support and resource security.

Risk item (4)	The Climate change brings about uneven distribution of rain. It may cause shortage in water resources and thus affect the stability of the supply and the quality of the products.
Risk impact description	Lead to reduced tea leave production volume, worse quality, slow product growth, and damage to quality to affect the supply stability and quality of purchased products.
Potential operational impact	Uneven rainfall may lead to worse quality of tea leaves or damage to product quality. Increase of quality inspection and QC measures may be needed and management cost may increase as a result.
Stakeholder	Upstream and downstream companies of the supply chain (e.g. agriculture product and wood processing factories), customers (who may have higher requirements for product quality), local communities (which may be affected by water resource shortage, resulting in difficulty in livelihood and finance).
Metric and target	1. Supply chain diversity: Reduction of the dependence on the region where water resources are in shortage, diversity of the supply chain, and prevention of the risk arising from a single supply source, including development of new supply channel and reduction of product purchase from the region where water resources are in shortage. 2. Proper planning and scenario analysis for the use of TTC's resources. 2023 result: 1. Drip irrigation equipment was used and well-sinking water storage equipment was developed for irrigation of tea plantations to save water and fertilizer, save labor, improve resource utilization, and achieve stable production. 2. Backup suppliers were added to balance supply and demand. 3. There was no risk caused by climate change in 2023. 2024 objective: 1. Supporting green procurement means support of energy-saving equipment and products, compliance with energy regulations, and effective use of energy to move towards energy conservation and sustainability. 2. pay attention to the actual implementation status of the green product management to ensure compliance with the international regulations and the sustainable development goals. 3. Continue to add related backup suppliers to stabilize supply.

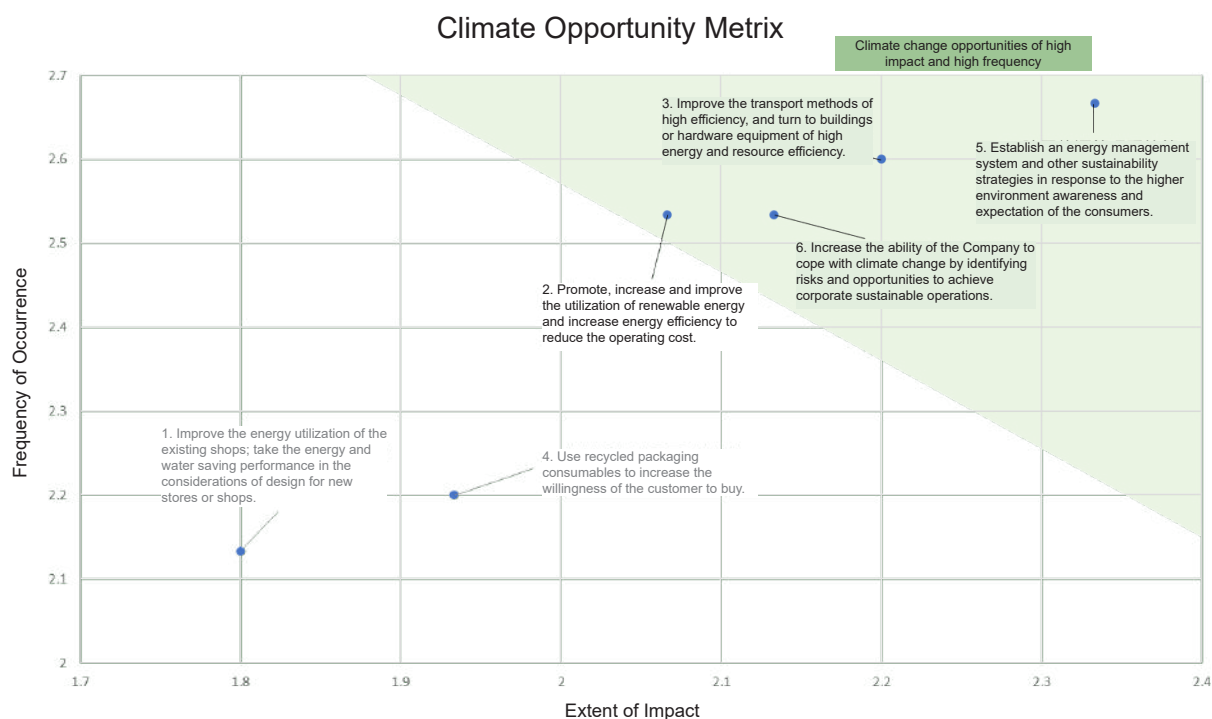
Risk item (5)	The government of every country has established GHG related regulations and thus increased the operating cost of the Company. TTC may stop the operations or receive a punishment due to failure to catch up with the planned net zero emission roadmap of the government in time.
Risk impact description	The government amends GHG related regulations and the Company must observe the amendments. The selected suppliers and products must comply with the low-carbon principle. Low carbon emitting suppliers and products shall be selected for the office equipment of the Company, and this increases the search time and purchase cost.
Potential operational impact	1. The government has revised the regulations and planned a schedule that companies must observe for carrying out carbon inventory. There will be operating cost no matter whether having the guidance of a professional team or conducting the inventory independently. 2. Hire existing service providers to conduct carbon inventory and provide reports and commit to carbon reduction. However, this will lead to an increase in operating costs of the Company.
Stakeholder	The stakeholders that may be affected by this risk include TTC, supply chain, customer, supplier, community, and employee.
Metric and target	1. The Company has established the Greenhouse Gas Inventory Team and provided education and training from time to time to improve the concept of greenhouse gas inventory among the employees and reduce greenhouse gas emissions. 2. Enhance the communication and collaboration with the government and all sectors of society, actively participate in the establishment and implementation of the net zero emission roadmap, and strive for political support and resource security. 2023 objective: Establish internal regulations in response of the GHG related regulations of the government to meet the requirements of the government's GHG inventory roadmap.

Climate opportunity identification result

TTC collected 6 climate related opportunity topics based on the consideration aspects under the TCFD and the development trend of the industries related to global climate change and sustainability, and defined the order of these opportunities in terms of their materiality based on the previous experiences of the head of each unit and the relative comparison made thereby with respect to their likelihood of occurrence and extent of impact. The Top-4 opportunities identified in terms of their benefits are material climate opportunities. We ascertain the impact of these opportunities on the business of the Company and design development guidelines.

TTC's Climate Related Opportunity Topic	
Opportunity aspect	Topic
Resource efficiency	Improve the energy utilization of the existing shops; take the energy and water saving performance in the considerations of design for new stores or shops.
Energy source	Promote, increase and improve the utilization of renewable energy and increase energy efficiency to reduce the operating cost.
Products and Services	Improve the transport methods of high efficiency, and turn to buildings or hardware equipment of high energy and resource efficiency.
	Use recycled packaging consumables to increase the willingness of the customer to buy.
Market	Establish an energy management system and other sustainability strategies in response to the higher environment awareness and expectation of the consumers.
Resilience	Increase the ability of the Company to cope with climate change by identifying risks and opportunities to achieve corporate sustainable operations.

TTC's 2023 climate opportunity matrix



Opportunity item (1)	Establish an energy management system and other sustainability strategies in response to the higher environment awareness and expectation of the consumers.
Opportunity description	Due to the rising awareness of sustainability, the products of the Company are gradually transformed into environmentally friendly materials. Sustainable and environmentally friendly manufacturing processes are taken into account to reduce environmental risks, in the hope to meet current consumer preferences for sustainable and environmentally friendly products.
Potential operational impact	- The Company develops and establishes sustainability strategies and manufactures sustainable and environmentally friendly products. These can increase the willingness of the consumers to purchase, improve the flow of people in the stores, and thereby enhance the profitability. - Reducing product packaging and using environmentally friendly materials can reduce carbon emissions and lower the costs thanks to the use of simpler packaging materials.
Metric and target	- Communicate TTC's concept of sustainability and environmental friendliness as well as sustainability spirit to consumers and customers more effectively on our official website and at our stores, increase the two-way communication with consumers and customers, and enhance the impression of TTC on consumers in terms of the sustainable development. - Participate in sustainability activities organized by major institutions from time to time to enhance the impression of TTC on consumers in terms of the value and spirit of sustainability.

Opportunity item (2)	Improve the transport methods of high efficiency, and turn to buildings or hardware equipment of high energy and resource efficiency.
Opportunity description	Improvement of the transport and energy efficiency may increase the competitiveness of TTC in the supply chain and reduce GHG emissions.
Potential operational impact	- The unit cost of the product decreases by increasing the process efficiency, and the revenue grows due to conformance to low carbon operations and popularity of products among the consumers. - Finding feasible solutions together with the partners in the supply chain and developing effective energy saving technology in collaboration with them can enhance the closeness with the supply chain.
Metric and target	Plan to design processes of low energy consumption and high efficiency to provide more sustainable products.

Opportunity item (3)	Increase the ability of the Company to cope with climate change by identifying risks and opportunities to achieve corporate sustainable operations.
Opportunity description	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. The advantages of TTC in sustainability can be controlled and the development direction can be established by identify opportunities and risks. Then, validate the priority in management based on the level and classification of risks. The scope of impact covers the entire TTC.
Potential operational impact	- The Company implements relevant energy saving and carbon reduction policies and measures in response to the risks related to climate change. In addition to reducing the GHG emissions, we make use of our advantages to formulate carbon verification plans, including development of carbon sink, in the future pursuant to the sustainable development regulations of the Financial Supervisory Commission. This may help us to have a clear idea about and presentation of carbon credit, make investors and customers more confident of TTC, and increase our operating performance. - The Company is dedicated to reducing the use of power-consuming appliances and using packaging products with environmentally friendly materials to significantly reduce the energy consumption of products, lower the impact on the environment, and make customers more satisfied with our products.
Metric and target	- The Company established the Greenhouse Gas Inventory Team. We can clearly understand the carbon emissions of each branch through annual greenhouse gas inventory, and, based on the risk and opportunity analysis, formulate a clear sustainable development direction and management policy, define a clear reduction goal, and implement the overall corporate spirit of the Company - Take countermeasure earlier and arrange education and training on 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 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. - Introduce an expert/scholar consultation mechanism for environmental development and include the concepts of environment and conservation at the design stage. - By lowering the carbon emissions and using raw materials produced locally, the fuel consumption and carbon footprint of transportation can be reduced. - Laopi Tea Farm in Pingtung uses an Israeli company's water-saving drip irrigation system to save water. - In the Laopi Tea Farm located in Pingtung, the nameplate capacity of the solar photovoltaic system installed on the roofs of the new factory and dormitory is 513.96KW. The actual annual power generation capacity is 602,939kWh in total. - 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. - The Company pays attention to the energy consumption of the agricultural machinery and uses energy-efficient agricultural machines to mitigate air pollution. - We are devoted to afforestation as planned and change tree species every year. The total area of the Company's afforestation has reached about 475 hectares. - 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. Improve the soil structure to minimize the impact of climate change on the crops. Create a harmonious agricultural environment and produce quality products. 2023 result: - The Greenhouse Gas Inventory Team was established and the internal inventory schedule was planned. - In 2023, all the 30 suppliers responded to the supplier sustainability risk and self-evaluation questionnaire. - The Company made a report the GHG inventory and verification planning to the Board of Directors on March 14, June 20, August 11, and November 13, 2023, respectively. The Company implements the sustainable development plans from the basic implementation level to the high decision-making level. Microscopically, we avoid penalties for failing to comply with the carbon emission plan. Macroscopically, it is the responsibility of the Company, as a representative agricultural enterprise, to lead the support of the international carbon reduction trend and the protection of the development from being impacted by extreme climates. - In 2023, we held dialogues with experts, scholars, and environmental protection groups to provide the Company with the opinions on how to respond to environmental issues. 2024 objective: - Provide suppliers with the guidance of compliance with RBA Code of Conduct. - Actively participate in discussions related to carbon credits and carbon sinks. Work with the Forestry Research Institute to explore the methodology of forest carbon credit, promote carbon neutral products and services, and pursue carbon neutrality or ESG goals. Use land for collaborative development projects in line with recreational farms in a cross-industry alliance. - Build renewable energy and reduce climate risks in accordance with international and domestic green energy policies. - Continue to consult and exchange information with experts and scholars.

Opportunity item (4)	Promote, increase and improve the utilization of renewable energy and increase energy efficiency to reduce the operating cost.
Opportunity description	- The Company uses office supplies and products of low carbon energy to reduce carbon emissions in the production process. - LED lamps are used for office lighting to reduce power consumption. - Encourage employees to use electric vehicles to reduce carbon emissions. - Encourage employees to use recycled or eco-friendly tableware.
Potential operational impact	- Simplify the packaging design of products and reduce the energy consumption rate through reduction of manufacturing processes. The revenue grows due to low carbon operations and popularity of products among the consumers. - The Procurement Department shall work with suppliers to find alternative solutions for the manufacturing process and jointly develop effective energy-saving technologies and products. In this way, we can strengthen the close relationship with suppliers and achieve a community with a shared future. - The sales and marketing departments conduct two-way communication with customers to understand their concepts of sustainable energy conservation, improve product structures, enhance energy efficiency, and increase customers' willingness to purchase.
Metric and target	- Set the goal for reduction of energy consumption (e.g. fuel, electricity, and water). - Invest in or replace relevant energy-saving equipment. - Promote internal energy saving activities among employees. - Promote reuse of recyclable commodities. - Reduce food waste and avoid excessive use of energy.

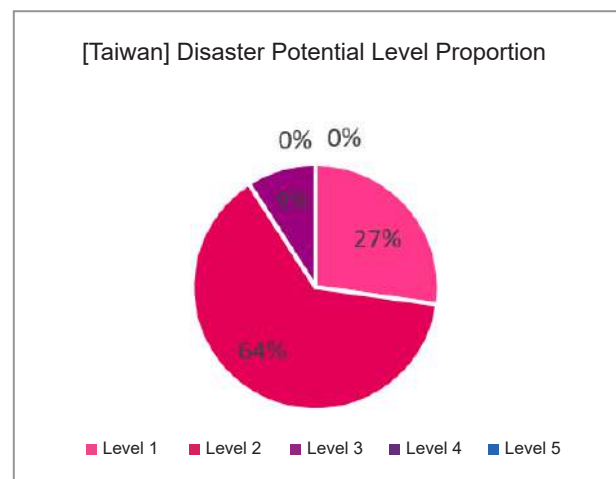
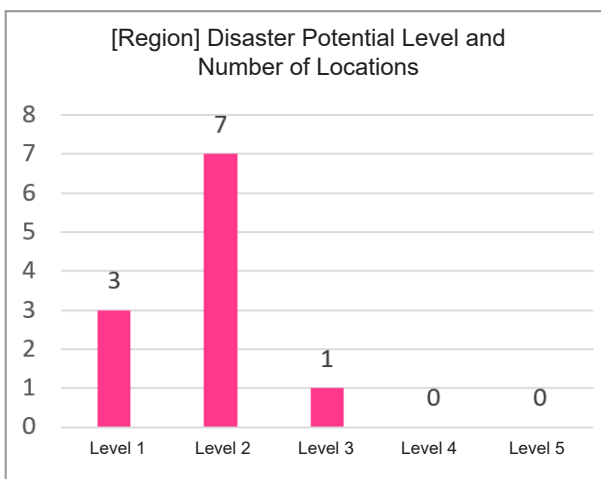
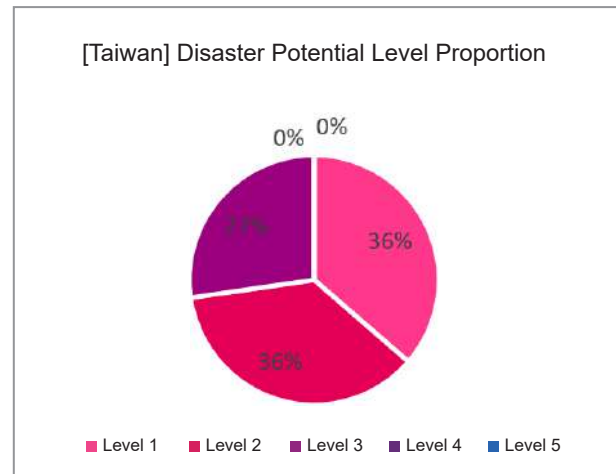
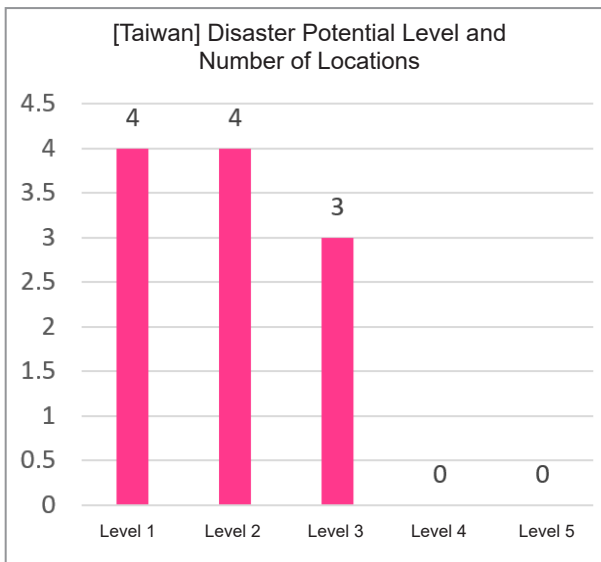
4.1.4 Scenario analysis

Scenario analysis of physical risk - disaster potential and hazard at operation locations

As the climate change has affected the potential of natural disaster, we actively implement climate risk management countermeasures to ensure smooth operations. In addition to introducing the Task Force on Climate-related Financial Disclosure (TCFD) as the risk management policy, we select RCP8.5 for scenario simulation analysis and estimate the climate up to the end of the century (2075~2099) with reference to the information on the Disaster Risk Adaptation (Dr.A) of the National Science and Technology Center for Disaster Reduction. Control measures are established based on the result of the analysis.

Scenario indi- cator	Indicator	Definition	Type of Disaster	Selection of Indicator
	Hazard (H)	Impact of changes in climate characteristics resulting from climate change	Flood disaster	Base period and estimation of the occurrence probability of “rainfall over 600 mm within 24 hours”
			Slope disaster	Base period and estimation of the occurrence probability of “rainfall over 350 mm within 24 hours”
	Vulnerability (V)	Extent of impact on systems resulting from climate change hazards	Flood disaster	Analysis of flood indicators according to the existing flood simulation chart of 600 mm quantitative precipitation within 24 hours (the area where floods occur relatively easily)
			Slope disaster	Analysis of vulnerability, historical landslide index, slope index, and geological disaster potential in accordance with the existing relevant disaster potential data
	Exposure (E)	The possible affected	Flood disaster	Presented by density of population in townships and cities; when a disaster occurs, the area of higher density of population is affected more directly.
			Slope disaster	
Grading criteria	Indicator	Hazard		Low: Level 1~2
		Exposure		Moderate: Level 3
		Vulnerability		High: Level 4~5
	Disaster potential level	Low risk		Level 1: 0~25 Level 2: 26~50
		Moderate risk		Level 3: 51~75
		High risk		Level 4: 76~100 Level 5: 101~125
Scenario set- ting	- According to the 5th assessment report of the Intergovernmental Panel on Climate Change (IPCC), the scenario of climate change in the future is defined with the Representative Concentration Pathways (RCPs) and RCP8.5 is used as a reference scenario of GHG emissions. - RCPs 8.5 is a scenario of high emissions, indicating that the radiative forcing per m2 will be increased up to 8.5W at the end of the century. The carbon reduction policy is as usual and the governments of all the countries do not make any additional effort. The increase speed of the GHG emissions will be the same as the current speed, leading to a continuous increase of the GHG concentration in the atmosphere. the temperature will rise by nearly 4℃ by the end of the century.			
Source of data	National Science and Technology Center for Disaster Reduction - Disaster Risk Adaptation (Dr.A)			

The Company analyzed 11 operation locations in accordance with the national standard and the standard applicable in the region where the operation location concerned is located. The result shows that the disaster potential level at eight the operation locations is within the scope of low risk (Level 1 and Level 2), three locations have a disaster potential of Level 3.



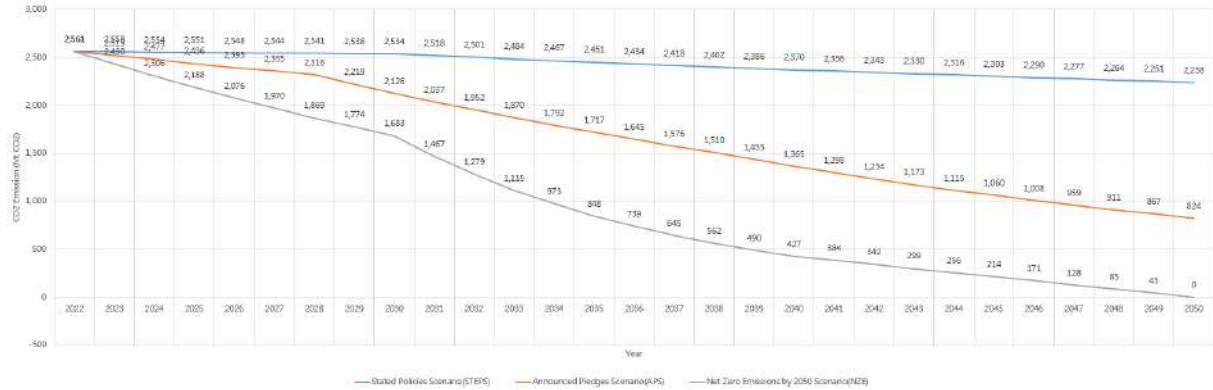
Scenario analysis of transformation risk – Analysis of TTC's carbon fee

To achieve the goal of "net zero emissions by 2050", the Legislative Yuan finally adopted the "Climate Change Response Act" at the beginning of 2023. It is expected to collect carbon fees from domestic emission sources in the near future.

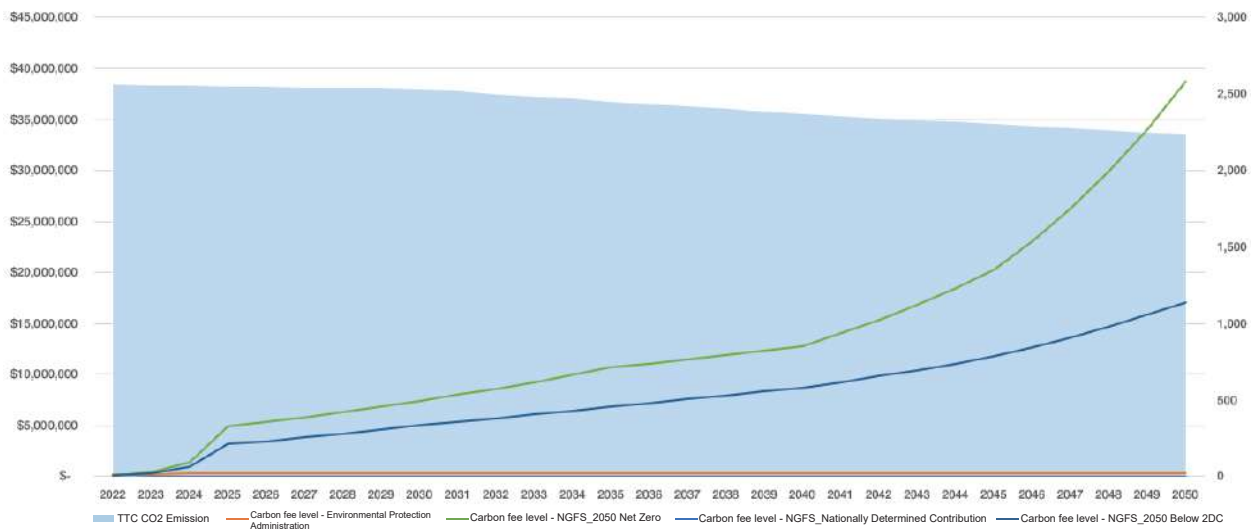
TTC conducts carbon fee analysis with reference to the IEA's Stated Policies Scenario (SPS), Announced Pledges Scenario (APS) and Net Zero Emissions by 2050 Scenario (NZE). For the changes in the collection of the carbon fee for a unit of carbon emission, six different carbon price scenarios are used for analysis of TTC's potential carbon fee level in the future up to 2050 with respect to the assessment of TTC's exposure level under alternate evolution of different scenarios during the period from 2022 to 2050.

Carbon emission scenario	Evolution of IEA's emission scenarios: • Stated Policies Scenario (SPS) • Announced Pledges Scenario (APS) • Net Zero Emissions by 2050 Scenario (NZE)
Carbon price scenario	For the evolution of the carbon price, six scenarios at different levels are used for assessment and analysis of the carbon price for collection of carbon fees: • Carbon price level - Environmental Protection Administration • Carbon price level - NGFS_2050 Net Zero • Carbon price level - NGFS_Nationally Determined Contribution • Carbon price level - NGFS_Below 2°C
Assessment year	The years for which carbon fee evolution analysis was made span from 2023 to 2050.

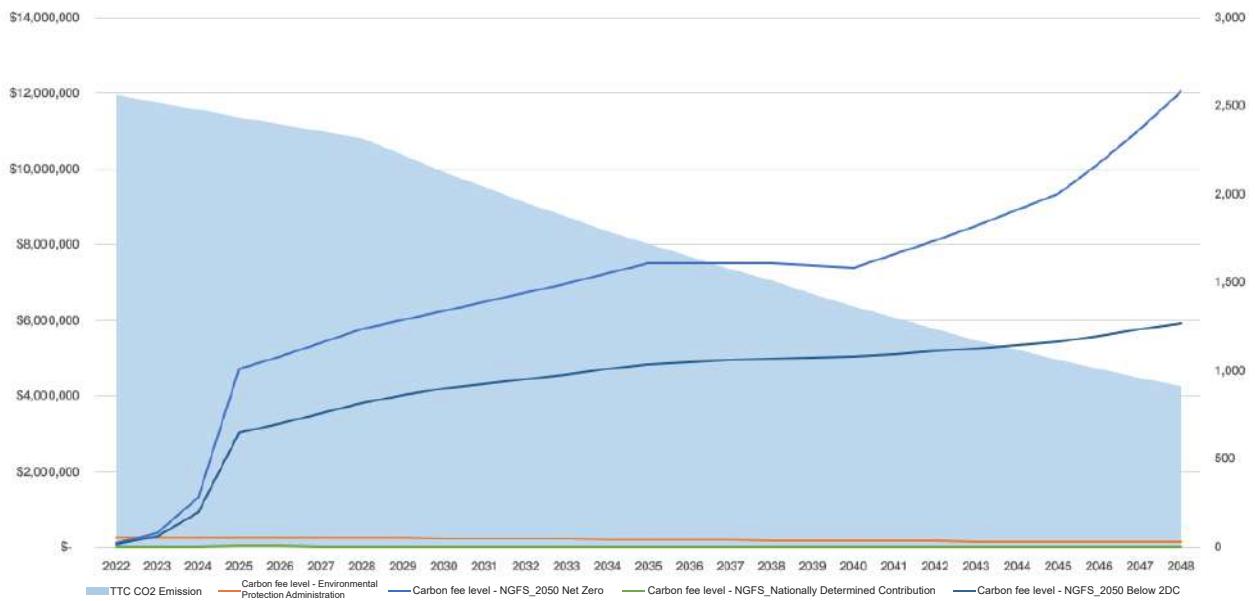
TTC's Carbon Emission Scenario Evolution



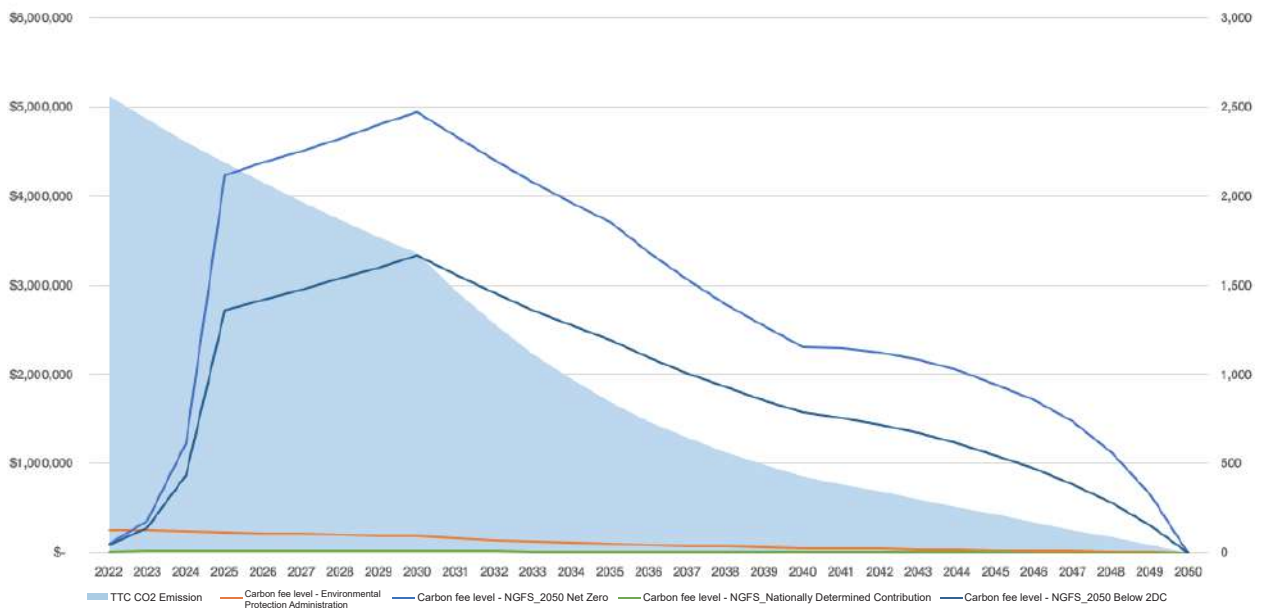
TTC's Carbon Fee Analysis (STEPS)



TTC's Carbon Fee Analysis (APS)



TTC's Carbon Fee Analysis (NZE)



Estimation Year		2030	2040	2050
Carbon emission scenario	Carbon fee scenario			
STEPS	Recommended rate of EPA	\$278,794	\$286,771	\$306,645
	NGFS 2050 Net Zero recommended rate	\$7,443,907	\$12,813,046	\$38,788,240
	NGFS Nationally Determined Contribution	\$32,231	\$30,139	\$28,464
	NGFS Below 2DC recommended rate	\$5,015,485	\$8,728,373	\$17,078,553
APS	Recommended rate of EPA	\$233,878	\$165,134	\$112,870
	NGFS 2050 Net Zero recommended rate	\$6,244,622	\$7,378,252	\$14,277,214
	NGFS Nationally Determined Contribution	\$27,038	\$17,355	\$10,477
	NGFS Below 2DC recommended rate	\$4,207,442	\$5,026,138	\$6,286,291
NZE	Recommended rate of EPA	\$185,131	\$51,691	-
	NGFS 2050 Net Zero recommended rate	\$4,943,064	\$2,309,571	-
	NGFS Nationally Determined Contribution	\$21,403	\$5,433	-
	NGFS Below 2DC recommended rate	\$3,330,491	\$1,573,302	-

As the result of the scenario analysis points out, the highest amount of the carbon fee is NT\$38,788,240, occupying about 9% of TTC's 2023 revenue (NT\$428,213,000), under the three carbon emission scenarios and four carbon fee scenarios. This may bring about material impact on the operations of the Company. However, the Company has entrusted the team of National Chung Hsing University to implement the "Greenhouse Gas Inventory, Assessment and Natural Carbon Sink Plan" since 2023 and proceeded to conduct the 2022 carbon inventory of all the business locations of the Company. According to the verification results of the National Chung Hsing University team, the Company's carbon emissions in 2022 were (Scope 1 + Scope 2) 5,350.115 tons of carbon dioxide equivalent, and the Scope 1 carbon removal (forest) in 2022 was 18,563.764 tons of carbon dioxide equivalent. We will continue paying close attention to our GHG emissions and international development trends of carbon fees to establish TTC's energy saving and carbon reduction policy and make use of our advantages with the natural farming techniques, organic farming, planting of more trees, promotion of energy saving, encouragement of carpooling, purchase of hybrid electric company cars, replacement of traditional lamps, and so on as the main development directions.

We currently use the online clocking in/out of Soar Cloud and introduce electronic management to reduce the use of paper. In addition, to set the goal of a power reduction by 3% every year, we plan to introduce GHG inventory in 2024 in the hope to reduce the carbon footprint of our operations and at every stage of the product life cycle. We are dedicated to reducing the impact of climate change through more comprehensive control, management and follow-ups.

4.2 Green Environmental Actions

Devoted to a leisure business where "developing tea ecology and tea culture" is viewed as the core, TTC has the "health, leisure, environment" and "co-existence with the land" as the philosophy of all premises, including the "Sun Moon Lake Antique Assam Tea Farm" in Nantou, "Tongluo Tea Factory" in Miaoli, "Xiong Kong Tea Plantation" in New Taipei City, and "Daxi Tea Factory" in Fuxing, Taoyuan. The tea leaves from these places are grown through natural farming methods or certified by the Tse-Xin Organic Certification, and all produced and sold directly by these places, winning 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

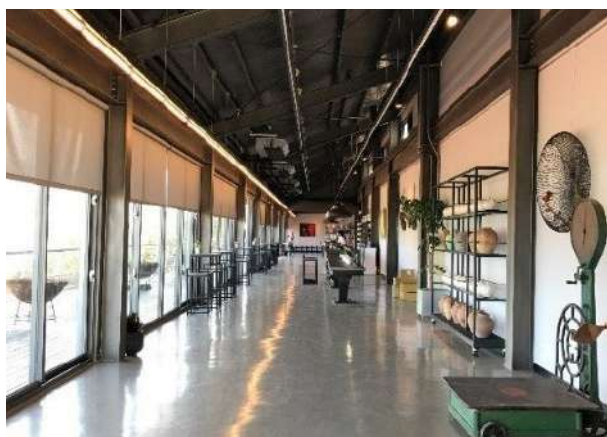


Recreational Tea Farm Kong Tea Plantation



Recreational Tea Farm 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, Taiwania 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 development of sustainable agriculture 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.

Green Actions List

Product	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.
Agricultural affairs	1. 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. 2. 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. 3. The fertilizer management principles are implemented for the planting of our crops in order to prevent eutrophication of rivers, improve the health of the plant as the first priority, increase the safety of the food materials, and not to use too much fertilizer. 4. The Company has developed a sustainable circular agriculture since 2020 in the hope of reducing the expenses of weeding and agricultural pesticides in a long-term manner and being kind to the land. 5. In addition to continuously increasing the cultivation area of the organic tea farms and promoting the natural ecosystem 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.
Administration	1. 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. 2. 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.

4.2.1 Sustainable Circularity and Waste Management

Sustainable Circularity

Moreover, The Company began a 5-year sustainable circular agriculture test in 2020. The tea-making process does not produce waste that requires special treatment. The tea leaves pruned and rough tea leaves unneeded will return to the plantation land and become a kind of organic matter, which is one of the elements of circular agriculture.

The Company looks forward to reducing the expenses of weeding and agricultural pesticides in a long-term manner based on the sustainable circular agriculture. Meanwhile, not using pesticides is beneficial to the soil and land, which implies a win-win. It is our hope that after the five-year pilot plan, more than half of the use of pesticides can be avoided with the circular agriculture.

Composition of Waste	Production of Waste	Direct Disposal of Waste
Tea	Plantation pruning and tea processing	Back to the tea plantations and become organic matter
Weeds	Weeding activity	Back to the tea plantations and become organic matter

Waste Management Approach

The waste produced by the head office TTC is general waste or recyclables. There are waste sorting bins in the tea room, and the cleaning team will take care of the disposal of the waste sorted by the residents. The waste of some of our stores is cleaned up by the contracted waste disposal companies at a regular time; this refers to the domestic waste and does not include the recyclables and food scraps.

Daxi Tea Factory	1 time/week; 1 ton/month (maximum disposal volume)
Sun Moon Lake Antique Assam Tea Farm	3 time/week; 2 tons/month (maximum disposal volume)
LuGao Cafe	2 times/week; 1.5 tons/month (maximum disposal volume)
Tongluo Tea Factory	2 times/week (domestic waste); 1 time/week (recyclables); disposed of by the township office
Headquarters Store	Disposed of by the management committee of the building

4.2.2 Ecological Conservation

As for the land of the Company in Miaoli is used in the hope to promote effective utilization of the land in the area, provide local employment opportunities, drive local prosperity, and perform the development of technology and logistics parks as well as industrial parks. Before the development, we will assess the environmental impacts and investigate into the current ecological environment status (with a wide range of investigation covering terrestrial flora and fauna, aquatic ecosystems and special ecosystems; the conservation area of leopard cats is included) as per relevant regulations, put forward corresponding environmental protection plans, and demonstrate the Company's efforts to minimize the impacts of the development activities on the current ecological environment to the competent authorities and experts.

Before the Development	Protective Measure	Details of the Measure
Assessment plan	Environmental impact assessment plan and ecological environment investigation	The scope of the environmental impact assessment plan includes the current environmental status and the estimated level of impact in the future. The items to which information should be given and assessment should be made before the development are as follows: Description of the development items 1. Land use planning: Description of all the ways of land use, land use intensity and different buildings and facilities under the development project. 2. Transportation planning: Description of the current road system structure within the area and of the nearby areas. 3. Utility planning: Plans to maintain the utilities and systems necessary for the activities, such as water use plan, sewerage system, power system, telecom network system and waste disposal plan, etc. Investigation into the current status of the surrounding environment of the area to be developed The scope of the current status investigation of the environmental impact assessment plan includes the current environment of the base to be developed and the nearby areas, ecological environment, landscape resources, cultural assets and current social and economic status, etc. 1. Investigation into the physical-chemical environment: The meteorological conditions, air quality, noise and vibration, water quality of rivers and groundwater, soil, geological condition, etc. 2. Investigation into the current status of the ecological environment: The distribution of flora and fauna of terrestrial, aquatic and special ecosystems, including the activities of protected animals such as leopard cats. 3. Investigation into the current status of the landscape and recreational sites: The current status of the natural geographical landscape and recreational tourism sites, etc. 4. Investigation into the current status of the cultural assets: The tangible cultural assets such as monuments, historical buildings, settlements, archaeological sites, etc. in the nearby areas. 5. Investigation into the current status of the society and economy: The economic and industrial structure of the nearby areas and the concerns of the locals. 6. Investigation into the current status of the transportation: The current road systems and the composition of traffic flow, to analyze the smoothness of the current transportation. The potential environmental impacts of the development on the aforementioned environmental factors will be predicted. The environmental impact that may be produced by development activities includes surface disturbance, water quality, air quality, noise and vibration, local traffic situation, waste deriving from development activities, ecological environment, landscape and recreation, cultural assets, environment, socio-economy, and other aspects. Environmental impact mitigation measures As for the impact of the development activities on different environmental aspects, feasible solutions for the impact before and after the development activities are presented in the environmental impact assessment with respect to each goal in order to make use of resources effectively, take care of the environment and conservation, implement the assessment plan effectively, and satisfy the expectation for a friendly environment.
Discussion and communication	Communication with environmental organizations	1. During the implementation of the project, we will exchange opinions with the ecological survey and conservation organizations in a frequent manner for the discussion and their feedback regarding the regional environment and all the designed programs. 2. We will adapt our environmental improvement strategies in time and carry out supplementary ecological investigation into the categories of flora and fauna according to the feedback of such organizations and the environmental status. The results thereof can not only become the basic local information for the ecological organizations but also be used as the important reference of the impact prediction of environmental impact assessment plan and the implementation strategies.

After the Development	Protective Measure	Details of the Measure
Physical impacts	Reduction in the impacts of the related development projects on the current status	In order to lower the environmental impacts stemming from terrain disturbance in the developed area, plans related to soil preparation and drainage will be formulated as per the regulations during the implementation of the project, mitigating the environmental impacts through soil and water conservation technologies. We will appropriately adjust the scope and extent of man-made disturbance to the environment, and maintain existing forest and agricultural lands in a proper manner to provide a space for creatures in consideration of the balance between the economic development and environmental conservation.

Ecological impacts	Reduction in the impacts of the development on the current status of the flora and fauna	Measures to reduce the disturbance caused by the development activities to the current ecosystem of the flora and fauna: - During the implementation of the project, we will appropriately strike a balance between the land for development and the ecological environment, trying our best to preserve the forest ecosystem as well as the species diversity. The ornamental or rare native plants within the scope that might be disturbed discovered in any said investigation may be transplanted for preservation. - The areas with good forest forms and structure within the scope to be developed may be preserved first as the conservation area for the reproduction and migration of and temporary sheltering during the construction for protected animals. - In the process of transplanting green plants, the species inspection procedures will be adopted to avoid accidentally introducing alien species. - Improvements will be made to the potential hotspots where leopard cats might go across the roads and the wildlife habitats, and the wildlife friendly protection measures will be promoted. - During the construction, we will enhance the safety protection of the construction fences so as to prevent the protected animals like leopard cats from entering the construction area. - We will create a good atmosphere of environmental protection with the local community through the education and training about ecological environment, thereby gaining the support for the area's economic development based on sustainable ecosystems.
Transportation impacts	Reduction in the impacts of the development on the transportation system	Measures to reduce the impacts of incoming traffic flow on the surrounding road systems: - During the construction, we will control the ways of the incoming and outgoing engineering vehicles and direct the traffic to minimize the environmental disturbance and road safety risks. - The public parking space will be properly arranged during the development project and, in conjunction with the parking sign instruction system, further avoid the parking problems beyond our land area and the impacts on road safety and efficiency.
Environmental quality database	Long-term understanding of the changes in the environment	During the construction and operation of the development project, the environmental monitoring will be regularly conducted in accordance with the approved project details. The environmental change tracking results will be used as the reference of assessment and improvement. The items to be monitored include the values of air quality, water quality, noise and vibration, transportation, ecological environment and so forth according to the environmental condition of the base.

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.

4.3.1 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.

Our electricity is totally purchased to a proportion of 100%. In the past three years, with the area Taiwan Tea Corporation uses in the office building as the scope of statistics, the Company has disclosed the data mainly on the use of electricity. The data of the statistics is shown in the table as follows:

Total Use of Mobile Electricity Power			
Year	Electricity Used (kWh)	Compared to the Previous Year (kWh)	Percentage Increased/Reduced Compared to the Previous Year (kWh)
2023 (Note 1)	156,544	Reduced by 32,318	-17.11%
2022	188,862	Reduced by 13,421	-6.63%
2021 (Note 2)	202,283	Increased by 6,988	3.45%

Note 1: The Company relocated the head office to Hukou Township, Hsinchu County, on December 15, 2022. Due to the reduction of the office space and employees, electricity consumption dropped significantly.

Note 2: In 2021, the kWh of electricity used in the public areas of Nangang Software Park has increased. After such amount of use was apportioned, the Company's electricity consumption became higher than that in the previous year.

4.3.2 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 Company's current energy management policy's primary goal is to **reduce carbon emissions from its operations**. This policy includes the following measures: "Utilizing natural farming or organic cultivation," "Increasing afforestation and protecting natural ecosystems," "Promoting energy conservation and encouraging the turning off of lights and appliances when not in use," "Encouraging carpooling and promoting the use of public transportation," and "Purchasing hybrid electric vehicles for future company cars."

As the verification result of the 2023 inventory has not yet been announced, the consumption of non-renewable energy is calculated based on the energy consumption data of the Laopi Tea Farm and the head office (main office area).

TTC's 2023 Non-Renewable Energy Use Status				
Non-renewable Energy Item	Unit	2023 Consumption	Energy Consumption (Unit: GJ)	Carbon Emissions (Unit: ton)
Electricity	kWh	4,216,021	15,170.6195	2,082.7144
Gasoline	Liter	10,896	355.6017	24.6587
Diesel	Liter	43,090	1,514.4603	112.2925
Natural gas	kWh	197,745	6,619.0795	371.5629
LPG	Liter	740	20.5435	1.2971
Total energy consumption (unit: GJ)			23,679.7361	
Total carbon emissions (unit: ton)			2,592.5257	

Note 1: In the use of non-renewable energy in 2023, the scope of electricity calculation covers the Laopi Tea Farm and the head office (main office area); the calculation scope of gasoline, diesel, natural gas, and liquefied petroleum gas covers the Laopi Tea Farm.

Note 2: The carbon emission factor in the table is used with reference to the 2023 electricity carbon emission factor documentation of the Bureau of Energy, Ministry of Economic Affairs, with an emission of 0.494 kgCO₂e per kWh of electricity. The rest emission factors are used with reference to the EPA GHG Emission Factor Management Table Version 6.0.4 with an emission of 2.2631 kgCO₂e per liter of gasoline, an emission of 2.606 kgCO₂e per liter of diesel, an emission of 1.879 kgCO₂e per liter of natural gas, and an emission of 1.7529 kgCO₂e per liter of LPG. Only the carbon emissions are calculated, excluding methane, nitrous oxide, HFC, PFC, SF6, and NF3.

Note 3: The unit calorific value of fuel is used with reference to the energy product unit calorific value table of the Bureau of Energy. These are: motor gasoline 7,800 Kcal/L, diesel 8,400 Kcal/L, natural gas 8,000 Kcal/M³, liquefied petroleum gas (LPG) 6,635 Kcal/L, electricity 860 Kcal/L Kcal/degree.

Note 4: Conversion of energy unit: 1 Kcal = 0.000004184 GJ (gigajoule).

According to the inventory report, TTC's direct greenhouse gas emissions of Scope 1 in 2022 were 1,566.969 tCO₂e, accounting for 29.29% of the total emissions. For Scope 2 indirect greenhouse gas emissions, the total emissions were 3,783.145 tCO₂e, accounting for 70.71% of the Company's total emissions. For Scope 3, the indirect emissions from employee commuting were 220.405 tCO₂e.

The Company adheres to the firm commitment to eco-friendliness and sustainable operations. The total emissions of Scope 1 and Scope 2 in 2022 were 5,350.115 tCO₂e and the forest carbon uptake reached 18,563.76 tCO₂e

The CO₂ equivalent (Scope 1 + Scope 2) of the Company in 2023 was 2,679.5481 tons. The Scope 1 boundary only covered Laopi Tea Farm and the Scope 2 boundary covered Laopi Tea Farm and the head office of the Company.

Unit: tCO₂e/year

TTC's 2023 CO2 Equivalent	
Scope 1	570.8874
Scope 2	2,108.6607
Total	2,679.5481

TTC's net carbon emissions in 2022	
Total emissions of Scope 1 + Scope 2 (tCO ₂ e)	Forest carbon uptake (tCO ₂ e)
5,350.115	18,563.764

Note: Since the inventory of the forest carbon uptake in 2023 has not yet been completed, only the inventory data of 2022 are disclosed this year.

TTC's GHG Inventory Schedule	
Work items	Expected completion date
Set up a dedicated (concurrent) unit to assess the number of dedicated (concurrent) personnel and the scope of their functions; set up an internal verification unit.	By the end of June 2024
Develop the plans of talent training, strategic objectives, control mechanism, internal verification and external verification.	By the end of December 2024
Complete GHG inventory	By the end of December 2025
Perform external verification	By the end of December 2027

TTC's Energy Saving and Carbon Reduction Strategies and Objectives			
Category	Energy Saving Strategy	Scope and Performance	Objective
Equipment replacement	Improvement to the heat sources of factories (Laopi Tea Farm)	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 (Laopi Tea Farm)	Choosing the agricultural machinery with energy saving function and high efficiency.	The air pollution has been reduced.
	Purchase of new processing equipment (Laopi Tea Farm)	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 2023, 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	Independent air conditioning with the temperature set to 26-28 degrees	The electricity has been saved.
	Use of natural farming techniques or organic farming	Use of integrated pest management (IPM) rules, including three basic principles: 1. Keep harmful organisms below the economic injury level instead of sparing none. 2. Use non-chemical control methods, if possible. 3. Where use of agents is unavoidable, select them carefully and make sure to minimize their effect on beneficial organisms, human beings and the environment.	Usage of pesticide: 26,288 liters in 2022 and 8,134 in 2023 with a reduction of 18,154 liters.
	Paperless operations	We currently use the online clocking in/out of Soar Cloud and reduce paper consumption using online approval. We also reuse recycled paper for print-out of documents in the offices if 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.

Note: The planting area was reduced from 450 hectares to 100 hectares in 2023.

Energy Saving Results:

To ensure sustainable management, TTC has cut the use of paper. In 2021, the Company has adopted the online approval process and paperless payslip operation with the HRM system of Soar Cloud. In order to transit smoothly to the new system, we have applied the new and old systems at the same time for nine months, with several explanatory sessions held and timely assistance provided for the employees having problems with the use during the pilot period. After the system came into operation formally, the use of paper has been significantly decreased while the approval process has been accelerated.

Year	Purchased Volume of Paper	Compared to the Previous Year
2023	Nil	A4 reduced by 500 reams; A3 reduced by 25 reams
2022	A4-500 reams, A3-25 reams (expected to be used until 12.2023)	The same for A4, A3 additional 12 reams for A3
2021	A4 - 250 reams	A4 reduced by 250 reams; A3 reduced by 25 reams

In addition, TTC encourages the use of hybrid electric vehicles by sending employees relevant emails on a monthly basis, disseminating the concepts of environmental protection and carbon emission reduction in an active manner. It is our hope to bolster the employees' awareness of sustainability via the promotion of hybrid electric vehicles.

Environmental Project

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) Actively participating in the enterprise forums related to the planning of forest carbon sink certification system organized by the Forestry Bureau, Council of Agriculture, Executive Yuan, to understand the forest status of the Company and whether we meet the conditions of application for carbon credits.
- (3) 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.
- (4) 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 2023, the total area of the Company's afforestation has reached about 475 hectares.

The Company established a GHG inventory group in May 2023 to conduct GHG inventory earlier. We also commissioned a professor team of the Department of Forestry, National Chung Hsing University, to assess GHG inventory and plan natural carbon sink. The Company will make use of agricultural and forest resources and different natural carbon sink increasing methods to reduce GHG emissions, acquire carbon credits or offset credits, and promote sustainable development.

Benefit Analysis Tables

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 by configuration: 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.

Ground-mounted, and water-based systems are for laying on unfavorable land, ponds and other sites. They are further divided into all ground type or agricultural type (photovoltaics) green energy agricultural facilities by configuration. The site selection condition is generally a flat and complete land lot. The capacity of the power generation equipment can be maximized in terms of the benefit depending on the land scale. The application procedure for installation of a system is relatively complex and, generally speaking, it takes a long time for the application. The Company started the setup assessment and planning of large photovoltaic systems on the ground in 2023. We will work with solar power operators to set up the system.

Implementation results: The Company worked with a system operator to build solar photovoltaic systems on the roofs of the tea factory and employee dormitory of Laopi Tea Farm in Pingtung. The facility has been officially put into power generation in 2020 (with a total approved installation capacity of 513.96KWh). The total actual power generation in 2023 was 602,939 kWh (with a power generation of 525,776 kWh and 77,163 kWh from the system on the roof of the tea factory and dormitory, respectively).

Future planning: To increase the profit, improve the Company's financial structure, and support the government's green power policy, the Company will cooperate with system operators to build photovoltaic power generation facilities at Laopi Tea Farm in Pingtung, except for the reserved part of the tea plantation.

Benefit Analysis Tables

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. The setup of the solar photovoltaic system facilities has been completed in 2020 and put into power generation operation in parallel with the electricity transmission and distribution network 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.

4.3.3 Water resource management

As a company with huge water consumption, TTC pays specific attention to the water resource management. We have obtained the water right permit for the irrigation water for crops, keeping in line with the total water consumption control. In 2021, the SASB Standards have been adopted as well; both the amount of groundwater extracted as farm water at Laopi Tea Farm and the total amount of water used there in 2023 were 842,077 m³. With a view to properly managing the environmental risks, TTC purchases tea leaves from the tea factories with reliable goodwill in the industry, and establishes a mechanism of supplier diversity to compare the prices while assessing the hygiene and safety of the suppliers' factories. The SGS pesticide residue testing has also been implemented in batches to minimize the risk of excessive pesticide residue. In 2023, there has not been any non-compliance with laws and regulations due to water-related matters by the Company.

- TTC has adopted the following measures to reduce the potential water resource risk of less groundwater storage due to extreme weather.
- Establishment of wells and water towers as well as the storage of rainwater for farmland irrigation.
 - Implementation of water-saving drip irrigation system to lower the water consumption.
 - Introduction of the soil sensors in the farms to detect the amount of water needed, so that the over-irrigation can be avoided.

In 2023, the Company compiled statistics on water consumption by each of its branches, including Miaoli Branch, Nantou Branch, Pingtung Laopi Tea Farm, Daxi Tea Factory, Tongluo Tea Factory, Headquarters Store, and LuGao Cafe. The head office leased the facilities from Sanyang Motor in 2023. Since no independent water meter was provided and it was not need to pay water bills, there was no independent water consumption record.

TTC's Business Location	Water Consumption in 2023 (m3)
Miaoli Branch (including Jiuwu Warehouse)	254
Nantou Branch (including Sun Moon Lake Antique Assam Tea Farm and Yuchi Tea Factory)	3,056
Pingtung Laopi Tea Farm (Irrigation)	842,077
Daxi Tea Factory	4,681
Tongluo Tea Factory	5,443
Headquarters Store	548
LuGao Cafe	1,164

Note (1): The North Branch uses mountain spring water, so there is no water meter.

Note (2): Since Laopi Tea Farm in Pingtung extracts groundwater, the data disclosed refers to the amount of the extracted groundwater.

Note (3): LuGao Cafe extracts groundwater. The record starts from April 2023.

CH5 Social Welfare

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. In 2023, the Company was continuously dedicated to public welfare activities, supported local communities, associations and foundations, and took care of the society in a way of donation of funds or materials and purchase of products. Through face-to-face communication or contact by phone, the head of the branch company or the public welfare team of the head office may submit a report and then give assistance to communities and thus realize the social welfare.

Unit	Description
Huashan Hukou Service Station	The volunteers of the TTC public welfare team visited the solitary elderly residents for solitary elderly residents and presented the products of the Company, including tea noodles, biscuits, tea bags, etc., to them. The volunteers tried their best to convey their warmhearted care, and supported the disadvantaged with practical actions.

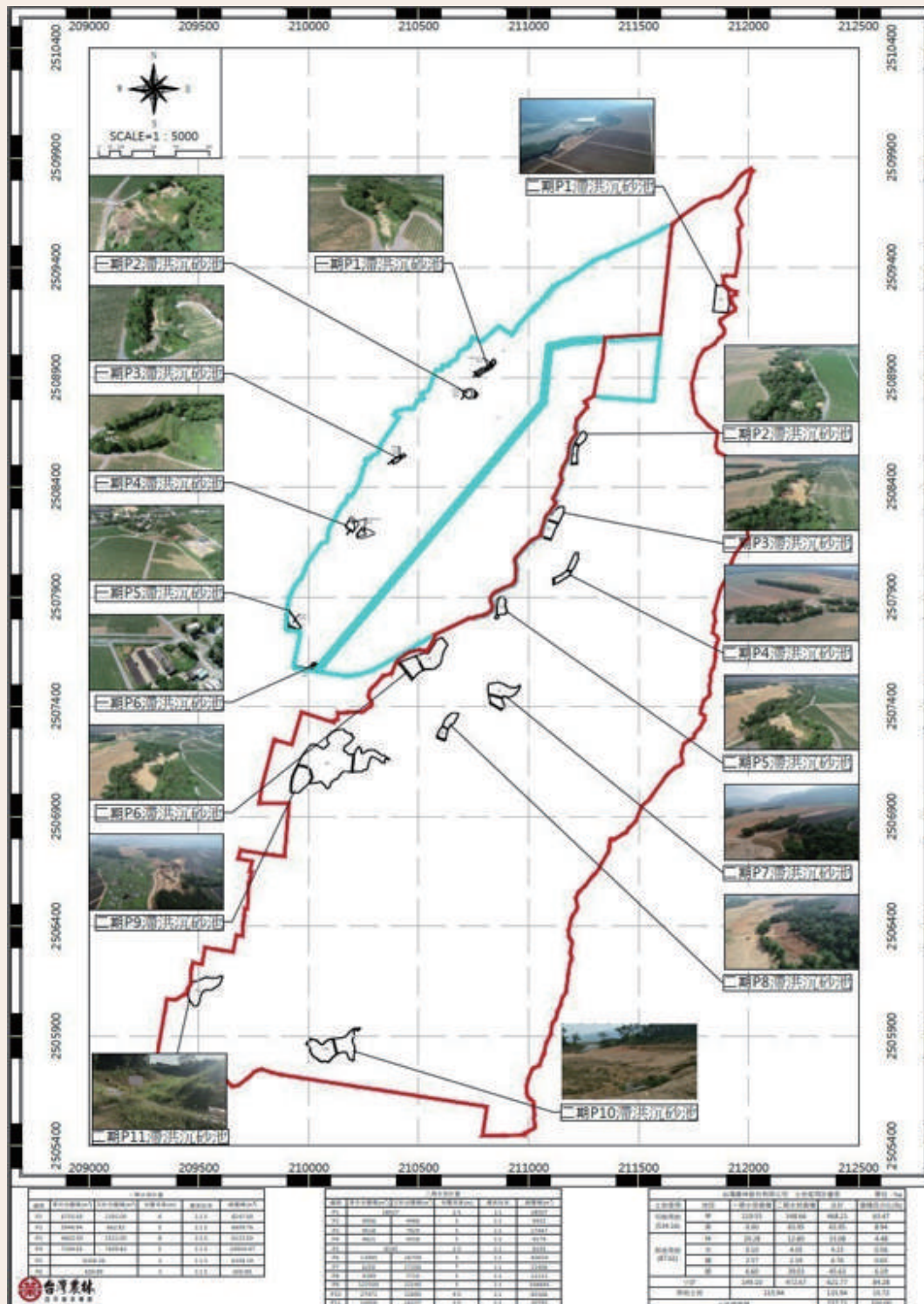


▲ Huashan Hukou Service Station

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 and producing 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.



Appendix

Appendix 1 GRI 2021 Comparison
Table

Appendix 2 Climate Related
Information of TWSE/GTSM Listed
Companies

Appendix 3 GHG Inventory and
Assurance

Laopi Tea Farm



Appendix 1 GRI 2021 Comparison Table

GRI Statement

Statement on Use of GRI Universal Standards	The 2022 Sustainability Report is published with reference to GRI Standards. The scope of the data covers the period from January 1, 2023 to December 31, 2023.
GRI 1 Version	GRI 1: Foundation 2021
GRI Sector Standards	Nil

GRI 2: General Disclosures

Category	Indicator	Disclosure Requirements	Chapter or Omission	Page No.
The organization and its reporting practices	GRI 2-1	Organizational details	1.1.1 Location of operations	7
	GRI 2-2	Entities included in the organization's sustainability reporting	1.1.1 Location of operations	7
	GRI 2-3	Reporting period, frequency and contact point	About the Report	4
	GRI 2-4	Restatements of information	There is no restatement of information.	
	GRI 2-5	External guarantee/assurance	Appendix 5 Independent Third Party Assurance Statement	111
Activities and workers	GRI 2-6	Activities, value chain and other business relationships	1.1.2 The Scope of Operations	9
	GRI 2-7	Employee	3.1.1 Staff structure	61
	GRI 2-8	Workers who are not employees	3.1.1 Staff structure	61
Governance	GRI 2-9	Governance structure and composition	1.3.1 Governance Framework	22
	GRI 2-10	Nominating and selecting the highest governance body	1.3.1 Governance Framework	22
	GRI 2-11	Chair of the highest governance body	1.3.1 Governance Framework	22
	GRI 2-12	Role of the highest governance body in overseeing the management of impacts	1.3.3 Risk Management	27
	GRI 2-13	Delegation of responsibility for managing impacts	1.3.3 Risk Management	27
	GRI 2-14	Role of the highest governance body in sustainability reporting	About the Report	4
	GRI 2-15	Conflicts of interest	1.3.1 Governance Framework	24
	GRI 2-16	Communication of critical concerns	1.2 Corporation Social Responsibility	14
	GRI 2-17	Collective knowledge of the highest governance body	1.3.1 Governance Framework	24
	GRI 2-18	Evaluation of the performance of the highest governance body	1.3.1 Governance Framework	24
	GRI 2-19	Remuneration policies	1.3.1 Governance Framework	25
	GRI 2-20	Process for determining remuneration	1.3.1 Governance Framework	25
	GRI 2-21	Annual total compensation ratio	3.2.3 Employee remuneration, welfare and communication	70
Strategy, policies and practices	GRI 2-22	Statement on sustainable development strategy	Message from Chairman	5
	GRI 2-23	Policy commitments	3.2.1 Care for employees and material topics in each chapter	64
	GRI 2-24	Embedding policy commitments	1.3.3 Risk management, material topic and strategic objectives	27
	GRI 2-25	Processes to remediate negative impacts	Material topic and strategic objectives	20
	GRI 2-26	Mechanisms for seeking advice and raising concerns	1.3.2 Ethical Management and Legal Compliance	26
	GRI 2-27	Compliance with laws and regulations	1.3.2 Ethical Management and Legal Compliance	26
	GRI 2-28	Membership associations	1.1.5 Domestic Trade Council and Association	13
Stakeholder Engagement	GRI 2-29	Approach to stakeholder engagement	1.2.3 Communication with Stakeholders and Analysis of Material Topics Issues	16
	GRI 2-30	Collective bargaining agreements	There is no collective bargaining agreement.	

GRI 3: Material Topic 2021

Indicator	Disclosure Requirements	Chapter or Omission	Page No.
GRI 3-1	Process to determine material topics	1.2.3 Communication with Stakeholders and Analysis of Material Topics Issues	16
GRI 3-2	List of material topics	1.2.3 Communication with Stakeholders and Analysis of Material Topics Issues	16
GRI 3-3	Management of material topics	Material topics and strategic objectives in each chapter	20

GRI Specific Topics

Category	Indicator	Disclosure Requirements	Chapter or Omission	Corresponding Material Topic	Page No.
Economic	GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	1.1.4 Financial performance	Business Performance	10
		201-2 Climate change: financial implications, risks and opportunities	4.1.4 Scenario analysis		87
		201-3 Defined benefit plan obligations and other retirement plans	3.2.3 Employee remuneration, welfare and communication		70
		201-4 Financial assistance received from government	1.1.4 Financial performance		12
	GRI 206: Anti-Competitive Behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No related events have occurred.	Risk Control	
	GRI 207: Tax	207-1 Approach to tax	1.1.4 Financial performance	Business Performance	12
		207-2 Tax governance, control, and risk management	1.1.4 Financial performance,		12
Environment	GRI 303: Water and Effluents	303-3 Water withdrawal	4.3.3 Water resource management	Impact of Operations on the Environment	99
		303-5 Water consumption	4.3.3 Water resource management		99
	GRI 304: Biodiversity	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	4.2.2 Ecological Conservation		94
		304-2 Significant impacts of activities, products, and services on biodiversity	4.2.2 Ecological Conservation		94
	GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	4.1.4 Scenario analysis		87
		305-2 Indirect (Scope 2) GHG emissions	4.1.4 Scenario analysis		87
	GRI 306: Waste	306-1 Waste generation and significant waste-related impacts	4.2.1 Sustainable Circularity and Waste Management		93
		306-2 Management of significant waste-related impacts	4.2.1 Sustainable Circularity and Waste Management		93
		306-3 Production of Waste	4.2.1 Sustainable Circularity and Waste Management		93
		306-4 Waste diverted from disposal	4.2.1 Sustainable Circularity and Waste Management		93
		306-5 Direct Disposal of Waste	4.2.1 Sustainable Circularity and Waste Management		93
	GRI 308: Environmental Assessment of Suppliers	308-1 New suppliers that were screened using environmental criteria	2.4 Supplier Management	Environmental Assessment of Suppliers	42



Category	Indicator	Disclosure Requirements	Chapter or Omission	Corresponding Material Topic	Page No.
Society	GRI 401: Employment	401-1 New employee hires and employee turnover	3.1.2 Overview of employee turnover	Employee Incentives and Retention	63
		401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	3.2.3 Employee remuneration, welfare and communication		70
		401-3 Parental leave	3.2.1 Care for employees		65
	GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system	3.2.2 Occupational safety and health		66
		403-2 Hazard identification, risk assessment, and incident investigation			66
		403-3 Occupational health services			66
		403-4 Worker participation, consultation, and communication on occupational health and safety			66
		403-5 Worker training on occupational health and safety			66
		403-6 Promotion of worker health			66
		403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships			66
		403-8 Workers covered by an occupational health and safety management system			66
		403-9 Work-related injuries			66
		403-10 Work-related ill health			66
	GRI 404: Training and Education	404-1 Average hours of training per year per employee	3.2.4 Talent development		73
	GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	1.3.1 Governance Framework 3.1.1 Staff structure		22 61
		405-2 Ratio of basic salary and remuneration of women to men	3.2.3 Employee remuneration, welfare and communication		70
	GRI 406: Non-Discrimination	406-1 Incidents of discrimination and corrective actions taken	There is no discrimination event.	Complaint and Communication Mechanisms (for Employees)	
	GRI 414: Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	2.4 Supplier Management	Social Assessment of Suppliers	42
	GRI 416: Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories	2.2 Food Safety	Customer Health and Safety	38
		416-2 Incidents of non-compliance concerning the health and safety impacts of products and services			38
	GRI 417: Marketing and Labeling	417-1 Requirements for product and service information and labeling	2.5 Customer and Consumer Service	Marketing and Labeling	45
		417-2 Incidents of non-compliance concerning product and service information and labeling			45
		417-3 Incidents of non-compliance concerning marketing communications			45
	GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		Complaint and Communication Mechanisms (for Customers)	45

Appendix 2 Climate Related Information of TWSE/GTSM Listed Companies

Risks and opportunities brought about by the climate change and relevant countermeasures taken by the company

Four TCFD aspects	Item	Implementation	Page No.
Governance	1. Describe the supervision and governance that the Board of Directors and the management performed for climate related risks and opportunities.	See: 4.1.2 Climate governance	81
Strategy	2. Describe how identified climate risks and opportunities affect the business, strategy and finance of the company (short term, medium term, and long term)	See: 4.1.3 Climate risk management and strategy.	82
	3. Describe the impact of the extreme climate event and transformation action on the finance.	See: 4.1.4 Scenario analysis	87
Risk Management	4. Describe how the identification, assessment and management process of climate risks are integrated in the overall risk management system.	See: 4.1.2 Climate governance	81
	5. Where scenario analysis is used for assessment of the resilience facing the climate change risk, the scenario, parameter, assumption, and analysis factor used as well as the impact on the finance shall be described.	See: 4.1.4 Scenario analysis	87
	6. If there is any transformation plan in response to the management of climate related risks, describe the contents of the plan and the metrics and targets used for identification and management of physical and transformation risks.	See: 4.1.3 Climate risk management and strategy.	82
	7. If the internal carbon pricing is used as a planning tool, describe the basis of the pricing.	No internal carbon pricing is used as a planning tool.	
Metric and target	8. If a climate related target is defined, the activities covered, the scope of GHG emissions, the schedule planned, and the progress to be achieved every year shall be described; where carbon offsets or renewable energy certificates (RECs) are used to achieve related targets, the source and quantity of the carbon credits offset or the quantity of the RECs shall be described.	See: 4.3.2 Greenhouse gas management	95
	9. GHG inventory and assurance	Provide the information in Appendix 3.	

Appendix 3 GHG Inventory and Assurance

The Company plans to finish the GHG inventory at the end of December 2025. Please see 4.3.2 Greenhouse gas management.

TTC's basic data ☐ A company with a capital over \$10 billion, iron and steel industry, cement industry ☒ A company with a capital over \$5 billion and less than \$10 billion ☐ A company with a capital less than \$5 billion	Implementation ☐ Parent company only inventory ☐ Inventory of a subsidiary in the consolidated financial report ☐ Parent company only assurance ☐ Assurance of a subsidiary in the consolidated financial report
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Scope 1	Total emissions (tCO ₂ e)	Intensity (tCO ₂ e/NT\$ thousand)	Assurance institution	Description
Parent	-	-	-	
Subsidiaries	-	-	-	
Others	-	-	-	
Total	-	-	-	
Scope 2	Total emissions (tCO ₂ e)	Intensity (tCO ₂ e/NT\$ thousand)	Assurance institution	
Parent	-	-	-	
Subsidiaries	-	-	-	
Others	-	-	-	
Total	-	-	-	
Scope 3 (voluntary disclosure)	-	-	-	

Appendix 4 SASB Standards

Topic	Code	Index for Disclosure	Corresponding Chapter/Description																								
Greenhouse Gas Emissions	FB-AG-110a.1.	Total Scope 1 GHG emissions	• 4.3.2 Greenhouse gas management																								
	FB-AG-110a.2.	Discussion on long-term and short-term strategies: Emission reduction objectives and objective performance analysis	• 4.3.2 Greenhouse gas management																								
	FB-AG-110a.3.	- Fuel consumption of the fleet - Percentage of renewable fuels	- The fuel consumption of the fleet could not be disclosed individually due to the difficulty in data collection. - TTC's Percentage of renewable fuels 0%																								
Energy management	FB-AG-130a.1.	- Energy consumption from business operation - Percentage of electrical grid - Percentage of renewable energy	4.3.2 Greenhouse gas management - The amount by electrical grid was 14547.4892 GJ, representing 63.87% of the total energy consumption. - TTC's Percentage of renewable fuels in 2023 0%																								
Water resource management	FB-AG-140a.1.	- Total water withdrawal, and the percentage in the areas with high or extremely high baseline water stress - Total water consumption, and the percentage in the areas with high or extremely high baseline water stress	4.3.3 Water resource management - TTC does not use the water resources from places with high or extremely high water stress.																								
	FB-AG-140a.2.	Description of the water management risks, and discussion on the strategies and measures for risk reduction (environment, finance and water right)	• 4.3.3 Water resource management																								
	FB-AG-140a.3.	Number of non-compliance with permits, standards, laws and regulations regarding the water amount or water quality	• 4.3.3 Water resource management																								
Food Safety	FB-AG-250a.1.	The following items of the (1) major non-conformance and (2) minor non-conformance found in the Global Food Safety Initiative (GFSI) review: (a) Non-conformance rate (b) Corrective action rate	• 2.2 Food Safety																								
	FB-AG-250a.2.	Percentage of agricultural products purchased from the suppliers that have food safety certification plans recognized by the Global Food Safety Initiative (GFSI)	• 2.3 Local Procurement																								
	FB-AG-250a.3.	Product recall due to food safety issues: 1. Number of recalls (incl. voluntary and involuntary recalls) 2. Total amount of food products recalled (ton)	2.2 Food Safety 2.5.2 Customer Service - The Company had no voluntary and involuntary recall cases due to any food safety issues in 2023.																								
Worker Health and Safety	FB-AG-320a.1.	The following items of the direct employees, seasonal employees and contracted employees: 1. Total recordable incident rate 2. Death rate 3. Near miss frequency rate	• 3.2.2 Occupational safety and health <table><tr><th>Item</th><th>Direct employees</th><th>Seasonal and contracted employees</th></tr><tr><td>Number of incidents in 2023</td><td>3</td><td>0</td></tr><tr><td>Number of employee deaths in 2023</td><td>0</td><td>0</td></tr><tr><td>Number of near misses in 2023</td><td>15</td><td>0</td></tr><tr><th>Item</th><th>Direct employees</th><th>Seasonal and contracted employees</th></tr><tr><td>Incident rate</td><td>0.99</td><td>0</td></tr><tr><td>Death rate</td><td>0</td><td>0</td></tr><tr><td>Near miss rate</td><td>4.99</td><td>0</td></tr></table>	Item	Direct employees	Seasonal and contracted employees	Number of incidents in 2023	3	0	Number of employee deaths in 2023	0	0	Number of near misses in 2023	15	0	Item	Direct employees	Seasonal and contracted employees	Incident rate	0.99	0	Death rate	0	0	Near miss rate	4.99	0
Item	Direct employees	Seasonal and contracted employees																									
Number of incidents in 2023	3	0																									
Number of employee deaths in 2023	0	0																									
Number of near misses in 2023	15	0																									
Item	Direct employees	Seasonal and contracted employees																									
Incident rate	0.99	0																									
Death rate	0	0																									
Near miss rate	4.99	0																									
Supply Chain Environment and Social Impact	FB-AG-430a.1.	Percentage of purchased agricultural products certified by a third party or the social standards	TTC has not purchased agricultural products from any suppliers of this kind.																								
	FB-AG-430a.2.	The following items of the (1) major non-conformance and (2) minor non-conformance found in the audits on the social and environmental responsibilities of suppliers: (a) Non-conformance rate (b) Corrective action rate	• 2.4 Supplier Management																								
	FB-AG-430a.3.	Management Strategies for the environmental and social risks incurred due to contract planting and product procurement	2.3 Local Procurement 2.4 Supplier Management																								

Topic	Code	Index for Disclosure	Corresponding Chapter/Description
GMO Management	FB-AG-430b.1.	Management strategies for the use of GMO products	The Company does not use genetically modified agricultural products as raw materials of products for direct human consumption.
Material Procurement	FB-AG-440a.1.	Identification of the Company's major crops and description of the risks and opportunities of climate change	• 4.1 TCFD Climate Change and Risk Management
	FB-AG-440a.2.	Percentage of agricultural products purchased from the areas with high or extremely high baseline water stress	TTC does not purchase the agricultural products from places with high or extremely high water stress.

Topic	Code	Nature	Unit of Measure	Index for Disclosure	Disclosure
Activity Metrics	FB-AG-000.A	Quantitative	Metric tons (t)	Yields of major crops in 2023	1093 tons
	FB-AG-000.B	Quantitative	Number	Number of processing facilities in 2023	232 machines
	FB-AG-000.C	Quantitative	Hectares	Total land area for active production in 2023	3,714 hectares (including all the land zones that we have listed for management. Please refer to the Annual Report, P.7)
	FB-AG-000.D	Quantitative	Dollar	Cost of purchased agricultural products in 2023	\$273,384

Appendix 5 Independent Third Party Assurance Statement



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會計師有限確信報告

台灣農林股份有限公司 公鑒

確信範圍

本會計師接受台灣農林股份有限公司(以下簡稱台灣農林)之委任，對2023年度永續報告書中所選定之永續績效資訊(以下稱「標的資訊」)，執行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所定義之「有限確信案件」並出具報告。

標的資訊及其適用基準

有關台灣農林之標的資訊及其適用基準詳列於附件一。

管理階層之責任

台灣農林管理階層之責任係依據臺灣證券交易所「上市公司編製與申報永續報告書作業辦法」之規定，以及參考適當之基準編製標的資訊，包括參考全球永續性報告協會(Global Reporting Initiatives, GRI)所發布之2021年GRI準則(GRI Standards)，台灣農林管理階層應選擇所適用之基準，並對標的資訊在所有重大方面是否依據該適用基準報導負責，此責任包括建立及維持與標的資訊編製有關之內部控制、維持適當之記錄並作成相關之估計，以確保標的資訊未存有導因於舞弊或錯誤之重大不實表達。

本會計師之責任

本會計師之責任係依據所取得之證據對標的資訊作成結論。

本會計師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3000號「非屬歷史性財務資訊查核或核閱之確信案件」之要求規劃並執行確信工作，以發現標的資訊在所有重大方面是否有未依適用基準編製而須作修正之情事，並出具有限確信報告。本會計師依據專業判斷，包括對導因於舞弊或錯誤之重大不實表達風險之評估，以決定確信程序之性質、時間及範圍。

本會計師相信已取得足夠及適切之證據，以作為表示有限確信結論之基礎。



會計師之獨立性及品質管理

看本會計師及所隸屬組織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、專業能力及專業上應有之注意、保密及專業行為。

本事務所遵循品質管理準則1號「會計師事務所之品質管理」，該品質管理準則規定組織設計、付諸實行及執行品質管理制度，包含與遵循職業道德規範、專業準則及適用之法令規範相關之政策或程序。

所執行程序之說明

有限確信案件中執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，因此，有限確信案件中取得之確信程度明顯低於合理確信案件中取得者。本會計師所設計之程序係為取得有限確信並據此作成結論，並不提供合理確信必要之所有證據。

儘管本會計師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，惟本確信案件並非對台灣農林內部控制之有效性表示意見。本會計師所執行之程序不包括測試控制或執行與檢查資訊科技(IT)系統內資料之彙總或計算相關之程序。

有限確信案件包括進行查詢，主要係對負責編製標的資訊及相關資訊之人員進行查詢，並應用分析及其他適當程序。

本會計師所執行之程序包括：

- 與台灣農林人員進行訪談，以瞭解台灣農林之業務與履行永續發展之整體情況，以及永續報導流程；
- 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；
- 與台灣農林攸關人員進行訪談，以瞭解用以蒐集、整理及報導標的資訊之相關流程；
- 檢查計算標準是否已依據適用基準中概述的方法正確應用；
- 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；



附件一：

編號	章 節	內 文 標 題	標 的 資 訊	適 用 基 準	其 他 說 明																
1	符合性確信		台灣農林揭露 2023 年度永續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)	GRI 準則 (GRI Standards) 核心指標																
2	CH2 產 品與服 務	食 品 安 全	2023 年度台灣農林取得農委會 TGAP 產銷履歷認證面積達 478.8429 公頃。	依據台灣證券交易所「上市公司編製與申報永續報告書作業辦法」第四條第一項加強揭露永續指標。	上市公司編製與申報永續報告書作業辦法第四條第一項第一款第一目。																
3	CH1 永 續治理	公 司 治 理	2023 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。	依據台灣證券交易所「上市公司編製與申報永續報告書作業辦法」第四條第一項加強揭露永續指標。	上市公司編製與申報永續報告書作業辦法第四條第一項第一款第二目。																
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 9,585,910 元。 <table><tr><th>年度</th><th>金額</th><th>國際認可項目 或標準</th><th>採購占比</th></tr><tr><td>2023</td><td>\$2,308,785</td><td>FSC</td><td>2.67%</td></tr><tr><td>2022</td><td>\$3,942,228</td><td>FSC</td><td>3.20%</td></tr><tr><td>2021</td><td>\$3,334,897</td><td>FSC</td><td>2.74%</td></tr></table>	年度	金額	國際認可項目 或標準	採購占比	2023	\$2,308,785	FSC	2.67%	2022	\$3,942,228	FSC	3.20%	2021	\$3,334,897	FSC	2.74%	依據台灣證券交易所「上市公司編製與申報永續報告書作業辦法」第四條第一項加強揭露永續指標。	上市公司編製與申報永續報告書作業辦法第四條第一項第一款第三目。
年度	金額	國際認可項目 或標準	採購占比																		
2023	\$2,308,785	FSC	2.67%																		
2022	\$3,942,228	FSC	3.20%																		
2021	\$3,334,897	FSC	2.74%																		
5	CH2 產 品與服 務	食 品 安 全	台灣農林屏東老埤農場粗製及精製加工廠於 2021 年 10 月取得 FSSC22000、ISO22000:2018、HACCP 驗證覆核，依循著更高標準之食品安全衛生規範進行生產作業，其廠房產出之產品占總產量 97.8%，佔總營業收入淨額 46.07%。	依據台灣證券交易所「上市公司編製與申報永續報告書作業辦法」第四條第一項加強揭露永續指標。	上市公司編製與申報永續報告書作業辦法第四條第一項第一款第四目。																

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編號	章節	內文標題	標的資訊	適用基準	其他說明										
6	CH2 產品與服務	供應商管理	2023 年度供應商總數為 238 家，於 2023 年底完成為 164 家稽核。	依據台灣證券交易所「上市公司編製與申報永續報告書作業辦法」第四條第一項加強揭露永續指標。	上市公司編製與申報永續報告書作業辦法第四條第一項第一款第五目。										
7	CH2 產品與服務	食品安全	2023 年農林產品追溯與追蹤管理 本公司依法規要求執行產品追溯與追蹤管理，每月將產品登錄於食品追溯追蹤系統，其產出產品均透過批號追蹤管理。 <table><tr><th>產品名稱</th><th>占有茶葉生產產品之百分比</th></tr><tr><td>RG18990322000001 斯里蘭卡紅茶 FOP</td><td>2.39%</td></tr><tr><td>RG18990323000002 斯里蘭卡紅茶條 FOP</td><td>1.84%</td></tr><tr><td>RG18990622000002 斯里蘭卡紅茶片 BOP1 紅茶</td><td>2.71%</td></tr><tr><td>RG18990623000002 斯里蘭卡紅茶片 BOP1 紅茶</td><td>0.00%</td></tr></table>	產品名稱	占有茶葉生產產品之百分比	RG18990322000001 斯里蘭卡紅茶 FOP	2.39%	RG18990323000002 斯里蘭卡紅茶條 FOP	1.84%	RG18990622000002 斯里蘭卡紅茶片 BOP1 紅茶	2.71%	RG18990623000002 斯里蘭卡紅茶片 BOP1 紅茶	0.00%	依據台灣證券交易所「上市公司編製與申報永續報告書作業辦法」第四條第一項加強揭露永續指標。	上市公司編製與申報永續報告書作業辦法第四條第一項第一款第六目。
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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。2023 年度實驗室相關支出共 5,328,623 元，佔總營業收入淨額 1.40%。 2023 年檢驗達 365 件產品且檢驗結果通過率為 97.81%，近三年總計茶葉送檢 SGS 件數為 1,037 件。	依據台灣證券交易所「上市公司編製與申報永續報告書作業辦法」第四條第一項加強揭露永續指標。	上市公司編製與申報永續報告書作業辦法第四條第一項第一款第七目。										



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9	CH4 綠色環境	能源管理	農林電力來源均為外購，占比為100%。近三年農林以辦公大樓之農林使用部分做為統計範疇，主要針對電力的使用進行數據的揭露，統計數據如下： <table><caption>總流動電力使用度數</caption><thead><tr><th>年度</th><th>電力使用度數(度)</th><th>相較前一年(度)</th><th>較前一年增減比率(%)</th></tr></thead><tbody><tr><td>2023 (註 1)</td><td>156,544</td><td>減少 32,318</td><td>-17.11%</td></tr><tr><td>2022</td><td>188,862</td><td>減少 13,421</td><td>-6.63%</td></tr><tr><td>2021 (註 2)</td><td>202,283</td><td>增加 6,988</td><td>3.58%</td></tr></tbody></table> 註 1：2022 年 12 月 15 日搬遷至新竹辦公室。 註 2：2021 年因南港園區內公共區域電力使用度數增加，故平均分攤後，電力使用度數較前一年高。	年度	電力使用度數(度)	相較前一年(度)	較前一年增減比率(%)	2023 (註 1)	156,544	減少 32,318	-17.11%	2022	188,862	減少 13,421	-6.63%	2021 (註 2)	202,283	增加 6,988	3.58%	依據台灣證券交易所「上市公司編製與申報永續報告書作業辦法」第四條第一項加強揭露永續指標。	上市公司編製與申報永續報告書作業辦法第四條第一項第一款第八目。																													
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10	CH4 綠色環境	能源管理	<table><caption>農林 2023 年非再生能源使用狀況</caption><thead><tr><th colspan="5">農林 2023 年非再生能源使用狀況</th></tr><tr><th>非再生能源項目</th><th>單位⁽¹⁾</th><th>2023 年使用量⁽²⁾</th><th>能耗量⁽³⁾ (單位：GJ)⁽⁴⁾</th><th>碳排放量⁽⁵⁾ (單位：公噸)⁽⁶⁾</th></tr></thead><tbody><tr><td>電力⁽¹⁾</td><td>度⁽²⁾</td><td>4,216,021⁽²⁾</td><td>15,170.6195⁽³⁾</td><td>2,082.7144⁽⁵⁾</td></tr><tr><td>汽油⁽¹⁾</td><td>公升⁽²⁾</td><td>10,896⁽²⁾</td><td>355.6017⁽³⁾</td><td>24.6587⁽⁵⁾</td></tr><tr><td>柴油⁽¹⁾</td><td>公升⁽²⁾</td><td>43,090⁽²⁾</td><td>1,514.4603⁽³⁾</td><td>112.2925⁽⁵⁾</td></tr><tr><td>天然氣⁽¹⁾</td><td>度⁽²⁾</td><td>197,745⁽²⁾</td><td>6,619.0795⁽³⁾</td><td>371.5629⁽⁵⁾</td></tr><tr><td>液化石油氣⁽¹⁾</td><td>公升⁽²⁾</td><td>740⁽²⁾</td><td>20.5435⁽³⁾</td><td>1.2971⁽⁵⁾</td></tr><tr><td colspan="3">總能耗量 (單位：GJ)⁽⁴⁾</td><td colspan="2">23,679.7361⁽⁴⁾</td></tr><tr><td colspan="3">總碳排放量 (單位：公噸)⁽⁶⁾</td><td colspan="2">2,592.5257⁽⁶⁾</td></tr></tbody></table>	農林 2023 年非再生能源使用狀況					非再生能源項目	單位 ⁽¹⁾	2023 年使用量 ⁽²⁾	能耗量 ⁽³⁾ (單位：GJ) ⁽⁴⁾	碳排放量 ⁽⁵⁾ (單位：公噸) ⁽⁶⁾	電力 ⁽¹⁾	度 ⁽²⁾	4,216,021 ⁽²⁾	15,170.6195 ⁽³⁾	2,082.7144 ⁽⁵⁾	汽油 ⁽¹⁾	公升 ⁽²⁾	10,896 ⁽²⁾	355.6017 ⁽³⁾	24.6587 ⁽⁵⁾	柴油 ⁽¹⁾	公升 ⁽²⁾	43,090 ⁽²⁾	1,514.4603 ⁽³⁾	112.2925 ⁽⁵⁾	天然氣 ⁽¹⁾	度 ⁽²⁾	197,745 ⁽²⁾	6,619.0795 ⁽³⁾	371.5629 ⁽⁵⁾	液化石油氣 ⁽¹⁾	公升 ⁽²⁾	740 ⁽²⁾	20.5435 ⁽³⁾	1.2971 ⁽⁵⁾	總能耗量 (單位：GJ) ⁽⁴⁾			23,679.7361 ⁽⁴⁾		總碳排放量 (單位：公噸) ⁽⁶⁾			2,592.5257 ⁽⁶⁾		依據台灣證券交易所「上市公司編製與申報永續報告書作業辦法」第四條第一項加強揭露永續指標。	上市公司編製與申報永續報告書作業辦法第四條第一項第一款第八目。
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11	CH4 綠色環境	能源管理	2023 年老埤茶廠農業用水地下水抽取量與總用水量皆為 842,077 立方公尺。 台灣農林 2023 年統計各分公司使用水量，範疇包括苗栗分公司、南投分公司、屏東老埤茶廠、大溪老茶廠、銅鑼茶廠、企總小舖以及鹿篙咖啡莊園；因 2023 年度總公司租賃三陽工業廠房，無獨立水錶且無繳交水費，故無獨立之用水紀錄。 <table><tr><td>台灣農林據點</td><td>2023 年用水量 (立方公尺)</td></tr><tr><td>苗栗分公司 (含九湖倉庫用水)</td><td>254</td></tr><tr><td>南投分公司 (含日月老茶廠、魚池茶廠)</td><td>3,056</td></tr><tr><td>屏東老埤茶廠(灌溉水量)</td><td>842,077</td></tr><tr><td>大溪老茶廠</td><td>4,681</td></tr><tr><td>銅鑼茶廠</td><td>5,443</td></tr><tr><td>企總小舖</td><td>548</td></tr><tr><td>鹿篙咖啡莊園</td><td>1,164</td></tr></table>	台灣農林據點	2023 年用水量 (立方公尺)	苗栗分公司 (含九湖倉庫用水)	254	南投分公司 (含日月老茶廠、魚池茶廠)	3,056	屏東老埤茶廠(灌溉水量)	842,077	大溪老茶廠	4,681	銅鑼茶廠	5,443	企總小舖	548	鹿篙咖啡莊園	1,164	依據台灣證券交易所「上市公司編製與申報永續報告書作業辦法」第四條第一項加強揭露永續指標。	上市公司編製與申報永續報告書作業辦法第四條第一項第一款第九目。
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12	CH1 永續治理	營業據點	農林公司生產設施產所為四處，分別為老埤茶廠、魚池茶廠、三義茶廠及熊空茶廠。	依據台灣證券交易所「上市公司編製與申報永續報告書作業辦法」第四條第一項加強揭露永續指標。	上市公司編製與申報永續報告書作業辦法第四條第一項第一款第十目。																
13	CH1 永續治理	財務績效	茶葉銷售量值 (量-公斤；值-仟元) <table><tr><td colspan="2">2023 年</td></tr><tr><td>量</td><td>值</td></tr><tr><td>589,458</td><td>269,831</td></tr></table> 銷售地區皆為台灣，銷售單位及占比 (單位-仟元) <table><tr><td colspan="2">2023 年</td></tr><tr><td>金額</td><td>銷售金額占比</td></tr><tr><td>379,507</td><td>100%</td></tr></table>	2023 年		量	值	589,458	269,831	2023 年		金額	銷售金額占比	379,507	100%	依據台灣證券交易所「上市公司編製與申報永續報告書作業辦法」第四條第一項加強揭露永續指標。	上市公司編製與申報永續報告書作業辦法第四條第一項第一款第十目。				
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- 進行分析性程序以支持資料之合理性；
- 針對來源資訊之相關文件，抽選樣本進行測試以檢查其正確性；
- 閱讀台灣農林之永續報告書，確認其與本會計師取得關於永續發展整體履行情況之瞭解一致

先天限制

因永續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，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。

結論

依據所執行之程序及所取得之證據，本會計師未發現標的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2024年7月30日



台灣農林 股份有限公司
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