1.2.4 Integrity and Legal Compliance

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Ethical Corporate Management

Taipower upholds a philosophy of "sincere management and autonomous control" by promoting ethical standards internally and strictly complying with laws and regulations externally. The Company is committed to fulfilling its corporate responsibilities and advancing anti-corruption efforts across the organization.

Ethical Code of Conduct

All Employees	Procurement Personnel	Management
Must comply with the Code of Ethics for Employees under the Ministry of Economic Affairs and the Directions on Lobby Registration and Checks for the Executive Yuan and its Subordinate Agencies. Employees may consult with the Department of Civil Service Ethics for clarification or support, with full protection of their rights.	Must follow the Ethical Guidelines for Procurement Personnel and the Points of Attention for Interactions between Procurement Personnel and Vendors. Training and consultations are regularly provided to ensure fairness, transparency, and integrity in procurement activities.	Must review suspected misconduct cases in a fair and timely manner. Taipower enforces accountability for both directly involved personnel and responsible supervisors to reinforce the principles of ethical corporate governance.

Anti-Corruption Policy

As a state-owned enterprise, Taipower follows the Executive Yuan's National Integrity Building Action Plan by executing corresponding policies and implementation measures. The Company promotes internal anti-corruption efforts, fosters consensus on integrity with the private sector, and holds itself to the highest standards of ethical conduct.

Taipower Anti-Corruption Related Regulations

- Taiwan Power Company's Notes for Interactions between Procurement Personnel and Vendors
- Taiwan Power Company's Guidelines for the Establishment of a Procurement Sampling Inspection Task Force
- Taiwan Power Company's Plan for the Promotion of Anti-Corruption in the Current Stage
- Taiwan Power Company's Guidelines for Holding Personnel and Their Supervisors Accountable for Administrative Liabilities in Cases of Suspected Misconduct

Integrity Promotion and Awareness

Taipower's Department of Civil Service Ethics leads integrity initiatives and reports annually to the Board of Directors. In cases of violations or negative events, it investigates root causes, addresses control gaps, and requests improvement actions from responsible units. Legal promotion is reinforced through real case studies published in a monthly integrity e-bulletin to raise awareness and prevent recurrence.

Implementation of Taipower's Anti-Corruption Procurement Platform

Taipower launched integrity platforms for key projects such as the High-Calorific Coal Spot Purchase and Phase II of the Offshore Wind Power Project's Equipment Procurement. These platforms ensure open communication with prosecutors, ethics agencies, and vendors, and are supported by a public portal on Taipower's website to enable external oversight.

Built on five principles-risk prevention, integrity, public-private collaboration, transparency, and supervision-the platform strengthens audits and mitigates risks. In 2024, Taipower continued to enhance its operations through public disclosures, stakeholder meetings, cross-agency visits, and lectures by prosecutors to ensure transparency, fairness, and compliance in procurement.

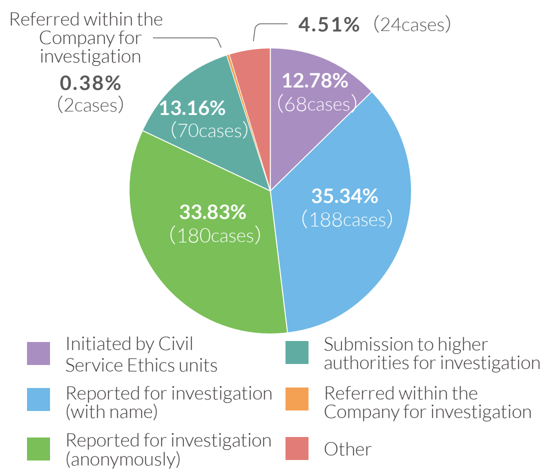
Integrity Committee Meeting Section

Agency Procurement Integrity Platform

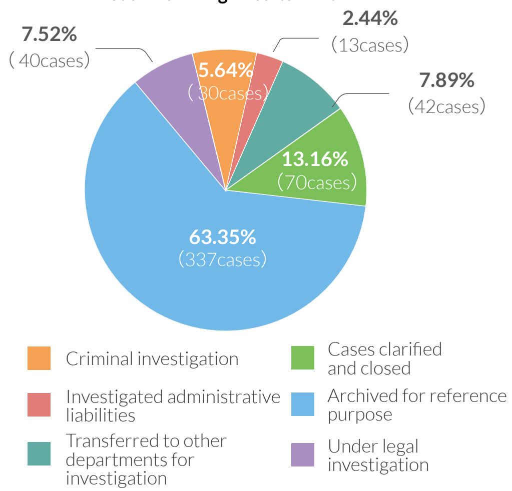
Case Sources and Investigations in 2024

In 2024, Taipower concluded investigations for 532 integrity-related cases. These cases were categorized based on their sources, as illustrated in the figure below. Among them, cases filed through whistleblowing channels accounted for the highest proportion, reaching 69.17%. Taipower continues to strengthen its efforts to promote diverse and accessible reporting mechanisms and to encourage the proper use of these channels.

Sources of Ethics-Related Cases in 2024



Case Handling Results in 2024



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Legal Violations and Indictments

In 2024, two Taipower employees were indicted for violating the Anti-Corruption Act. One case involved disclosing procurement details to a specific vendor, who manipulated the bidding process and offered bribes upon winning the contract. The other involved accepting hospitality and gifts from a contractor in exchange for neglecting inspection responsibilities. Taipower convened an Integrity Committee meeting to thoroughly review both cases, identify root causes, and propose corrective actions. Administrative responsibilities were pursued for both the employees and vendors involved. The Company reaffirmed its anti-corruption stance and strengthened integrity training for employees and suppliers to prevent future misconduct.

Anti-Corruption Measures

1.Response to Major Corruption Cases

- Fully cooperated with judicial investigations.
- Reviewed internal control gaps and proposed preventive actions.
- Enhanced integrity awareness among employees and contractors.

2.Promotion of Corporate Integrity

- Convened annual Integrity Committee meetings; outcomes were disclosed on the official website.
- Held the "Powering ESG" seminar to foster ethical procurement practices.
- Reinforced oversight in response to media, legislative, and judicial concerns.

3.Integrity Advocacy and Training

- Internal:Promoted integrity policies through newsletters, briefings, seminars, and online courses.
- External:Conducted vendor sessions to advocate anti-bribery regulations and fair business conduct.

4.Integrity Risk Management Mechanisms

- Carried out annual risk assessments on unethical conduct.
- Implemented audits, inspections, and awareness initiatives to strengthen early-warning controls.

Internal Risk Control

Taipower's internal control system is implemented by management through three lines of defense. The first two lines perform regular risk identification and self-assessment, while internal audit functions as a the third line to ensure overall effectiveness. In accordance with regulations issued by the Financial Supervisory Commission (FSC) and the Ministry of Economic Affairs (MOEA), the Board Audit Office executed the 2024 Annual Audit Plan.

2024 Internal Audit Implementation Overview

In accordance with Taipower's risk management plan, prior audit findings, and recent key business developments, selected units were subject to routine audits, while special audits were conducted on critical topics. The audit scope covered internal control mechanisms, risk management, operational effectiveness, communication and reporting, legal compliance, directives from the Board and Audit Committee, and items assigned by supervisory authorities. A total of 57 routine audits and 16 special audits were completed. An internal control self-assessment report was submitted to support the Board of Directors and the President in evaluating system effectiveness and served as the basis for issuing the 2024 Internal Control System Statement.
To align with Taipower's 2025 corporate goals-a stable power supply, grid resilience, financial sustainability, and net-zero emissions-audit priorities were refined to strengthen preventive management and enhance operational performance.

1. Strengthening Audit Execution and Risk Oversight

- Encourage business units to conduct internal audits and hold review meetings to share best practices.
- Consolidate high-risk findings and report them to independent directors and senior management to enhance oversight.

2. Optimizing Internal Control Processes

- Require departments to review and adjust control procedures in response to environmental changes, strengthening management effectiveness and adaptability.

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Legal Compliance

Taipower, as a state-owned public utility, operates under the Company Act, Securities and Exchange Act, and other applicable general laws. In addition, it is subject to the Administrative Law for State-Owned Enterprises and the Electricity Act. Key business aspects-including its organizational structure, accounting, auditing, budgeting, business planning, utility rates, and power resource development-must be approved by the Ministry of Economic Affairs (MOEA). The Department of State-Owned Enterprises under MOEA oversees operations and conveys relevant directives, while the Bureau of Energy serves as the electricity industry regulator. All corporate policies are implemented with full consideration of regulatory requirements and their impacts.

Legal Education and Compliance Promotion

To strengthen legal awareness and reinforce compliance, Taipower's Legal Affairs Office organizes annual sessions of a"Practical Legal Issues Seminar" for various departments. These sessions may be led internally or jointly with external experts and cover topics such as legal fundamentals, regulatory compliance, and case study discussions. The office also provides legal consultation services to help departments address business-related legal challenges and ensure employees act in accordance with relevant laws and internal regulations.

Administrative Fines for Labor Practices

In 2024, Taipower was issued four fines for violations of the Labor Standards Act. The cases involved the exclusion of various allowances-including a shift leader allowance, a dual-role driver allowance, a full attendance bonus, a late-night meal allowance, and a remote location allowance-from hourly wage calculations. These omissions led to underpayment of overtime wages on rest days and regular holidays.

Taipower has filed both administrative appeals and lawsuits to protect its legal rights. Since wage calculations are governed by the Statute for the Management of State-Owned Enterprises and related government regulations, Taipower cannot unilaterally alter its practices. The discrepancy stems from differing interpretations between supervisory and labor authorities. Taipower has reviewed its internal processes and, depending on the outcomes of its appeals, may seek assistance from the Ministry of Economic Affairs.

Administrative Fines for Occupational Safety

In 2024, 27 industrial safety violations resulted in administrative penalties. The violations fell into the following categories:

- Failure to conduct work coordination or communication
- Failure to inspect the workplace
- Failure to use required personal protective equipment or safety devices
- Failure to inform workers of workplace risks in advance
- Failure to install necessary occupational safety and health facilities

To reduce such penalties, Taipower has enhanced its occupational safety management through safety inspections, embracing management by walking around (MBWA), CCTV monitoring, training, and awareness campaigns. Appeals have been filed for certain cases.Looking ahead, Taipower will continue to engage in disaster reduction meetings organized by the Ministry of Labor and the Ministry of Economic Affairs. The Company will also participate in quarterly reviews of industrial safety measures and continue promoting occupational health and safety across its operations.

Administrative Fines for Environmental Protection

In 2024, Taipower received 9 environmental fines, totaling NT$2.5245 million. Although the number of fines increased compared to the previous year, the total remained within the Company's annual control targets (≦17 cases and ≦NT$6.044 million).

The most significant fine in 2024 was imposed on the Datan Power Plant, where Unit 9's gas purging operations were deemed by the Environmental Protection Bureau to have commenced without the required commissioning permit for a stationary pollution source. The operation was determined to be in violation of Article 24, Paragraph 2 of the Air Pollution Control Act and resulted in a fine of NT$1.6 million.

Year	2022	2023	2024
Number of Cases	3	4	9
Total Fines (NT$ thousand)	330	800	2,524.5

Note:The figures in the table exclude policy-related penalties. The statistics for the past three years are as follows:
2022:1 policy-related case, with a fine of NT$600,000
2023–2024:0 policy-related cases, with no fines incurred

Recognizing that environmental penalties may lead to negative public perception and pose significant risks to the Company's reputation and operations, Taipower remains committed to proactive environmental compliance. The Company continues to implement the following measures to prevent environmental violations and protect its image:

1. Preventive Measures:
   (1) Continue assisting on-site units in enhancing the functionality of their environmental management systems.
   (2) Strengthen audits of environmental compliance by relevant departments, including the Environmental Protection Division.
   (3) Invite external experts to conduct on-site reviews to proactively identify and rectify deficiencies.
   (4) Reinforce legal compliance awareness across all business units.
   (5) Provide ongoing ISO 14001 training to enhance environmental management system implementation.
   (6)Conduct performance audits of environmental protection at operational sites.
2. Review and Improvement in Cases of Environmental Violations:
   (1) Hold review meetings to analyze root causes of violations and develop corresponding improvement actions.
   (2) Invite experts to provide targeted guidance to high-risk units, reinforcing their environmental management mechanisms.

Administrative Fine for Violation of Effluent Standards

In 2024, Taipower received one fine related to water usage and effluent quality. On October 27, 2023, the Environmental Protection Bureau of Taichung City conducted independent sampling at the FGD (Flue Gas Desulfurization) outfall outside the Taichung Power Plant. The test results indicated an exceedance in chemical oxygen demand (COD), constituting a violation of Article 7 of the Water Pollution Control Act, and a fine of NT$360,000 was imposed.

Following the incident, the power plant held a review meeting to develop response measures. As the sampling was conducted without the presence of plant personnel and significantly differed from previous test and monitoring results, Taipower raised concerns regarding procedural fairness. The Company has retained legal counsel and filed an administrative lawsuit to contest the penalty.