



TTL

臺灣菸酒股份有限公司
Taiwan Tobacco & Alcohol Corporation

ESG REPORT

Environmental, Social,
And Corporate Governance
Report

20
23



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About This Report

Taiwan Tobacco & Liquor Corporation (hereinafter referred to as "TTL" or "the Company"), guided by principles of transparency, accountability, and integrity, has published its 2023 Sustainability Report (hereinafter referred to as "the Report"). The Company has disclosed relevant information in the ESG Sustainable Development section of its official website. This disclosure aims to inform stakeholders of the Company's achievements in sustainable issues related to the environment, society, and corporate governance, as well as its ongoing commitment to sustainable development, collectively advancing towards a sustainable future vision.

Principles of Compilation

The content and structure of the Report adhere to the Global Reporting Initiative (GRI) Sustainability Reporting Standards, 2021 edition, as published by the Global Sustainability Standards Board (GSSB). It also integrates principles from the Sustainable Development Goals (SDGs), the Task Force on Climate-related Financial Disclosures (TCFD), and the Sustainability Accounting Standards Board (SASB). For detailed information, please refer to TTL's alignment with SDGs, as well as the GRI Standards Index, SASB Indicator Comparison Table, and TCFD Standards Index included in the appendices of the report.

Scope of the Report

The report discloses information and data covering the Company's headquarters and its operational units, including seven sales offices and one key account office under the Division of Marketing & Sales, as well as one duty-free shop under Division of International business. It also includes 17 factories across Taiwan under the Division of Tobacco, Liquor, and Beer. All financial data are reported in New Taiwan Dollars (NTD). Any deviations from the aforementioned disclosure scope will be indicated with specific annotations.

Basis for Writing

- ✓ Global Sustainability Standards Board (GSSB) GRI Standards 2021 Edition
- ✓ Sustainable Development Goals (SDGs)
- ✓ Task Force on Climate-related Financial Disclosures (TCFD)
- ✓ Sustainability Accounting Standards Board (SASB) Alcoholic Beverages and Tobacco Sustainability Metrics
- ✓ Operating Guidelines for Preparation and Disclosure of Sustainability Reports by Listed Companies
- ✓ Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
- ✓ Sustainable Development Roadmap for TWSE/TPEX Listed Companies



TTL ESG Website

Contact Information

If stakeholders or the general public have any comments or suggestions regarding this report, they are welcome to contact us through the following methods.

Quality Management Process in the Report



To ensure the completeness and accuracy of the data, including relevant business objectives, performance measurement indicators, outcomes, and future efforts, the information is reviewed by department heads. The Sustainability Report Compilation Team then compiles the data, with the Department of Planning taking the lead in overall summary and drafting.

Internal Review

The data and information are approved by the primary supervisors of internal departments. The Executive Secretary of the Sustainable Development Committee (Department of Planning) consolidates and verifies the information before submitting it to the Chairperson for review.

External Review

Limited assurance was conducted by Ernst & Young (EY) in accordance with the GRI Standards and ISAE 3000 Limited Assurance Standards to ensure the reliability of the disclosed information. The third-party assurance statement can be found in the appendix of the report.

The final report is submitted to the Chairperson of the company for approval and disclosure.


External Initiatives


In terms of international initiatives, TTL actively and voluntarily comply with the regulations of the World Health Organization Framework Convention on Tobacco Control (WHO FCTC) in the production and sale of tobacco products.


Publication Date


Since 2015, TTL has voluntarily prepared and published an annual sustainability report, making this the tenth consecutive report. The report was published in August 2024 and covers information from January 1, 2023, to December 31, 2023 (with some information and performance indicators disclosed up to February 2024). It has been approved by the Chairperson and publicly disclosed without any restatement of information. The report is issued annually in both Chinese and English, with the next report scheduled for publication in August 2025.



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Letter from the Management

In 2023, the global economy was impacted by high inflation, rising interest rates, the Russia-Ukraine war, and the Israel-Palestine conflict, causing a surge in the prices of international raw materials, energy, and transportation. This increase in operational costs across various industries led to widespread price hikes, reducing consumers' purchasing power and dampening non-essential spending, which in turn affected the growth momentum of consumer spending. TTL, primarily engaged in the tobacco and liquor business, faced severe domestic and international operational challenges and rising costs. As a state-owned enterprise, we bear the responsibility of addressing public needs and maintain stable prices for red-labeled cooking rice wine. We have only made phased and moderate price adjustments to some low-margin and negative-margin products to sustain normal operations and fulfill our financial obligations to the state treasury.



“

TTL understands the enduring path of sustainable operations, embracing the vision of "Pursuing Sustainable Innovation, Becoming an International Enterprise." It supports various sustainability initiatives with corporate resources, effectively communicating with stakeholders to achieve the 2050 net-zero emissions goal, ensuring a sustainable future for the planet.

”

Emphasizing Stakeholder Interests and Deepening Corporate Governance

Robust corporate governance is the cornerstone of sustainable business development. Despite facing a challenging market environment for the tobacco and liquor industry, TTL has consistently achieved outstanding operational performance. In recent years, our corporate governance evaluation scores have exceeded 90 points annually, with a remarkable score of 96.55 points in 2023. This success is attributed to our long-term commitment to leveraging innovative research and development technologies and rigorously implementing comprehensive quality management policies to ensure consumer food safety rights. We have strengthened the functions of the Risk Management Committee by developing countermeasures to mitigate risk occurrence. In 2023, there were no major risk incidents. Additionally, we continuously enhance our information security management system and drive digital transformation, with plans to integrate AI applications with existing BI and robotic systems to improve operational efficiency. Furthermore, to encourage our suppliers to take the responsibility for ESG, we have established the "Supplier Code of Conduct," the "Supplier ESG Sustainability Self-Assessment Questionnaire," and a "Solar Photovoltaic System Green Procurement Integrity Platform" to strengthen supply chain management. These initiatives enhance corporate resilience and help us achieve our sustainable business goals.



TTL has been committed to corporate social responsibility for many years and has consecutively published Corporate Social Responsibility (CSR) Reports/Sustainability Reports for ten years since 2014, demonstrating our steady progress from CSR to ESG in advancing sustainable development. To outline a sustainable blueprint, we established a Sustainable Development Committee dedicated to integrating sustainability concepts into daily operations. We have set medium- to long-term performance objectives in corporate governance, environmental sustainability, and social care to promote the sustainable development of the enterprise.

Promoting Green Production and Creating a Low-Carbon Environment

TTL actively promotes energy conservation and carbon reduction. By 2023, greenhouse gas inventory emissions had decreased by 41.13% compared to the 2005 baseline, achieving the national determined contribution (NDC) target of a 24% reduction ahead of schedule for 2030. As of 2023, TTL has completed the installation of 31 solar photovoltaic facilities, generating approximately 66.41 million kWh. Starting from 2024, TTL is launching the fourth phase of its solar photovoltaic installation plan, aiming to complete seven additional facilities by 2025 and gradually transition each site to self-consumption to enhance renewable energy usage rates. TTL also implements waste reduction initiatives, achieving a bottle recycling rate of 98.94%, 100% recycling rates for tobacco residue and barley residues, and using recycled paper pulp for over 75% of paper raw materials. Additionally, TTL has increased the requirement for aluminum can components to contain over 10% recycled aluminum. To optimize water resource efficiency, TTL continues to enhance water-saving measures and has installed rainwater recycling systems in its facilities to promote recycling and reuse. The Chiayi Distillery became Taiwan's first distillery to be assessed under the Ministry of Economic Affairs' Clean Production Evaluation System in 2024, also obtaining Green Building Certification and Green Factory Certification, marking significant steps towards becoming a green enterprise.

Local Care and Neighborly Relations, Practicing Corporate Social Responsibility

TTL supports sports development, having sponsored the Taiwan Beer basketball team, the T1 Professional Basketball League, and the National Taiwan Sport University baseball camp for many years. In 2023, it was honored with the Ministry of Education's Golden Pusher Award and Long-term Sponsorship Award for promoting sports culture. The transformation project of its tourist distilleries, completed at Puli Brewery and Wurih Brewery, is set to finish at Nantou Winery & Distillery by the end of 2024, aiming to become a local landmark. Collaborating with local governments to boost tourism, each distillery integrates industry with cultural tourism to foster sustainable community prosperity. Long-term commitment to local farmers involves selecting premium agricultural products to introduce innovative offerings, notably including locally matured fruit-flavored whiskies and Taiwan-made Gold Beer ONE developed from local wheat, achieving outstanding results in international liquor competitions with 125 awards in 2023, establishing a global presence rooted in Taiwan.

About Taiwan Tobacco & Liquor Corporation

Taiwan Tobacco & Liquor Corporation (TTL), headquartered in Taipei City, is a state-owned enterprise engaged in the production and distribution of tobacco, alcohol, beer, biotechnology, and food products. Established in 2002 through the restructuring of the Taiwan Provincial Tobacco and Liquor Monopoly Bureau, TTL became a public company in 2005. Its primary objectives include enhancing research and development innovation, driving business transformation, and expanding global market presence. Upholding consumer rights as paramount, TTL strives to provide excellent products, fulfill social responsibilities, and perpetuate the century-long spirit of TTL for diverse generations of consumers domestically and internationally.

Vision and Philosophy

Taiwan Tobacco & Liquor Corporation, established over 120 years ago, upholds the vision of "Pursuing Sustainable Innovation, Becoming an International Enterprise" to drive corporate sustainable development. The Company adheres to the business philosophy of "Insisting on perfect quality, Providing satisfactory services, Pursuing excellent developments, and Fulfilling social responsibilities." This mission is executed through "Creating a Dignified Work Environment for Employees, Ensuring Healthy Tobacco and Alcohol Consumption for Customers, and Upholding Innovation, Proactivity, Responsibility, Honesty, and Credibility." The Company is proactively advancing business transformation and green production to design a sustainable value chain, solidifying its presence in Taiwan while expanding globally, aiming to become an international brand representing Taiwan.

Introduction to TTL

Headquarters Location:

No. 4, Sec. 1, Nanchang Rd., Zhongzheng Dist., Taipei City

Country of Headquarters: Taiwan

Shareholder:

The Ministry of Finance holds 100% equity.

Main Products:

Production and sales of tobacco, liquor, beer, biotechnology, and food products.

Total Number of Employees: 4,632 persons

Operating Revenue: NT\$54.964 billion

Total Assets: NT\$121.327 billion

Sustainability Vision of TTL

Pursuing Sustainable Innovation, Becoming an International Enterprise



Canada

Liquor, Beer, Food Products

United States

Liquor, Beer, Food Products

South American

Beer, Food Products

Domestic Sales Channels of Taiwan Tobacco & Liquor Corporation

Breweries

1. Jhunan Brewery
2. Wurih Brewery
3. Shanhua Brewery
4. Taipei Brewery

Tobacco Factories

1. Taipei Cigarette Plant
2. Fongyuan Cigarette R&D Plant
3. Neipu Cigarette Plant
4. Taoyuan Printing Factory

Distilleries

1. Taoyuan Sake Brewery
2. Taichung Distillery
3. Puli Shaohsing Brewery
4. Nantou Winery & Distillery
5. Chiayi Distillery
6. Longtian Distillery
7. Pingtung Distillery
8. Yilan Brewery
9. Hualien Distillery

Operating Locations

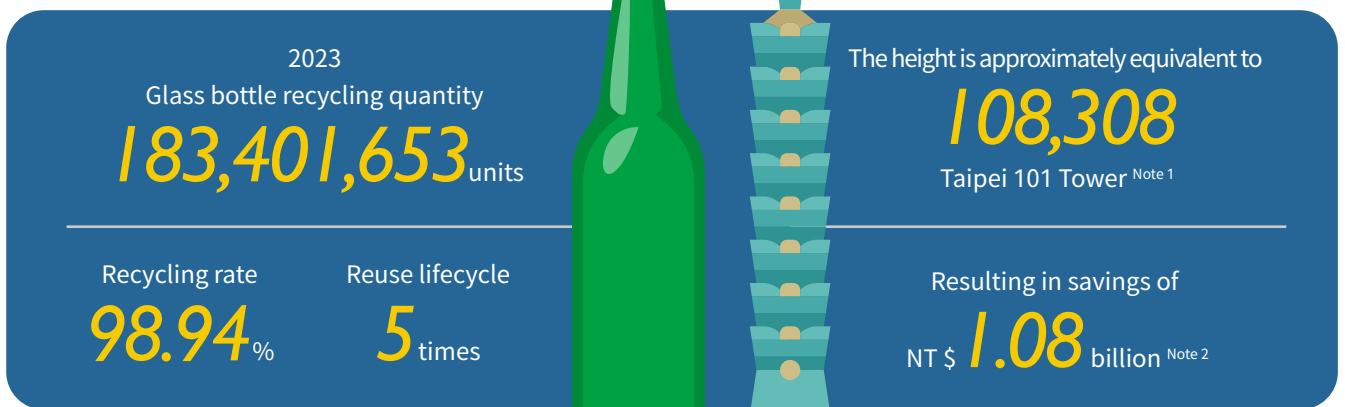
1. Northern Area Office
2. Taoyuan Office
3. Taichung Office
4. Chiayi Office
5. Tainan Office
6. Kaohsiung Office
7. Hualien Office

Global Sales Map of TTL



Glass Bottle Recycling, Practicing Circular Economy

TTL actively promotes the SDG 12 Responsible Consumption and Production concept, departing from traditional linear thinking of mass production, mass consumption, and high waste generation. They implement a material recycling action plan, allocating approximately NT\$750 million annually. Targeting four categories of glass bottle types, they establish a reverse recycling system. This initiative builds a circular economy network through convenience stores, supermarkets, wholesale channels, traditional grocery stores, and company outlets. The system encourages consumer and channel participation through a glass bottle deposit refund system, imprinting environmental values into daily consumer life. Leading the industry, the corporation has a 50-year history of glass bottle recycling. In 2023, they successfully collected a total of 183 million glass bottles, achieving a recycling rate of 98.94%, resulting in approximately NT\$1.08 billion in cost savings from reused bottle production.



Note 1: Based on estimated 30 cm 600 ml Taiwan beer glass bottles and brown square bottles, a total of 183,401,653 units were recycled in 2023, equivalent to a height of approximately 55,020,495.9 meters. Taipei 101 Tower has a height of approximately 508 meters, hence the glass bottle recycling height is approximately equivalent to 108,308 Taipei 101 Towers.

Note 2: On average, recycling one empty bottle saves approximately NT\$5.9. In 2023, savings from bottle recycling costs amounted to approximately NT\$1.08 billion.

1. Pre-transportation of collected bottles

Warehouse, regional distribution centers, and some larger-capacity business offices return empty bottles to the business locations when delivering finished products to customers.

3. Check and accounting entry

Warehouse managers report the quantity of inspected bottles to check with the initial count of returned empty bottles after inspection by bottle inspectors.

2. Bottle inspection operations

On-site bottle inspectors classify and inspect "unsorted" bottles for recycling, removing miscellaneous, damaged, and severely worn bottles before sorting them for recycling.

4. Post-transportation of collected bottles

During haulage from business offices to the brewery/Distillery, the outbound transportation completes check and accounts for returned empty bottles, which are then allocated back to the production plant. The production plant verifies the quantity received, completing the bottle return process.

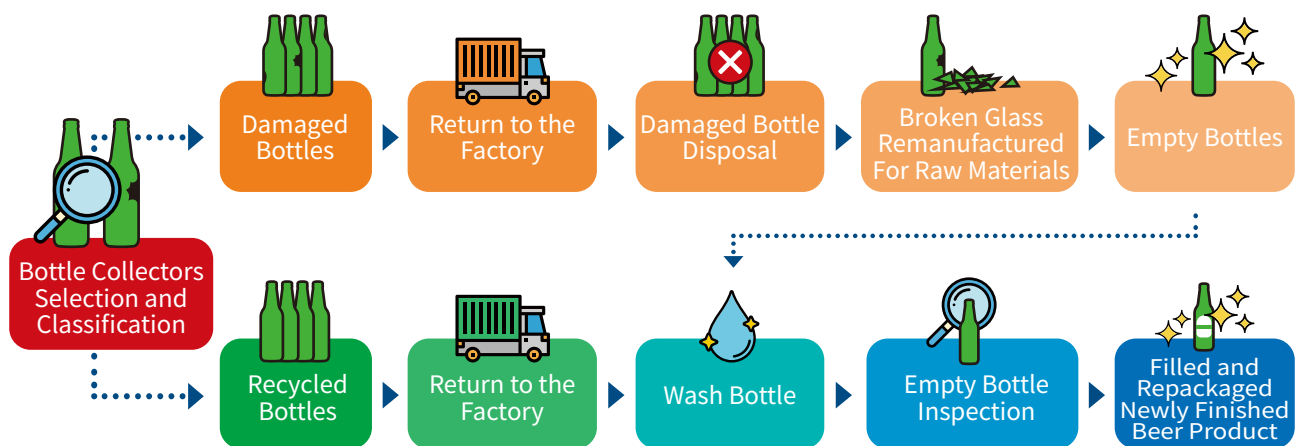


Reverse Recycling System



The Company adopts a "prototype utilization" approach to reuse glass bottles without the need for crushing and reprocessing, maximizing environmental benefits while minimizing costs and resource use. This method not only achieves excellent recycling efficiency but also represents the most cost-effective and resource-saving solution. To ensure consumer confidence in drinking products, we strictly manage the sustainable use of glass bottles. Post-consumer glass bottles undergo rigorous inspection for deterioration. Through multiple stages of screening, cleaning, and high-temperature disinfection, we implement a "new wine in old bottles" strategy, extending each bottle's reuse lifecycle up to 5 times. Alternatively, glass bottles that are severely damaged and deemed unfit for reuse are removed from production lines. These bottles are crushed into cullet and returned to our own furnaces for remelting into new bottles, significantly reducing resource waste. In recent years, we have also initiated sustainable practices at the procurement stage, mandating that newly purchased glass bottle materials contain 50% to 70% recycled cullet from old bottles. This supply chain management ensures the fulfillment of our production responsibilities towards sustainability.

Glass Bottle Recycling Proce





Number of Reuses for Bottles
Increasing to **5** cycles



Composition of New Wine Bottle Materials Should Include
50% to 70% recycled cullet glass from used bottles

TTL Local Connection

As a state-owned enterprise, TTL embraces the mission of being a creator of local value. Beyond selecting locally grown crops from various regions of Taiwan to craft distinctive alcoholic beverages, TTL nurtures farmers and drives local community development. Actively participating in international exhibitions and competitions, TTL promotes its locally produced goods to domestic and international markets, fostering global consumer awareness of Taiwanese culture. Through revitalization projects at distilleries and collaboration with local governments and related organizations, TTL enhances community prosperity and solidarity. These efforts demonstrate the company's achievements in sustainable development and uphold its century-long brand spirit.

Development of Taiwanese Specialty Liquors

TTL develops a range of locally inspired alcoholic beverages that integrate Taiwan's unique cultural essence. By carefully selecting local fruits and ingredients, the Company showcases Taiwan's distinct cultural flavors. TTL actively engages in diverse development activities with local agricultural associations, fostering bilateral exchanges with farmers. Collaborating closely with these associations, TTL ensures complete product traceability and food safety, thereby introducing new flavors and distinctive packaging for its beverages. In times of agricultural surplus, TTL supports farmers by using excess local produce as raw materials for brewing, thereby preventing waste and providing stable incomes, sharing the benefits of cooperative efforts.

TTL also introduces limited edition liquors that incorporate local elements, such as OMAR golden muscat brandy cask Whisky, Yushan Oolong Brandy, and Jade Supremacy Malt Whisky. With a wide variety of products, TTL participated in international exhibitions and tastings in 2023, reaching pre-pandemic attendance levels. The Company actively engages in marketing niche products that highlight Taiwan's unique characteristics at international exhibitions and tastings in Japan, Korea, Singapore, Germany, and the Middle East. This approach allows diverse consumer markets to discover Taiwan's local culture through its products, fostering connections between domestic and international consumers and Taiwan's local culture.



Classic Taiwan Beer

Raw Materials Used: Japonica rice
Place of Origin: Taiwan



Gold Medal Taiwan Beer

Raw Materials Used: Japonica rice
Place of Origin: Taiwan



Gold Medal ONE Taiwan Beer

Raw Materials Used: Wheat
Place of Origin: Taichung



Sweet Touch - Lychee

Raw Materials Used:
Lychee (Heiyeh)
Place of Origin: Taichung,
Changhua, Nantou



Gold Medal Free - Lychee Oolong

Raw Materials Used:
Lychee (Heiyeh)
Place of Origin: Taichung,
Changhua, Nantou



Gold Medal Free - Mango Iced Tea

Raw Materials Used:
Irwin Mango
Place of Origin:
Tainan, Kaohsiung



Gold Medal Free - Guava Lemon Oolong Tea

Raw Materials Used:
Pearl Guava
Place of Origin:
Tainan, Kaohsiung



To be safe,  don't drink and drive.

Taiwan Flower Wild Yeast White Wine (Taiwan Cherry)
Raw Materials Used: Taiwan Cherry
Place of Origin: Taoyuan

Taipei Brewery – Concerto of Mist Witbier
Raw Materials Used: Job's Tears
Place of Origin: Changhua
Raw Materials Used: Wheat
Place of Origin: Taichung

OMAR Cask Strength Single Malt Whisky (Jasmine Liqueur Barrel Finished)
Raw Materials Used: Jasmine
Place of Origin: Changhua

Gold Medal Free - Passion Fruit Yogurt
Raw Materials Used: Taiwanese Agricultural No. 1 Passion Fruit
Place of Origin: Nantou

Tarzo Plum Wine
Raw Materials Used: Green Plum
Place of Origin: Nantou

Taiwan Beer Sweet Touch - Guava and Rose Apple
Raw Materials Used: Pearl Guava
Place of Origin: Tainan, Kaohsiung
Raw Materials Used: Black Pearl Rose Apple
Place of Origin: Pingtung

Taipei Brewery – Love for Ruby American Wheat Ale
Raw Materials Used: Red Quinoa
Place of Origin: Pingtung
Raw Materials Used: Wheat
Place of Origin: Taichung

Incorporating Folk Beliefs

The Company integrates Taiwan's local beliefs by introducing the whimsically lively San Tai Zi (Third Prince) liquor bottle. Revered in folk culture, San Tai Zi's lively and endearing appearance deeply resonates with the public, symbolizing blessings of health, prosperity, and good fortune. TTL launches the San Tai Zi Kaoliang liquor, featuring intricately carved details that capture the spirit and posture of this iconic figure, embodying enduring friendship and mutual respect among people. This representation perfectly showcases the grace and charm of San Tai Zi, earning recognition with the World Quality Selections (Monde Selection) Jury Prize in the new spirits category.

**Showcasing Taiwan to the World:
San Tai Zi Series of Yushan Taiwan Kaoliang Liquor**



San Tai Zi – Red (Praise)



San Tai Zi – Green (Peace)



San Tai Zi – White (Dynamic)



San Tai Zi – Blue (Love)

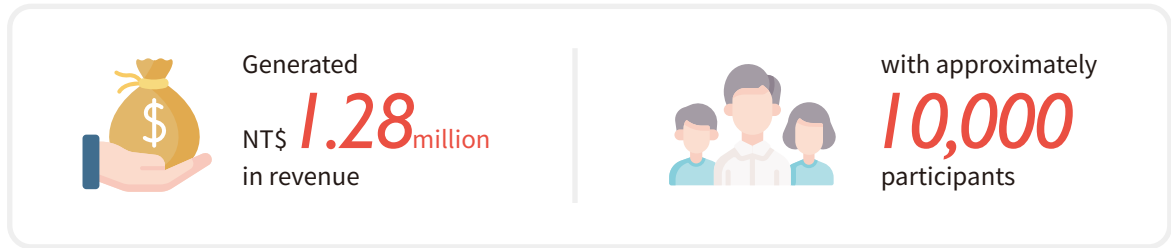
To be safe,  don't drink and drive.



Integration of Taiwan's Tourism Distillery Culture for Vibrant Living

TTL's nine distilleries and four breweries span across Taiwan, deeply rooted in local communities. Through collaborations with local governments, agricultural associations, and charitable organizations, the corporation organizes industry cultural, social welfare, and community-building events. These activities stimulate tourism, boost neighboring business districts' prosperity, such as organizing the "2023 TTL Special Exhibition" at Taipei Brewery, co-hosting the "2023 Taoyuan Guishan Beer Music Festival" at Taoyuan Sake Brewery, co-organizing the "2023 Jhunan Tourism and Culture Season" at Jhunan Brewery, hosting the "2023 Whisky Festival" at Taichung Distillery, co-organizing the "Young der Car boot sale" and "2023 Taichung Wuri Usagyuuun Charity Run" at Wuri Brewery, and hosting the "Kaoliang Liquor Culture Festival" at Chiayi Distillery. Particularly noteworthy is the Pingtung Distillery, celebrating its centennial in 2023 with a series of events including the Centennial Exhibition and ESG Achievements Display, a tasting feast of Chicken in Sesame Oil Wine, and a creative cultural market. These initiatives inject local cultural renewal into the breweries, creating tourism destinations with distinctive local themes, offering innovative experiences for the public.

**Revitalizing a Century-Old Distillery:
Pingtung Distillery's Promotion of Taiwan's Rice Wine Culinary Culture**



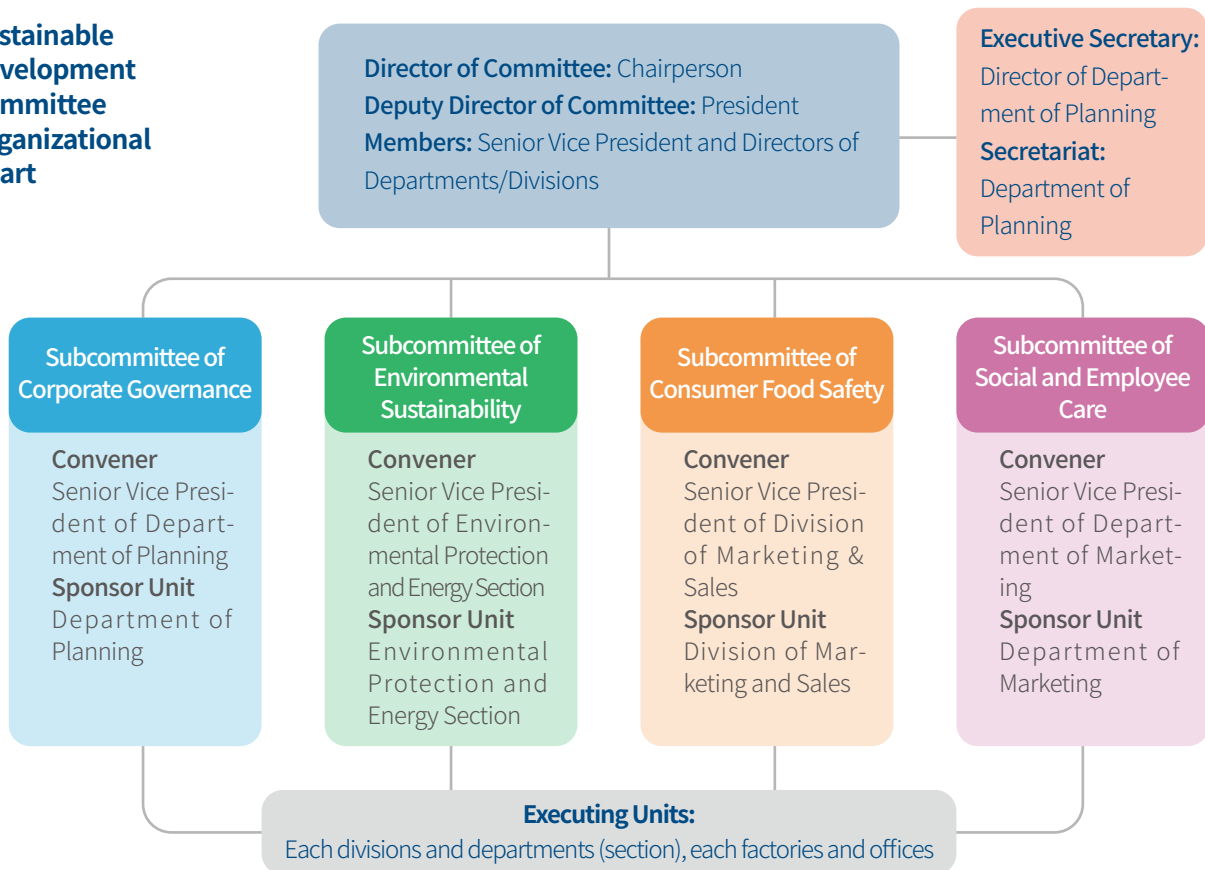
To be safe,  don't drink and drive.

Sustainable Development Committee

In 2022, TTL established the Sustainable Development Committee, responsible for overseeing the Company's sustainability policy direction and implementation plans. The committee convenes biannually to review the execution of sustainability policies and to assess the reasonableness and effectiveness of the Company's sustainability issues and performance indicators. The Sustainable Development Committee comprises four subcommittees: Corporate Governance, Environmental Sustainability, Consumer Food Safety, and Social and Employee Care. These subcommittees are tasked with formulating and implementing key sustainability issues and performance indicators, meeting quarterly to track and review progress. Semi-annual execution results are submitted to the Sustainable Development Committee for review.

To strengthen the Board of Directors' supervision of the Sustainable Development Committee, at the end of each fiscal year, the subcommittees submit their annual execution results and the following year's execution plans to the Sustainable Development Committee for review before reporting to the Board of Directors. The Board supervises the execution of the Company's sustainability policies and the achievement of targets based on these plans, embodying the principles of sustainable operations.

Sustainable Development Committee Organizational Chart



2023 Taiwan Corporate Sustainability Award

Gold Award for Sustainability Report



Social Prosperity Leadership Award

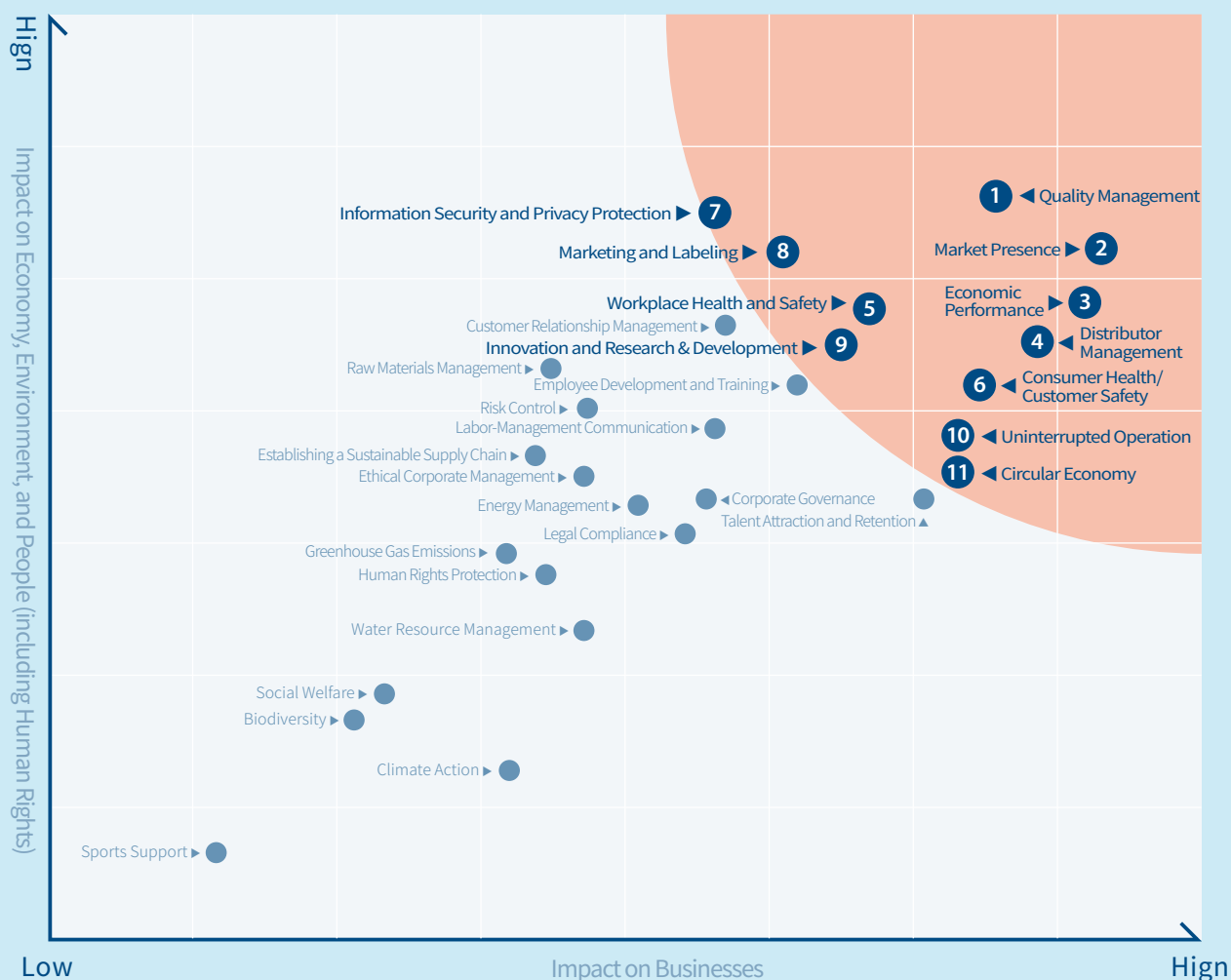
Identifying Material Topics and Communication with Stakeholders

TTL engages in stakeholder identification and stakeholder engagement according to the AA1000 Stakeholder Engagement Standard and GRI Standards for Sustainability Reporting. Following the identification of relevant stakeholders and 30 sustainability issues, the Company conducts stakeholder surveys using a significant issues identification questionnaire to assess stakeholder concerns regarding sustainability topics. This serves as the basis for disclosing information in this report, ensuring alignment with stakeholder expectations and fostering effective communication outcomes.



Material Topics Matrix of TTL

In 2023, there were 11 material topics identified with significant impacts on economic, environmental, human rights, and corporate aspects. They are listed as follows: 1. Quality Management, 2. Market Presence, 3. Economic Performance, 4. Distributor Management, 5. Workplace Health and Safety, 6. Consumer Health/Customer Safety, 7. Information Security and Privacy Protection, 8. Marketing and Labeling, 9. Innovation and Research & Development, 10. Uninterrupted Operation, and 11. Circular Economy. Two new material topics added in 2023 are "Distributor Management" and "Innovation and Research & Development."



Explanation of Material Topics Differences

Upon reviewing the identification results of material topics in 2023, it was found that Quality Management garnered the highest stakeholder attention. Concern over Consumer Health/Customer Safety significantly increased, and Distributor Management was added as a new material topics. This indicates heightened stakeholder interest in food safety oversight and inspection mechanisms, reflecting regulatory responses to recent food safety incidents by relevant authorities. In 2024, our company's Sustainability Committee's Consumer Food Safety Task Force strengthened disclosures on food safety in performance indicators, and enhanced disclosures related to these efforts in Chapter 2 of the report, "Quality Management."

Topic Ranking	2023 Material Topics	Changes in Ranking
1	Quality Management	▲1
2	Market Presence	▲1
3	Economic Performance	▼3
4	Distributor Management	New Topic
5	Workplace Health and Safety	▲3
6	Consumer Health/Customer Safety	▲4
7	Information Security and Privacy Protection	▼3
8	Marketing and Labeling	▼1
9	Innovation and Research & Development	New Topic
10	Uninterrupted Operation	▼1
11	Circular Economy	-

Note 1: - indicates no change in ranking compared to 2022.
 Note 2: ▼1- indicates the topic has dropped one place in ranking compared to 2022.
 Note 3: ▲1- indicates the topic has risen one place in ranking compared to 2022.

TTL Material Topics and Sustainable Value Chain

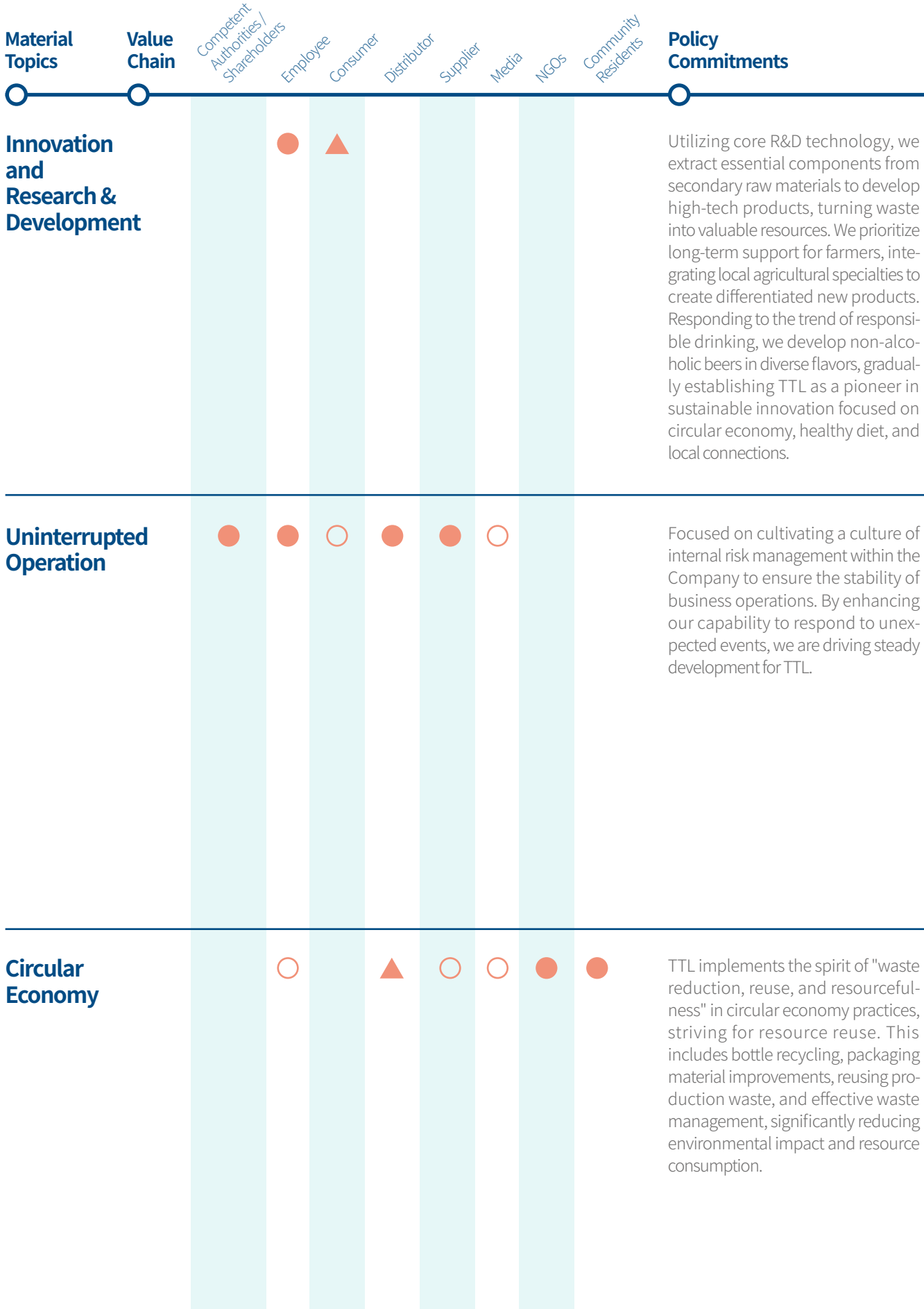
- Direct Impact
- Indirect Impact
- ▲ Business Impact

Material Topics	Value Chain	Competent Authorities / Shareholders	Employee	Consumer	Distributor	Supplier	Media	NGOs	Community Residents	Policy Commitments
Quality Management		●	●	●	▲	▲	○			Upholding the commitment of "Stay True for a Century, Be Reliable and Safe" every step from raw material supply, processing, and production, to shipping and shelving, is meticulously monitored to achieve the goal of "Highest Quality."
Market Presence		●	●	○	▲	▲	○			As a state-owned enterprise, our company bears the responsibility of contributing to the national treasury while stabilizing consumer prices. To provide the public with safe and reliable products, we are continually dedicated to innovation and research, striving to enhance product quality. Additionally, we are committed to expanding into overseas markets with the aspiration of becoming an international enterprise.
Economic Performance		●	○		○	○	○	○		Leveraging core professional expertise to create value for Taiwan's brand and enhance the Company's sustainable development capacity. Building on a foundation of professionalism and innovation, we continuously strive to enhance our competitiveness and achieve another century of excellence.
Distributor Management				●	▲	○			●	The Company continuously optimizes and integrates resources across three key areas: "Product, Brand, and Sales." By appropriately allocating resources based on channel types, we effectively manage inventory levels, enhance logistics efficiency, and strengthen channel competitiveness.

Mechanism Promotion	2023 Achievement Results	Future Plans	Response Sections
Establishment of a Total Quality Management (TQM) Committee and formulation of the "TQM Implementation Guidelines," conducting quarterly evaluations across seven major dimensions and proposing corrective measures as needed.	<ol style="list-style-type: none"> 1.The Quality Assurance Committee holds quarterly meetings. 2.Factories maintain certifications such as ISO 9001, ISO 22000, HACCP,and GMP. 3.Food products are registered at "Food Traceability Management Information System." 	Continued maintenance of certifications.	2.1 Product Responsibility
Enhance marketing resource allocation in key global cities and expand overseas market presence. Convene ad-hoc feasibility assessment meetings and new product launch review meetings to seize business opportunities promptly.	Promote "Taiwanese specialties" products actively through participation in international competitions and exhibitions to enhance brand visibility globally.	<ol style="list-style-type: none"> 1.Utilize precision marketing strategies to aggressively penetrate overseas markets such as Southeast Asia, Europe, America, and ASEAN, enhancing international market competitiveness and achieving global operational expansion. 2.Strengthen domestic market presence, increase domestic market share, and enhance brand awareness. 	1.1 Excellence in Corporate Governance
The Company establishes operating performance criteria for operating income and operating profit to ensure that each business unit strives to achieve targets, closely monitors external regulations and market trends to avoid missing business opportunities.	Monthly board meetings and management briefings are convened, quarterly operational performance review meetings are held, and bi-annual special topic review meetings are conducted, alongside ad-hoc meetings for new product launches.	Through enhanced corporate governance and financial management, diversification of business operations is pursued to ensure the long-term stable development of TT,L achieve surplus contributions to the government, and maintain financial stability.	1.1 Excellence in Corporate Governance
TTL consolidates its leading domestic market share for core products through regional specialty offerings and innovative digital marketing. It enhances quality and logistics management to boost brand identity and customer satisfaction, while expanding into overseas markets.	Continues to sell a diverse range of products through various channels, actively expanding consumer markets and fostering business partnerships with channel partners to establish partnerships.	<ol style="list-style-type: none"> 1.Efforts are made to improve retail management and shelf penetration rates, leveraging new channel formats to increase product sales. 2.Exploration of high-potential export markets aims to increase the local penetration and market share of the company's branded products, establishing them as iconic Taiwanese brands in those regions. 	2.3 Marketing

Material Topics	Value Chain	Competent Authorities / Shareholders	Employee	Consumer	Distributor	Supplier	Media	NGOs	Community Residents	Policy Commitments
Workplace Health and Safety		○	●			○	○	○		Enhancing overall employee awareness of safety and health to establish a safe, healthy, and zero-accident work environment.
Consumer Health/ Customer Safety		○	○	●	▲	○	○	○		In addition to producing high-quality products through a stringent food safety management system to ensure customer health and safety, we also provide peace of mind to consumers through rigorous traceability management and transparent information disclosure for their confident purchasing decisions.
Information Security and Privacy Protection			○	●	●	▲				TTL places great emphasis on customer and employee privacy protection, prioritizing information security. Through enhancing systems and providing employee education and training, we strive to perfect information security and privacy protection measures.
Marketing and Labeling			○	●	▲	▲	○	○		For over a century, we have maintained high standards in product quality and strictly adhered to regulatory norms. In addition to offering consumers a diverse range of products, we place significant emphasis on the impact of TTL products on consumer health and safety. Through effective marketing and labeling controls, we uphold the principle of "Responsible Consumption and Production."

Mechanism Promotion	2023 Achievement Results	Future Plans	Response Sections
<p>1.Implemented compliance with relevant occupational health and safety regulations, we are committed to creating a zero-accident environment and a management model involving all employees.</p> <p>2.Standardized, documented, and proceduralized requirements for safety and health operations.</p>	<p>1.General health examinations were conducted for 4,615 individuals, with an investment of NT\$7.06 million.</p> <p>2.An investment of NT\$5.98 million was allocated for environmental health and safety training, marking a 9.5% increase from 2022 (an additional NT\$520,000), with a total participation of 6,946 persons.</p> <p>3.Factories maintain certifications such as ISO 45001 and ISO 14001.</p>	<p>Rigorously enforce hygiene and safety in the workplace while promoting the physical and mental well-being of our employees. We aim to enhance safety awareness among all staff, establish a safe and healthy environment with zero occupational accidents, safeguard employees' labor rights, and conduct regular inspections through the Occupational Health and Safety Committee.</p>	<p>4.3 Guarding employees' workplace environment</p>
<p>TTL adheres to relevant regulations and continuously adjusts internal strategies in response to legislative amendments to ensure the highest quality products and services, safeguarding consumer health and safety.</p>	<p>Revised checklists for alcoholic beverages, tobacco products, cosmetics, and general product labeling, aligning with amendments to the Tobacco Hazards Prevention Act to adjust brand strategies.</p>	<p>In addition to conducting legal compliance reviews of our product labeling, we track legislative updates related to our company to prevent any legal infractions.</p>	<p>2.1 Product Responsibility</p>
<p>1.In accordance with the Information and Communication Security Management Act and related regulations, TTL is actively enhancing the cybersecurity measures for its online shopping platform and data center networks.</p> <p>2.Continuously maintain the Information Security Management System, conduct education and training sessions, establish an inventory of information assets, perform risk assessments of information and communication systems, and conduct internal audits and management review meetings. These processes integrate awareness and experiences of information security management into our daily operations.</p>	<p>1.Execute two social engineering drills and implement phishing email protection measures.</p> <p>2.Each designated information security personnel undergoes professional training courses or competency training in cybersecurity.</p>	<p>1.Consistently strengthen our network security systems to enhance cybersecurity protection and response capabilities, thereby reducing cybersecurity risks and losses.</p> <p>2.Ongoing information security education and training are conducted to enhance staff awareness and protection.</p> <p>3.Adhere to information security compliance requirements (Information and Communication Security Maintenance Plan, mandatory tasks), reinforcing the integrity and effectiveness of our cybersecurity protection measures.</p>	<p>1.4 Information Security and Personal Data Management</p>
<p>TTL places high importance on product labeling responsibility, strictly adhering to regulatory standards. Through clear labeling and warnings in physical retail channels, we aim to convey accurate information to consumers.</p>	<p>1.No products have been penalized for labeling inaccuracies.</p> <p>2.Conduct legal compliance reviews of our product labeling and marketing methods.</p>	<p>Conduct legal compliance reviews of our product labeling and marketing methods.</p>	<p>2.1.3 Product Responsibility Labels</p>



Mechanism Promotion

TTL Research and Development Committee convenes biannually to review research projects proposed by each R&D center, focusing on continuous innovation to develop new products, enhance product quality, and refine processes, thereby fostering growth momentum.

2023 Achievement Results

- 1.Developed 2 varieties of non-alcoholic beer-flavored beverages.
- 2.Created 6 distinctive local specialty products.

Future Plans

Continue to innovate with locally distinctive products, actively expanding non-alcoholic beverage offerings into international markets through product exports and promotional activities.

Response Sections

2.1 Product Responsibility

- 1.To stay abreast of environmental trends and key operational issues, TTL continuously monitors the effectiveness of its control mechanisms and assesses the presence of new risk events.
- 2.Regular meetings of the Risk Management Committee are held to track the implementation of risk control measures and decisions made during meetings.

The Risk Management Committee has reviewed a total of 30 risk events, developing responsive measures for each to enhance the company's crisis response capabilities.

- 1.Strengthen inter-departmental collaboration to ensure swift transmission of risk information and coordinated responses. Detailed analysis of potential risks faced by each department allows us to devise proactive measures.
- 2.Enhance our global risk response strategy, integrating risk management into corporate culture and daily operations. Utilizing robust risk management and monitoring mechanisms ensures rapid response and effective control during risk events.

1.2 Risk Management and Legal Compliance

Implemented the principles of the circular economy "Reduce, Reuse, and Recovery", TTL is committed to resource efficiency and sustainable practices. This includes utilizing brewery by-products, glass bottle recycling, and applying solar energy technology to advance Taiwan's transition towards economic circularity and green development.

- 1.The glass bottle recycling rate reaches 98.94%.
- 2.The utilization rate of by-products generated during the brewing process is 99%.
- 3.Cumulative electricity generation from solar photovoltaic systems reaches 66.41 million kilowatt-hours.

- 1.The glass bottle deposit refund system encourages consumer and retailer participation in bottle recycling, embedding environmental principles into daily consumer life.
- 2.Continued development of products utilizing brewery by-products, promoting the upgrading and remanufacturing of by-products.
- 3.Solar photovoltaic Installation Plan IV aims to achieve a 20% share of renewable energy by 2040.

3.2 Low Carbon Operations

Stakeholder Communication Status

Stakeholder		Importance		
Competent Authorities/ Shareholders		TTL, as a state-owned enterprise, operates under the oversight of the Ministry of Finance. The Company adheres strictly to the relevant guidance, policies, and legal compliance requirements set forth by the Ministry of Finance.		
Corresponding Material Topics <ul style="list-style-type: none"> · Market Presence · Economic Performance · Marketing and Labeling · Circular Economy 		2023 Communication Result <ul style="list-style-type: none"> · Corporate Governance Evaluation scores 96.55 points, achieving an excellent rating. · Operational policies impacting annual earnings are identified in accordance with the "Annual Policy Factors Reporting and Recognition Procedures for Ministry of Finance Affiliated Enterprises." · The supervisory authority provides recommendations for operational improvements through on-site or written assessments. · Annual performance evaluations are classified as Grade A. · Annual Report 2023 		
Communication Channels	Frequency of Communication	Communication Channels	Frequency of Communication	
Corporate Governance Appraisal for Affiliated units to the Ministry of Finance.	Once every year	Document reviews, meetings	From time to time	
Meeting on annual profit adjustment in compliance with policy by affiliated units to the Ministry of Finance.	Once every year	Shareholder Meeting	Once every year	
Mid-term On-site Verification Meeting for State-owned Enterprise Work Performance Evaluation.	Once every year	Board of Directors Meeting	Once every month	
Review and Discussion Meeting on the Performance Evaluation System and Aspects of State-owned Enterprises.	From time to time	Announcement from the Market Observation Post System (MOPS)	From time to time	
Business Seminar for affiliated units to the Ministry of Finance.	Once every quarter			

Stakeholder		Importance		
Employee		TTL views employees as important assets. The Company provides fair remuneration and benefits, as well as a healthy and safe working environment, to promote talent retention.		
Corresponding Material Topics <ul style="list-style-type: none"> · Market Presence · Economic Performance · Workplace Health and Safety · Innovation and Research & Development · Uninterrupted Operation 		2023 Communication Result <p>The key training programs of the Company for the year 2023 are "Service Upgrade Evaluation Training," "Sustainable Development Capability," and "Creating a Safe and Healthy Friendly Workplace."</p>		
Communication Channels	Frequency of Communication	Communication Channels	Frequency of Communication	
Entire company Labor-Management Meetings	Once every two months	Annual Labor Education	Once every year	
Labor-Management Meetings for the Headquarters and All Affiliated Institutions	Once every quarter	Chairperson of the Taiwan Federation of Labor's Email	Instantly	
Taiwan Federation of Labor Member Representatives Meeting	Once every year	Education and Training	From time to time	
Taiwan Federation of Labor Directors and Supervisors Meeting	Once every two months	Face-to-face Communication, Written Materials, Telephone	Instantly	
Supervisors' Mailbox	Instantly	Seminars and Awareness Campaigns	From time to time	

Stakeholder
Consumer

Importance
Revenue Base of Taiwan Tobacco & Liquor Corporation

- Corresponding Material Topics
- Quality Management
 - Consumer Health/Customer Safety
 - Distributor Management
 - Information Security and Privacy Protection
 - Marketing and Labeling

2023 Communication Result

- When consumers call to inquire about product information, our customer service representatives respond with professional knowledge and a friendly attitude. This helps consumers clearly understand our products and increases their willingness to purchase.
- 95.7% consumer satisfaction rate.

Communication Channels	Frequency of Communication	Communication Channels	Frequency of Communication
Newspaper, Magazine, and Media Advertising	From time to time	0800 Hotline / 0800 Service Email	Instantly
Product Review Promotion Campaign	From time to time	Media	Once every month
Large-scale Sponsorship Event	From time to time	Website, Facebook Fan Page	Instantly
Large-Scale Exhibition Events	Approximately quarterly		
Seminars	From time to time		

Stakeholder
Supplier

Importance
TTL, as a food industry participant, prioritizes supplier management for raw material quality management.

- Corresponding Material Topics
- Consumer Health/Customer Safety
 - Uninterrupted Operation
 - Circular Economy

2023 Communication Result
In 2023, we collaborated with a total of 4,170 suppliers. We distributed the "Supplier ESG Sustainability Self-Assessment Questionnaire" to domestic procurement firms with contracts over 3 million, receiving 164 completed responses.

Communication Channels	Frequency of Communication
Tendering Procedures and Procurement Contracts	From time to time
Procurement Seminar with Business Partners	From time to time
Face-to-Face Meeting	From time to time
Phone Calls, Correspondence, Meetings	From time to time

Stakeholder
NGOs

Importance
TTL actively engages with external organizations to discuss specific issues and values diverse perspectives.

- Corresponding Material Topics
- Quality Management
 - Consumer Health/Customer Safety
 - Marketing and Labeling

2023 Communication Result
No significant events have occurred.

Communication Channels	Frequency of Communication
Organizations such as the John Tung Foundation and environmental NGOs.	The relevant organizations' concerns are currently communicated through the competent authority, the Ministry of Finance.

Stakeholder Distributor		Importance TTL values customer rights, ensuring satisfaction with services provided to distributors and retail channels.	
Corresponding Material Topics <ul style="list-style-type: none"> · Distributor Management · Consumer Health/Customer Safety · Uninterrupted Operation 		2023 Communication Result <ul style="list-style-type: none"> · Selling a variety of products through various channels and actively expanding the consumer market. Cooperating with "large contract customers, retail market chain channels, and non-chain channels" to achieve diversified partnerships recently. · 99.1% customer satisfaction rate among direct customers, 95.7% customer satisfaction rate among indirect customers. 	
Communication Channels	Frequency of Communication	Communication Channels	Frequency of Communication
Customer Satisfaction Survey	Once every year	Business Communication Meeting	Instantly
Product Description and Review Promotion Campaign	From time to time		
Customer Counter Visits / Store Sales Visits / Phone Calls	From time to time		
Achievement-based Travel Rewards for Outstanding Customers	From time to time		
Media	From time to time		

Stakeholder Media		Importance TTL's optimal platforms for external communication and dissemination	
Corresponding Material Topics <ul style="list-style-type: none"> · Quality Management · Consumer Health/Customer Safety · Distributor Management · Information Security and Privacy Protection · Marketing and Labeling 		2023 Communication Result <ul style="list-style-type: none"> · In 2023, TTL revised and updated all product labeling checklists to ensure compliance with the latest regulatory requirements. · Combining with emerging media platforms to increase product experience opportunities and keeping up with media trends to enhance digital marketing. 	
Communication Channels		Frequency of Communication	
Product Launch Events, Press Releases, Advertisement Placements, Media Visits, Face-to-Face Meetings, Phone Calls, Other Communication Software		From time to time	

Stakeholder Community Residents		Importance TTL implements corporate social responsibility by maintaining positive relations with local communities, actively engaging in social contributions, and enhancing local welfare.	
Corresponding Material Topics <ul style="list-style-type: none"> · Quality Management · Consumer Health/Customer Safety · Distributor Management · Information Security and Privacy Protection · Marketing and Labeling 		2023 Communication Result The breweries/ distilleries integrate local cultural characteristics and collaborates with local governments to organize multiple events, such as the "2023 TTL Special Exhibition" at the Taipei Brewery, co-organizing the "2023 High Guishan Beer Rock Music Festival" at the Taoyuan Sake Brewery, co-hosting the "2023 Tourism and Cultural Season of Jhunan Town" at the Jhunan Brewery, and co-managing the "Summer Beer Fun Activities" at the Wurih Brewery.	
Communication Channels		Frequency of Communication	
Social Participation Activities		From time to time	
0800 Hotline / 0800 Service Email		Instantly from time to time	
Seminars and Awareness Campaigns		Average approximately once per week	

External Participation

Organization Name	Responsible Department	Role in Participation
The Institute of Internal Auditors-Chinese	Department of Auditing	Member
Computer Audit Association	Department of Auditing	Member
Tobacco Institute of the Republic of China	Division of Tobacco	Member
Importers & Exporters Association of Taipei	Division of International Business	Member
Taiwan Alcoholic Beverages Development Association	Division of Liquor	Member
Taiwan Association for Food Science and Technology	Division of Liquor	Member
Confectionery, Biscuit, and Floury Food Industry Association	Division of Liquor	Member
Chinese Arbitration Association, Taipei	Department of Legal Affairs	Member
Kaohsiung Bar Association	Department of Legal Affairs	Member
Taichung Bar Association	Department of Legal Affairs	Member
Taipei Bar Association	Department of Legal Affairs	Member
Hsinchu Bar Association	Department of Legal Affairs	Member
Tainan Bar Association	Department of Legal Affairs	Member
Taipei Nurse Association	Department of Safety and Health	Member
Industrial Safety and Health Association (ISHA) of the R.O.C	Department of Safety and Health	Member
The Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	Department of Planning	Member
Institute for Biotechnology and Medicine Industry	Department of Biotechnology	Member
Taiwan Beverage Industries Association	Department of Biotechnology	Member
Taiwan Fermenting Food Manufacturing Industry Association	Department of Biotechnology	Member
Taiwan Cleaning Product Association	Department of Biotechnology	Member
New Taipei Cosmetics Industry Association	Department of Biotechnology	Member
Taoyuan International Airport Airline Representatives Joint Committee	Taiwan Tobacco & Liquor Taoyuan Airport Duty-Free Shop	Member
International Aviation Police Association, R.O.C.	Taiwan Tobacco & Liquor Taoyuan Airport Duty-Free Shop	Member
Taoyuan City International Airport Industry Development Association	Taiwan Tobacco & Liquor Taoyuan Airport Duty-Free Shop	Member
Chinese Personnel Executive Association	Department of Human Resources	Member

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Corporate Governance

TTL formulates integrity management policies and principles, establishes a robust governance framework, ensures comprehensive implementation of risk management and internal control systems, fosters a culture of integrity governance, supported by rigorous regulatory standards and operational procedures. TTL leads the enterprise forward while prioritizing stakeholder interests, ensuring full disclosure of both financial and non-financial performance to enhance information transparency.

Sustainable Development Committee/
Subcommittee of Corporate Governance

- 1.1 Excellence in Corporate Governance
- 1.2 Risk Management and Legal Compliance
- 1.3 Sustainable Supply Chain Management
- 1.4 Information Security and Resilience

Aligning with material topics: Operating Performance, Uninterrupted Operation, Market Presence, Legal Compliance, and Information Security and Privacy Protection





Achieved annual operating revenue of
NT\$ **54.964** billion
and pre-tax net profit of
NT\$ **7.082** billion



Conducted
2,104 audits with a
100% improvement rate
in addressing audit deficiencies.



Held **11** internal compliance
education and training sessions,
with a total of
490 participants.



0 incidents of significant
violations of labor and
environmental laws and
regulations during the year.



Distributed Supplier ESG
Sustainability Self-Assessment
Questionnaires with purchase
amount exceeding NT\$3 million,
receiving a total of
164 responses.



Internal staff completed a total of
7,896 instances of
information security online courses.

Sustainable Development Committee: Subcommittee of Corporate Governance

Organizer /

Department of Planning

Meeting Frequency /

Quarterly

Team members /

Division of Tobacco, Division of Liquor, Division of Beer, Department of Biotechnology, Department of Legal Affairs, Department of Civil Service Ethics, Department of Information Management, Department of Auditing, Secretariat, Board of Directors

Team Task /

Research and promote discussions on enhancing corporate management and organizational resilience.

1.1 Excellence in Corporate Governance

Established in Taiwan for over 120 years, TTL is a venerable company in the tobacco and liquor production and sales industry. Despite facing ongoing global inflation, geopolitical risks, and frequent climate change challenges in recent years, the company remains committed to robust corporate governance. It strengthens research and development capabilities, enhances product quality, builds brand value, accelerates diversification, expands business scope, and aims to achieve two major goals: "deepen the domestic market presence, enhance market competitiveness, and establish a foundation for sustainable development" and "strengthen international market presence, establish overseas business operations, and become a globalized enterprise." As a state-owned enterprise, TTL shoulders the responsibility of promoting national policy development and economic missions. Amid evolving market and regulatory environments, the company upholds high standards of food safety, strives to provide consumers with high-quality products and excellent services, steadfastly implements ESG principles, builds a green and sustainable enterprise, and moves towards internationalization goals.

1.1.1 Business Strategy and Performance

Financial Performance

To flexibly respond to intense market competition and increasingly stringent regulatory requirements, TTL is driving business innovation and transformation. Our marketing strategy centers around customer-centricity, continuously developing products that align with consumer preferences and enhancing product quality and customer service. We are committed to expanding our presence in overseas markets, building a globally competitive brand image. Simultaneously, we are engaged in asset development and activation to optimize asset utilization efficiency and generate non-operating income. In 2023, TTL achieved NT\$54.964 billion in operating revenue, NT\$7.082 billion in profit before tax, and NT\$1.33 earnings per share (after tax). For detailed financial performance, please refer to our 2023 Shareholders' Meeting Annual Report.

Tobacco and Alcohol Regulations Tighten, Constricting Market Scope

In the face of increasingly stringent external regulatory environments, TTL maintains a high level of professionalism. We adapt our strategies flexibly to respond to market demand changes, stabilize financial performance, and ensure sustained leadership in a competitive landscape.

Highlights of 2023

- Executed of 104 agreements for intellectual property rights licenses or assignments, and 4 trademark licenses.
- No incidents of unethical business practices reported.
- Added a warning clause in bid bond guarantee-related documents stating "If TTL becomes aware of any illegal activities during the case processing, it will actively investigate and prosecute," demonstrating our commitment to optimizing the procurement environment.
- Monthly updates on the progress of each procurement case on our "Solar Photovoltaic System Green Procurement Integrity Platform" to facilitate transparency for vendors and the public.
- Corporate Governance Score of 96.55 points, achieving the highest rating.
- Advanced the development of 22 products contributing to ESG benefits.
- Information security management complies with ISO 27001 Information Security Management System standard requirements.

Year / Regulatory Name

Impact on Taiwan Tobacco & Liquor

2022

1. Article 185-3 of the Criminal Code
2. Road Traffic Management and Penalty Act
3. Criminal Code of the Armed Forces

In addition to a significant decrease in consumer willingness to purchase alcoholic beverages at on-premise channels such as restaurants, the pandemic has led to self-regulated reductions in outings and gatherings, severely impacting the Company's beer sales.

2023

Tobacco Hazards Prevention Act

Regulating heated tobacco products impacts the traditional cigarette market.

Business Strategy Directions

TTL is actively implementing six strategic business initiatives: "Product Differentiation," "Brand Rejuvenation," "Production and Sales Digitization," "Business Diversification," "Market Internationalization," and "Human Resources Optimization." We are committed to developing new products to meet consumer demands, enhancing product quality and service standards, increasing brand value, expanding into international markets, and promoting corporate sustainability. These efforts aim to progressively achieve the Company's short-term, medium-term, and long-term goals.

TTL's Short, Medium, and Long-Term Goals

Short-Term Goals



Medium-Term Goals



Long-Term Goals

Integrate R&D capabilities to innovate and differentiate product value, enhance brand strength, optimize human resource utilization, and strengthen corporate resilience.

Promote business innovation and transformation, accelerate diversification strategies, and expand the scope of business operations.

Implement corporate sustainability practices, create social inclusion value, and expand globally to become an international enterprise.

TTL's Six Strategic Business Initiatives

Product Differentiation

Strengthen research and development innovation by utilizing core raw materials and technology, combined with the development of unique products from local Taiwanese agricultural products to meet diverse consumer needs.

Brand Rejuvenation

Establish core brand values, craft a brand story, and reshape the brand image. Communicate with target groups through diverse marketing methods to enhance brand favorability and recognition.

Production and Sales Digitization

Integrate the supply chain across production, warehousing, distribution, and sales. Utilize information and communication technology to provide financial, commercial, informational, and logistics services. Enhance production and sales coordination through consumer information collection and analysis, thereby improving service satisfaction and operational efficiency.

Business Diversification

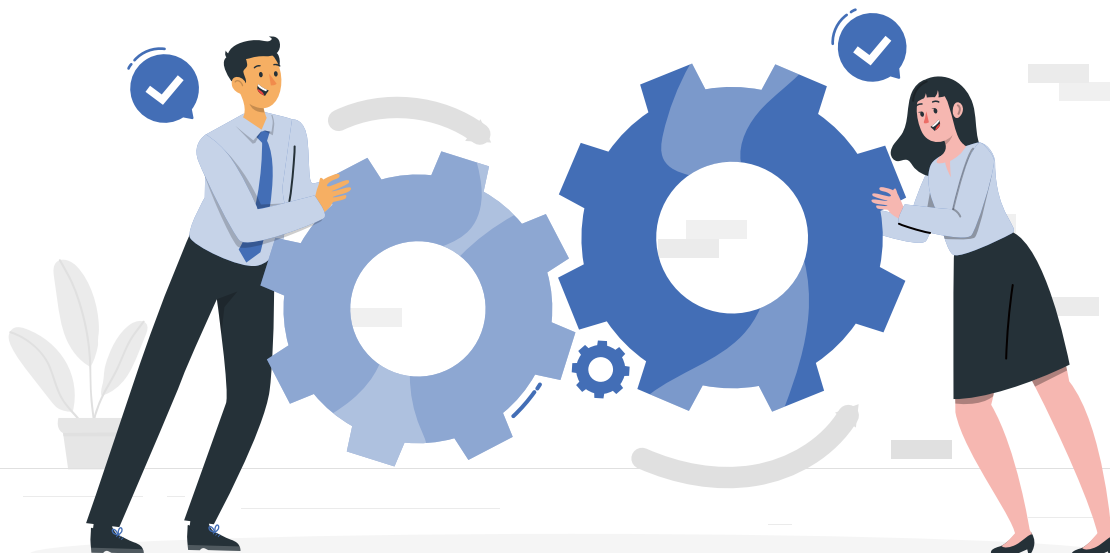
- Revitalization of Distillery Tourism: Continuously promoting the unique characteristics of each distillery, integrating local features and cultural creativity to create prominent tourism and cultural highlights, thereby enhancing the value and brand image of the distilleries.
- Non-Alcoholic and Biotechnology Product Facilities: Utilizing core by-products and techniques from the distillation process to develop non-alcoholic and biotechnology products, expanding the scale of in-house production lines, and flexibly responding to market demands to create new business opportunities.

Market Internationalization

Actively participate in international spirits and food competitions to enhance brand visibility on a global scale, while focusing on niche products featuring "Taiwanese characteristics" to expand the overseas market footprint and increase export revenue.

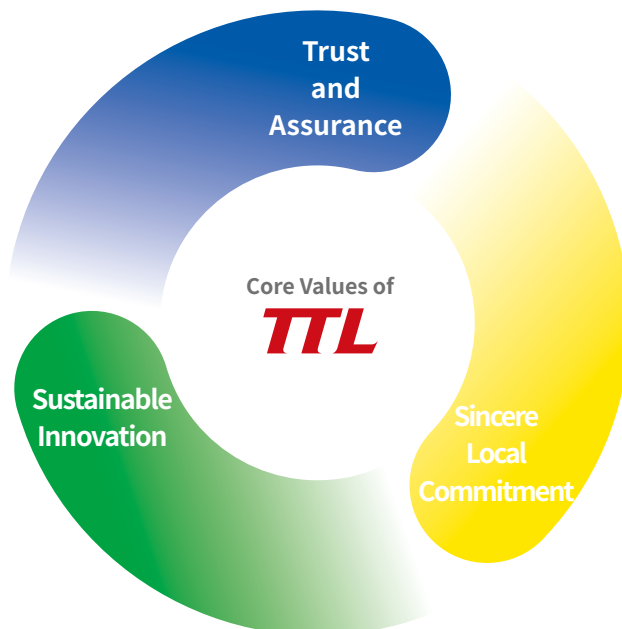
Human Resources Optimization

In response to the wave of retirements, continue recruiting new talent and conduct training programs for talent development. Implement a mentorship system to cultivate human capital and enhance workforce value.



Core Values of TTL

- Sustainable Development of a century-old classic brand.
- Embrace innovation to continually enhance product excellence.



- Prioritize food safety and occupational health and safety.
- Provide the highest level of customer satisfaction.
- Operate with integrity based on sound corporate governance.
- Integrate local products with traditional craftsmanship.

Asset Activation and Value Innovation

In alignment with the government's "Activation of State-owned Assets" policy, actively rejuvenate underutilized and economically inefficient real estate to enhance asset utilization efficiency. Asset activation uses based on the characteristics of each property and conduct commissioned research or planning and design activities to promote various renovation projects, thereby invigorating the local economy.

Asset Activation Achievements

Huwei Regional Distribution Center



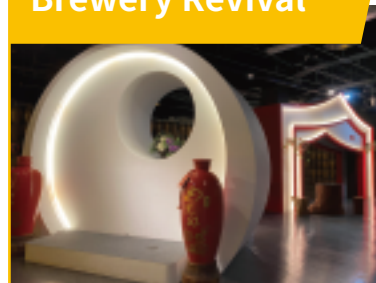
The Huwei Regional Distribution Center commenced operations in October 2023, with an average monthly dispatch volume of approximately 88,298 cartons/dozen. In 2023, it generated an economic benefit of NT\$643,064,447. Going forward, the center will collaborate with local businesses to provide stable employment opportunities for residents, stimulate population growth, enhance surrounding commercial activity, and drive regional economic prosperity in Yunlin and Huwei. This initiative aims to further accelerate industrial and economic development in the area.

Wurih Brewery Tourism Factory



The Wurih Brewery's Visitor Center attracts approximately 36,000 tourists annually, generating sales revenue of NT\$35 million. The Visitor Center covers an area of approximately 33,000 ping (about 109,098 square meters) and produces 10.58 million dozen 0.6-liter bottles of beer per year, accounting for one-quarter of Taiwan's total beer production. The facility features a transparent visitor pathway that showcases the mashing, fermentation, and packaging production lines, allowing visitors to gain an in-depth understanding of the beer brewing process. This initiative creates a prominent attraction for the local tourism industry and nearby commercial districts.

Puli Shaohsing Brewery Revival



The "TTL Flagship Store" in Puli Shaohsing Brewery officially opened on June 10, 2023. It welcomed a total of 1,085,707 visitors and hosted 94 guided tour groups. Beyond its significance in brewing culture and education, the facility has further integrated local cultural and creative industries with regional specialty industries, creating a diverse thematic tourism park. This transformation has established the venue as a crucial showcase for Taiwan Tobacco & Liquor Corporation to engage and communicate with consumers.

1.1.2 Corporate Governance and Integrity Management

Internal Corporate Governance

TTL is a publicly listed company with unified management and ownership, and is a state-owned enterprise wholly owned by the Ministry of Finance. The Board of Directors represents the highest governance body, with all members appointed by the Ministry of Finance. The board comprises 15 directors, including 3 labor directors representing the labor union, 2 independent directors, and 4 supervisors. TTL is committed to gender equality among its board members, with a total of 10 male and 9 female members among the directors and supervisors. To ensure the effective operation of the Board of Directors and safeguard the interests of stakeholders and shareholders, TTL has established the "TTL Board of Directors Organizational Regulations" and a Secretariat, Board of Directors. The Board of Directors meets regularly to deliberate on significant and urgent matters related to company operations. In the fiscal year 2023, the Board held 12 meetings, with an average attendance rate of 92.51%.

TTL adheres to the personnel regulations for state-owned enterprises in determining remuneration and bonuses for senior executives and employees. The salary structure for senior executives is set by the Ministry of Finance, and the Company has not established an independent remuneration committee. The performance evaluation of directors and supervisors is based on factors such as attendance at board meetings and involvement in the Company. Their contributions to medium- and long-term business strategies, operational objectives, annual plans, budgets, operational efficiency, risk management, legal compliance, internal control, and internal auditing are also considered. This approach ensures the effective functioning of the Board of Directors and enhances the operational efficiency of the Company.

TTL has its primary operational activities managed by the Division of Marketing & Sales, Division of International Business, Division of Tobacco, Division of Liquor, Division of Beer, and Department of Biotechnology. Additionally, TTL has established support departments including the Department of Marketing, Department of Planning, Department of Finance, Department of Information Management, Department of Legal Affairs, Department of General Affairs, Department of Safety and Health, Department of Accounting, Department of Human Resources, Department of Civil Service Ethics, and Department of Property Operation Management to facilitate and advance its various business activities.

TTL has established a Supervisory Board in accordance with its internal regulations and Article 14-4 of the Securities and Exchange Act. The Supervisory Board system ensures effective corporate governance and daily operations. TTL has also set up a dedicated email address for the Supervisory Board on its website, accessible at: <https://www.ttl.com.tw/newStyle/newStyle.aspx?sn=334>, to facilitate communication with stakeholders.



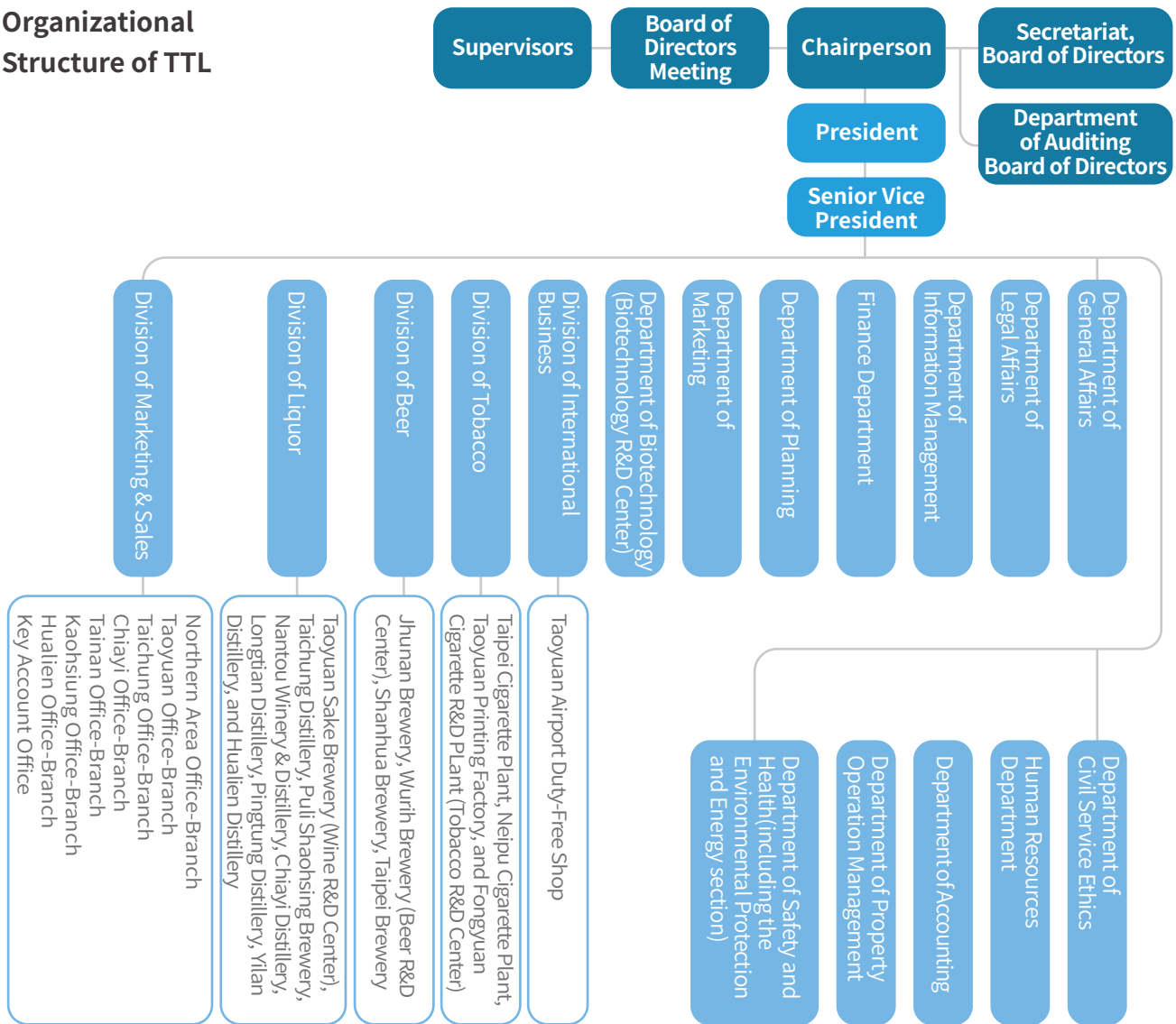
Supervisor's
Mailbox



Integrity and Anti-Corruption

As a state-owned enterprise, TTL applies the "Code of Ethical Conduct for Public Officials" to all employees. New employees are required to complete anti-corruption education and training within six months of their employment, achieving a 100% compliance rate. To further promote ethical conduct, the Company actively collaborates with various branches to organize anti-corruption activities. These activities go beyond traditional educational methods and are designed to effectively instill the concepts of integrity, reinforce the culture and values of ethical management, and enhance employees' sense of identity and cohesion with the Company, thereby achieving a comprehensive impact in promoting integrity.

Organizational Structure of TTL



Integrity Management and Anti-Corruption Governance

TTL regards integrity management as the essence and standard of excellent corporate governance. In adherence to the "Codes of Ethical Conduct for TWSE/GTSM Listed Companies," TTL has established its own "Code of Ethical Conduct for Taiwan Tobacco & Liquor Corporation," which stipulates that the behavior of executives and employees at all levels must align with the company's ethical conduct standards. Furthermore, to establish a robust corporate governance system, TTL has adopted the "Corporate Governance Best Practice Principles" for compliance. The Company places significant emphasis on board independence, with clear delineation of responsibilities between the Chairperson and the President, who are held by different individuals. Additionally, TTL has appointed two independent directors, who are nominated by the Ministry of Finance, ensuring they possess relevant expertise in corporate management, international trade, or manufacturing, suited to the characteristics of the Company's industry.

Conflict of Interest Avoidance

Board members adhere to a high level of self-discipline. If any agenda items discussed by the Board of Directors involve a potential conflict of interest that could harm the Company's interests, the board member in question will recuse themselves from the discussion. The Deputy General Manager of the Department of Planning is appointed as the Corporate Governance Officer to oversee and assist in monitoring corporate governance matters, thereby enhancing the effectiveness of corporate governance supervision.

Corporate Governance Best Practice Principles

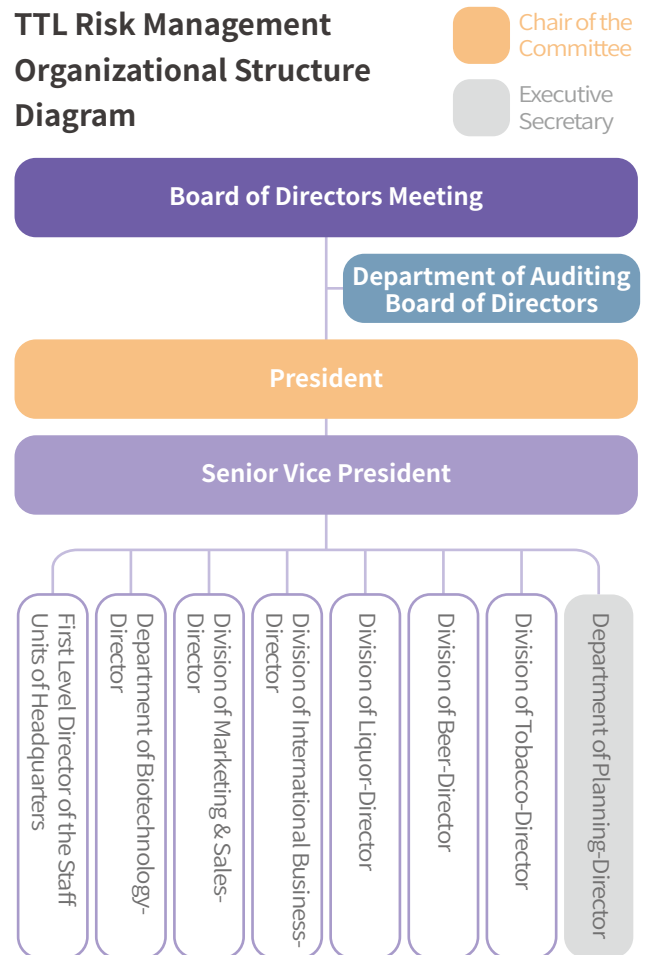


1.2 Risk Management and Legal Compliance

1.2.1 Robust Risk Management

To integrate risk management into its corporate culture, TTL has actively implemented a risk management mechanism. TTL established the "Risk Management Implementation Guidelines," which delineates a risk management framework comprised of the Board of Directors, the Department of Auditing, the Risk Management Committee, the Department of Planning, and primary units. This framework supervises and reviews risk events and drives the execution and control of risk management activities, with the goal of ensuring the stable and sustainable development of the Company's business operations and overall management, thereby achieving long-term corporate sustainability. The Risk Management Committee at TTL is composed of the management team and senior executives. The Committee convenes quarterly to assess various risk events and their impact, formulates response measures, and directs units to regularly review relevant regulations, government announcements, and current events within their business areas. This includes collecting pertinent information to establish internal standards for compliance and enhancing overall employee awareness of operational, strategic, and crisis-related risks. This approach ensures the prudent execution of the Company's operational strategies through cooperation with the Sustainable Development Committee.

TTL Risk Management Organizational Structure Diagram



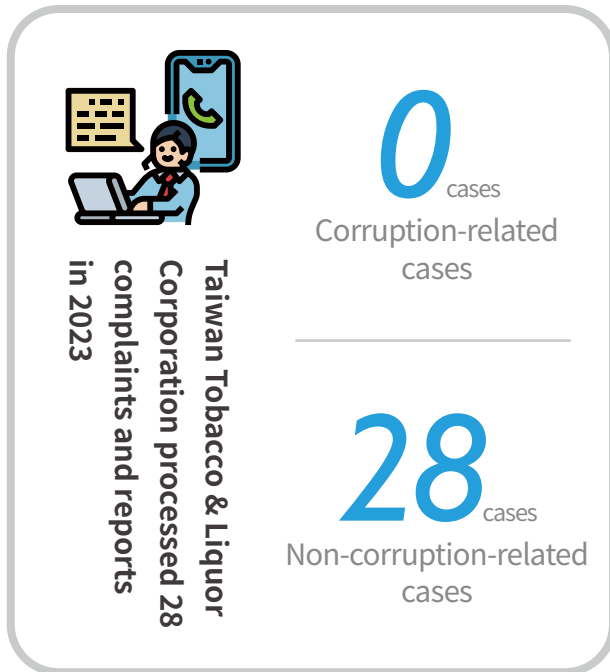
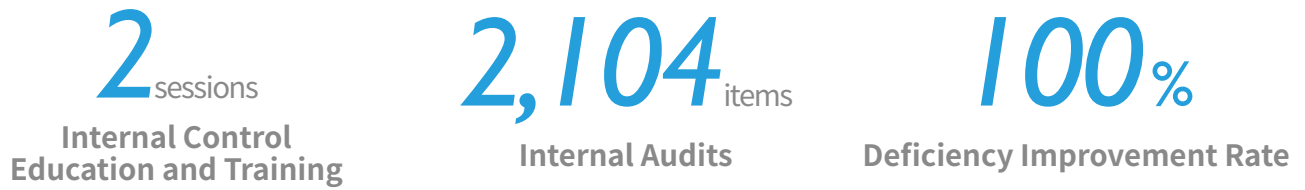
In 2023, risk source analysis revealed that 73.53% of risks originated from external environments, with political and regulatory factors being the most significant. The remaining 26.47% of risks were attributed to internal environments, primarily related to operational activities. Prior to the implementation of control mechanisms, the inherent risk index averaged 9.2. After the relevant units proposed and enacted control measures, the residual risk index decreased to 4.37, effectively reducing both the probability and impact of risk occurrences.

1.2.2 Internal Control and Audit

Internal Control and Audit

Taiwan Tobacco & Liquor Corporation has established a Risk Management Committee and developed an internal control system in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies." This system encompasses all operational activities of the company. It is categorized into eight major cycles and information system processing operations, along with other relevant control activities. Relevant units are required to address and rectify any identified audit deficiencies within specified deadlines.

Performance of Internal Control in 2023:



1.2.3 Legal Compliance

Taiwan Tobacco & Liquor Corporation prioritizes legal compliance by adhering to relevant laws and internal regulations. The Company ensures proper management and control of organizational operations to effectively mitigate legal risks and protect its interests. Regular compliance training is conducted to ensure employees adhere to key legal standards, and the company continuously monitors and identifies updates in legal requirements. Internal compliance guidelines are regularly updated to ensure legality, thereby enhancing corporate governance performance and fostering a strong corporate culture.

Legal Compliance and Standards Development



Statistics of Litigation and Penalty Cases Arising from Products and Labeling in the Past Three Years



1.3 Sustainable Supply Chain Management

1.3.1 Supply Chain Management

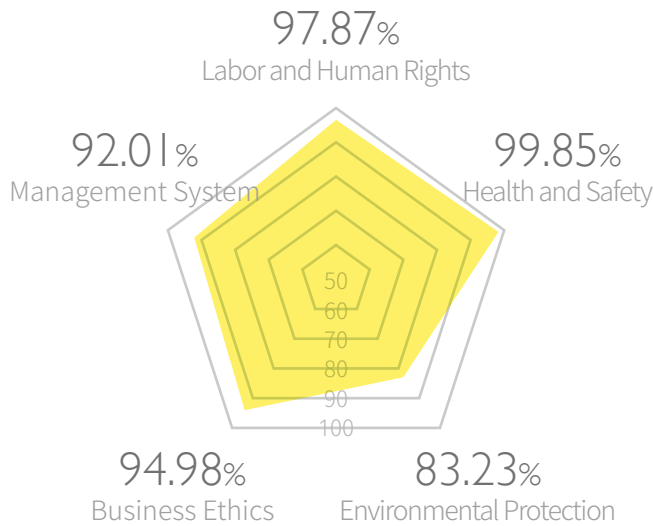
Sustainable Supplier Management and Improvement

In alignment with the principles of sustainable development, the implementation of social responsibility, the promotion of environmental sustainability, and the safeguarding of basic human rights, TTL has established the "Supplier Code of Conduct for Taiwan Tobacco & Liquor Corporation." This code expects suppliers to not only comply with the laws and regulations of the countries and regions where they operate but also to adopt similar standards in fulfilling corporate social responsibility. TTL conducts supplier selection in accordance with the "Government Procurement Act" and, prior to the bidding process, verifies whether bidders are listed as prohibited vendors through the government electronic procurement system. Additionally, suppliers are required to provide tax documentation to ensure integrity in their business operations.

Three Key Points for Supply Chain Management



Taiwan Tobacco & Liquor Corporation Supply Chain Evaluation



The 2023 ESG Questionnaire Evaluation Results for TTL's supply chain indicate that the overall supply chain has achieved commendable results across the five key dimensions. However, there remains room for improvement in the environmental protection dimension. A detailed analysis of the questionnaire suggests that the slightly lower score in this area is primarily due to only 48.17% of suppliers having conducted greenhouse gas inventories or calculated their greenhouse gas emissions. The Company will continue to monitor supplier scores and work towards achieving the goal of "Establishing a Sustainable Supply Chain" as set by the Corporate Governance Team.

1.3.2 Sustainable Procurement

To comply with the revisions of relevant regulations, TTL has promptly updated related provisions based on the Public Construction Commission's interpretations and internal departmental feedback, ensuring the smooth operation of procurement activities. In 2020, the Company established a Procurement Action Plan to address trends and regulatory changes, revising the Procurement Operations Manual and the Self-Assessment Checklist for procurement cases. Additionally, responsibilities for requisition, usage, and contract management units have

been clearly defined. Departments submit recommendations, which are assessed and adjusted according to case-specific conditions and trends, and incorporated into revisions to continuously adhere to the latest standards.

Local Procurement

In addition to providing high-quality alcoholic beverages to consumers, TTL, as a state-owned enterprise, is committed to promoting the development of Taiwanese agriculture and preserving cultural heritage. The Company actively implements a local procurement strategy to support local agricultural development and has designated this issue as a sustainability performance indicator. The Sustainable Development Committee regularly monitors and controls this area to ensure consumers receive high-quality products while providing farmers with a stable market demand, thereby promoting the sustainable development of local agriculture.

2023 Local Procurement

Beer Products

Japonica rice, wheat, lychee juice, wax apple syrup, pineapple juice, grape juice, lychee juice, mango juice, guava juice, passion fruit juice, red quinoa, Job's Tears

Amount of Local Procurement Raw Materials
NT\$ 342 million

Proportion of Local Procurement Raw Materials
28.03%

Alcohol Products

Rice Products

Amount of Local Procurement Raw Materials
NT\$ 85 million

Proportion of Local Procurement Raw Materials
15%

Green Procurement

To reduce environmental impact, TTL prioritizes the use of paper packaging made from at least 75% recycled paper pulp for bulk paper material procurement. The Company encourages packaging suppliers to use recycled paper pulp in the production of paper boxes. The Subcommittee of Environmental Sustainability has established performance indicators for "Raw Material Management," which are regularly monitored and controlled. In 2023, the Division of Tobacco, Division of Liquor, and Division of Beer all met the set standards. In alignment with the commitment to a net-zero green lifestyle, the Company prioritizes purchasing office equipment and supplies with environmental certifications in its daily operations. In 2023, the green procurement rate achieved was 99.81%, contributing to the promotion of green consumption practices and environmental protection benefits.



1.4 Information Security and Personal Data Management

TTL prioritizes information security and privacy protection. When implementing e-commerce channels, multiple cybersecurity measures are taken to enhance system security. The Company closely monitors emerging cybersecurity risks and continuously upgrades protective measures to ensure the proper management and safeguarding of customer information. Additionally, the Company conducts training to raise employees' awareness of privacy protection, thereby ensuring the security of personal data and maintaining customer trust and satisfaction.

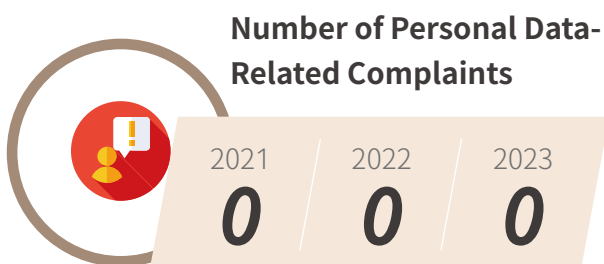
1.4.1 Information Security Policies and Certifications

Information Security Management Upgrades

TTL capitalizes on the opportunities in online shopping by strengthening and expanding its e-commerce channels and integrating virtual and physical sales avenues. In doing so, the Company adheres to the Cyber Security Management Act and relevant regulations to fully protect customer information privacy. The Company also aligns with the Ministry of Finance's initiatives by implementing various information security measures, enhancing information security awareness, and incorporating information security requirements into information service procurement contracts. To improve the network and information security protection levels of the Taiwan Tobacco & Liquor online shopping platform and data center, the Company maintains and continuously refines its information security management system annually. This includes conducting relevant training, information asset inventories, risk assessments of information systems, internal audits, and management review meetings. These processes gradually integrate information security management awareness and experience into employees' daily operations.

Implementation of ISO 27001

TTL continues to enhance its information security management. In 2023, the TTL eshop, data center, and network achieved ISO 27001 international standard certification and will maintain the validity of the certification to comply with the Cyber Security Management Act. According to the Information Security Organization Procedures Manual, TTL has established an Information Security Committee, chaired by the Chief Information Security Officer, to coordinate and discuss the Company's information security policies, plans, and resource allocation. The committee includes managers from all departments to ensure that all personnel adhere to the Company's information security policies, specific theme policies, and procedures for implementing information security.



02

Quality Management

TTL adheres to its commitment of "Stay True for a Century, Be Reliable and Safe." The Company boasts a comprehensive food management system and an innovative R&D mindset, continuously introducing new products with local characteristics for consumers. It consistently improves food safety inspections while ensuring the highest standards of food safety. In 2023, TTL continued to strive for excellence in its products and services, expanding both domestic and international markets with the hope of showcasing Taiwan to the world.

Sustainable Development Committee/
Subcommittee of Consumer Food Safety

- 2.1 Product Responsibility
- 2.2 Customer Relationship Management
- 2.3 Marketing

Aligning with material topics: Quality Management, Consumer Health/Customer Safety, Marketing and Labeling, Distributor Management, Innovation and Research & Development.





100% compliance rate for outsourced food product suppliers upon comprehensive audits.



100% compliance rate for in-house testing items conducted by the liquor analysis laboratory.



Maintenance of the new
TAF ISO 17025 laboratory certification for the liquor analysis laboratory.



Continuous maintenance of ISO 22000 Food Safety Management System certification and HACCP (Hazard Analysis Critical Control Point) certification for **9** distilleries and **3** breweries.



99.20% customer satisfaction rate at duty-free shops.



97.60% customer satisfaction rate among domestic customers.



100% customer satisfaction rate among export customers.



A total of **125** medals won in international competitions.

Sustainable Development Committee: Subcommittee of Consumer Food Safety

Organizer /

Division of Marketing & Sales

Team members /

Division of Liquor, Division of Beer, Department of Biotechnology, Department of Marketing

Team Task /

Discussion and promotion of matters related to the protection of consumer rights and product safety.

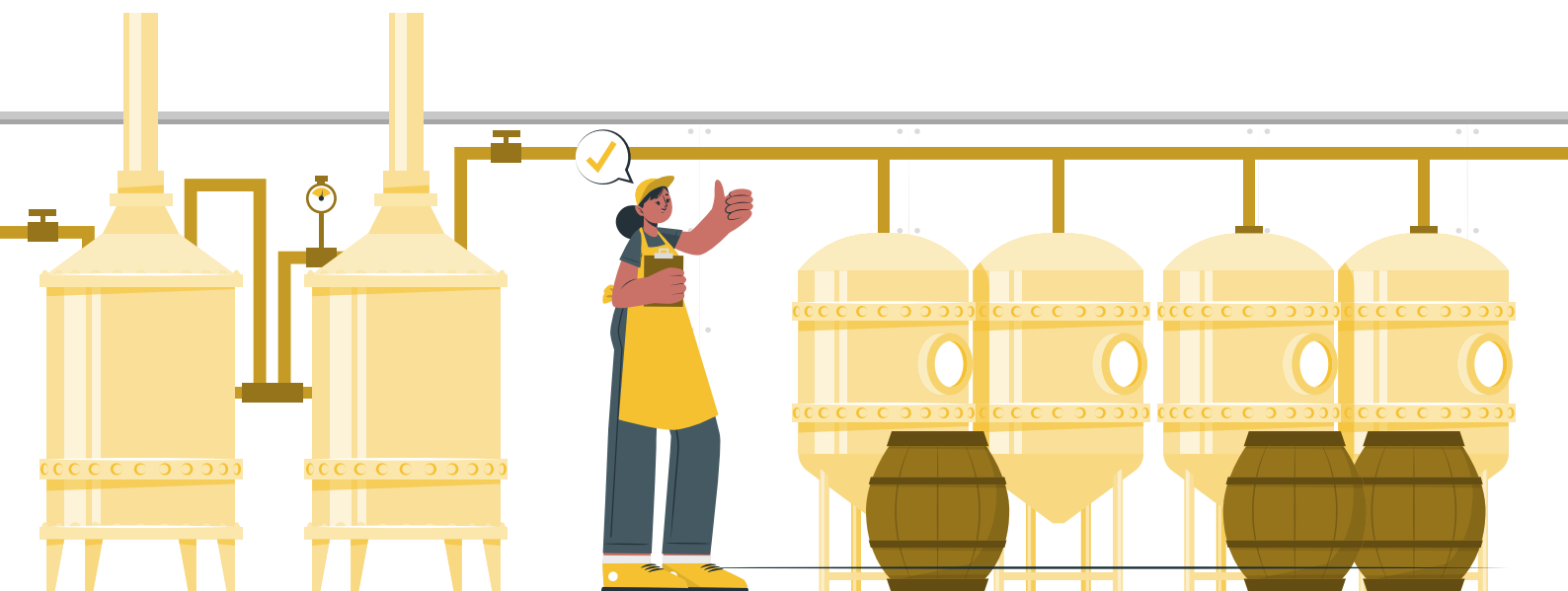
Meeting Frequency /

Quarterly

2.1 Product Responsibility

2.1.1 Quality Management Policy

Taiwan Tobacco & Liquor Corporation upholds the spirit of " Stay True for a Century, Be Reliable and Safe," ensuring consumer protection throughout every stage of raw material production, processing, and sales, with a commitment to stable, high-quality standards. The company has established "Total Quality Management (TQM) Implementation Guidelines" and set up a Total Quality Management (TQM) Committee to advance the quality policy of "Employee Involvement, Economic Effectiveness, Customer Satisfaction, and Innovative Value." Quarterly meetings are held to monitor and control the implementation of the seven key areas of TQM and to propose improvement measures. To ensure a diverse and objective management process, the committee includes a third-party expert advisory mechanism, which can present improvement recommendations during meetings. This supports Taiwan Tobacco & Liquor Corporation in optimizing its overall food safety management system and enhancing the food traceability and supplier management model.



Highlights of 2023

- 100% disclosure rate of self-produced food products (including beverages) on the Company's official website.
- 76.6% of main ingredients for Chinese New Year dishes are sourced from Taiwan.
- 11 marketing promotion events conducted for non-alcoholic beer-flavored beverages.
- Development of more than 4 products featuring local characteristics (utilizing locally sourced agricultural products or incorporating local cultural elements in packaging design).
- Development of 2 food products (including beverages) utilizing by-products from the brewing process.

Total Quality Management (TQM) Practical Operation Processes of Taiwan Tobacco & Liquor Corporation

Implementation of supplier management in accordance with the "Government Procurement Act", "Act Governing Food Safety and Sanitation" and "Tobacco and Alcohol Administration Act."

Batch management operations of important raw materials.

Product safety inspections.

Food Traceability Management Information System.



2.1.2 Product Compliance and Innovation

Comprehensive Implementation of ISO 9001

Taiwan Tobacco & Liquor Corporation has fully implemented the ISO 9001 Quality Management System across its 9 tourist distilleries, 3 tobacco factories, and 3 breweries. Utilizing the PDCA (Plan, Do, Check, Act) cycle for quality management, the Company adheres strictly to the seven principles of ISO 9001 Quality Management. This includes the standardization of production processes, the establishment of quality slogans, inspection mechanisms before material intake and shipment, dedicated areas for handling non-conforming products, and a comprehensive customer complaint response process. These measures effectively control process and product quality, ensuring that all products meet the Company's quality objectives and comply with regulatory requirements.

Optimization of Management through ISO 22000 and HACCP

To ensure consumer food safety, Taiwan Tobacco & Liquor Corporation has implemented both the ISO 22000 Food Safety Management System and the HACCP system across its 9 distilleries and 3 breweries. This integration strengthens the existing PDCA (Plan, Do, Check, Act) cycle and establishes multiple hygiene standards and control measures necessary for maintaining the food supply chain. These measures ensure that potential food safety hazards or contamination risks are eliminated throughout the processes of research and development, raw material procurement, product manufacturing, packaging, storage, transportation, sales, and consumption. In 2023, Taiwan Tobacco & Liquor Corporation maintained certifications for ISO 9001, ISO 22000, and HACCP, covering 100% of its operational locations, and several products received TQF, CAS1, and Excellence in Beverage Certification marks.

Product Innovation

Taiwan Tobacco & Liquor Corporation continuously focuses on sustainable issues such as circular economy, healthy eating, and local connections, both domestically and internationally. The Company leverages its core research and development technologies and by-products to create innovative products that meet consumer demands. This includes utilizing by-products from the brewing process, developing non-alcoholic beverages, and enhancing the localization of products. Multiple new products are developed to respond to market needs. Additionally, to enhance R&D capabilities, the Company maintains ongoing collaborations with domestic public and private universities and research institutions. This partnership explores the efficacy of brewing by-products and enhances research credibility through academic-industry cooperation. These efforts contribute to the efficient development of health and beauty products made from by-products, achieving circular economy goals.



2.1.3 Product Responsibility Labels and Food Safety Disclosure

Legal Compliance

Taiwan Tobacco & Liquor Corporation places a high priority on product labeling responsibility, strictly adhering to regulatory standards and upholding the principle of clear information disclosure to protect consumer rights. In physical retail channels, the Company uses explicit labeling and warnings to provide consumers with accurate information. In virtual channels, such as the Taiwan Tobacco & Liquor online shopping platform, product pages clearly display product features and specifications. Additionally, to ensure that product labeling complies with relevant regulations, the Company has updated and revised its product labeling checklists in 2023 to align with the latest regulatory requirements.

Internal Inspection

To maintain the highest quality standards, Taiwan Tobacco & Liquor Corporation's Biotechnology Research and Development Center operates a beverage analysis laboratory responsible for establishing a rigorous inspection mechanism to coordinate core raw material and technology research. The laboratory conducts inspections of finished and semi-finished products according to methods developed in-house or announced by regulatory authorities, ensuring consumer protection and product safety. In 2023, the laboratory's internal inspection expenses amounted to NT\$41,876,821, representing 0.08% of the company's net operating revenue.

Transparency in Food Traceability Information

Taiwan Tobacco & Liquor Corporation is committed to enhancing food safety management measures by integrating the ISO 9001 Quality Management System, SAP system, factory food safety traceability system, and business premises food flow tracking system to ensure food safety. Since 2019, the Taiwan government has established the "Food Safety Tracking and Tracing Inquiry Platform," requiring food operators to maintain complete records of the food production chain, allowing consumers to query product traceability records via a web browser.

The liquor product analysis laboratory within the Research Institute of Liquor & Biotechnology has obtained ISO 17025 new version laboratory certification from the Taiwan Acceptance Foundation (TAF), confirming its testing capability and quality alignment with international standards. In 2023, the lab tested eight items, all of which had a 0% non-compliance rate.

2.1.4 Awards and Recognitions

Domestic and International Awards

TTL actively participates in domestic and international competitions, global awards evaluations, and various food and beverage exhibitions around the world. This engagement aims to elevate TTL products onto the international stage and enhance global visibility. In 2023, the Company's products received a total of 49 medals at the Monde Selection, including 7 Grand Gold, 24 Gold, 14 Silver, and 4 Bronze. Additionally, the Company earned a cumulative total of 76 awards from other international competitions such as CMB, WWA, ISC, IWSC, SFWSC, MMA, and the World Beer Award, bringing the total to 125 medals.

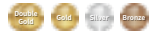
OMAR Single Malt Whisky Products

Yushan Kaoliang Liquor Series

2023 Awards

29

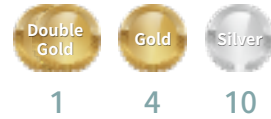
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International Spirits Challenge
ISC



San Francisco World Spirits Competition
SFWSC



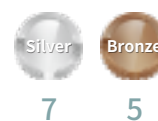
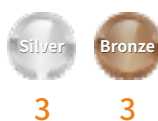
London Spirits Competition
LSC



World Whiskies Awards
WWA



The International Wine and Spirit Competition
IWSC



Spirits Selection by Concours Mondial de Bruxelles
CMB



To be safe,  don't drink and drive.

2.2 Customer Relationship Management

To provide high-quality products and services, TTL effectively utilizes production, transportation, and sales resources. The Company focuses on developing innovative products, optimizing product packaging and design, establishing digital business systems, and deepening channel management. It employs diverse marketing strategies and engages in consumer communication, with specific indicators for managing customer satisfaction. In 2023, TTL achieved a domestic customer satisfaction rate of 97.6%, an export customer satisfaction rate of 100%, and a duty-free store customer satisfaction rate of 99.2%. These results reflect positive feedback from both domestic and international direct and indirect customers, as well as consumers, regarding the Company's efforts to protect customer and consumer rights. The Company aims to use this genuine consumer feedback as a reference for further enhancing service quality.

2.3 Marketing

2.3.1 Domestic Sales Development

TTL promotes the concept of a circular economy, highlighting Taiwan's local cultural characteristics. The Company is dedicated to developing products that utilize by-products from alcohol production and feature local agricultural specialties. Adopting a "consumer-centered" approach as the core of its marketing strategy, the Company integrates sales channel development and promotion efforts. It continuously optimizes and integrates resources across the three key areas of "product, brand, and sales," fostering organizational reinvention and innovation to enhance the marketing advantages of Taiwan Tobacco & Liquor Corporation in a positive cycle.

Domestic Marketing Strategy

TTL upholds principles of integrity by strictly adhering to quality management standards and continuously incorporating innovative elements into various processes, including product development, packaging, and marketing. The Company values consumer communication and employs four major marketing strategies to integrate product services with sustainability principles. By leveraging its brand influence, Taiwan Tobacco & Liquor Corporation aims to raise awareness among its broad customer base about environmental friendliness, local small-scale agriculture, and cultural creation. The goal is to encourage customers to adopt sustainable practices in their daily lives.



Taiwan Tobacco & Liquor Corporation's 2023 Marketing Strategy

Beer

- Focus on core brands and increase awareness through brand rejuvenation.
- Strengthen the promotion of modern chain distribution channels.
- Capitalize on the restaurant industry's recovery and work hard to drive revenue growth.
- The Company continually develops new products to align with market trends, engages in cross-industry collaborations, and executes customized promotional campaigns in partnership with distribution channels.

Liquor

- Strengthen and consolidate the promotional power of key products across categories.
- Introducing new products to stimulate the market and drive sales of related items with similar attributes.
- Combine online and offline brand exposure to increase brand awareness.
- Host product tasting events to increase consumer exposure and engagement with the product experience.

Biotechnology and Food Products

- Focus resources on increasing brand awareness and visibility for key products.
- By integrating emerging media platforms, we can target potential customer segments and increase opportunities for product experiences.
- Continue to rejuvenate the brand to appeal to a younger audience, optimize visuals in response to media trends and audience preferences, and enhance digital marketing through cross-industry collaborations.
- Communicate brand and product features during holiday seasons and align them with promotional activities.



To be safe,  don't drink and drive.

2.3.2 International Market Strategy

TTL's international sales are divided into export markets and duty-free markets. Our international operations cover regions including America, Europe, East Asia, Oceania and China. We primarily sell to sole distributors and importers in international markets. In the duty-free scope, we operate a duty-free store at Taoyuan International Airport, supplying duty-free tobacco and liquor to travelers, and collaborate with other duty-free operators. Beyond collaborating with distributors and key partners in various countries to operate in local markets, we participate in international exhibitions such as the Tokyo International Food Exhibition, Seoul International Food Exhibition, Kyoto Whisky Exhibition in Japan, OMAR Tasting Event in Singapore, InterTabac in Germany, Taiwan Plus event in Japan, and the Middle East Tobacco Exhibition. These activities enhance our brand awareness, promote our unique products, and help us attract potential new customers.

2023 Overseas Marketing Strategy



Distributors, Importer

- Signed trial sales agreements with potential clients in emerging markets.
- Developed customized products and provide marketing resources for promotion in potential markets.
- Participate in major exhibitions in various regions, offering marketing resources to overseas distributors and clients, enhancing e-commerce and new retail channel promotion to boost sales.
- Responded to diverse market demands by selecting distinctive products and diversifying the product portfolio to expand market presence.



Duty-Free Shops

- Implement Market diversification strategies and hold tasting activities.
- Continuously optimize the product mix and develop or introduce new products.
- Strengthen cooperation with tour leaders and guides.
- Expand the duty-free supply market.
- Enhance the overall image of duty-free shops.



03

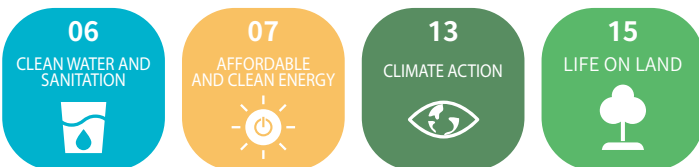
Green Economy

TTL integrates circular economy and environmental sustainability into its daily operations across all product lines, including tobacco, liquor, beer and biotechnology. The Subcommittee of Environmental Sustainability of Sustainable Development Committee oversees all environmental goals and strategies. The committee and operating units are implementing various measures based on the circular economy and energy conservation promotion plan, and are continuously promoting low-carbon green manufacturing at all operating sites. At the same time, TTL is installing a solar photovoltaic system to achieve carbon reduction through renewable energy. TTL continuously monitors energy resources, greenhouse gas emissions, water resources, air pollution, and waste issues. It also conducts various environmental education programs and strives to improve process efficiency.

Sustainable Development Committee/
Subcommittee of Environmental Sustainability

- 3.1 Climate Change and Adaptation
- 3.2 Low Carbon Operations
- 3.3 Sustainable Environment

Aligning with material topics:
Circular Economy





The Chiayi Distillery obtained the
Clean Production Compliance Certification.



In 2023, the total amount of waste generated will be approximately
117,896.7 metric tons,
 with a recycling rate of
99.01%



The total consumption of water resources
 decreased by **6.79%**
 compared to 2022. Investment in water
 resource projects reached
 NT\$ **125.5** million.



Obtain the
Carbon Footprint
 declaration of Chiayi Distillery's
 Yushan Daqu.



The Greenhouse Gas Database currently
 contains **19** years of greenhouse
 gas emissions data through 2023.



Total environmental protection
 expenditures for 2023 reached
 NT\$ **490.78** million.



In 2023,
6,239 individuals from
 26 units participated in environmental
 education and training.

Sustainable Development Committee: Subcommittee of Environmental Sustainability

Organizer /

Environmental Protection and Energy section

Meeting Frequency /

Quarterly

Team members /

Division of Marketing & Sales, Division of Tobacco, Division of Beer, Division of Liquor, Department of Biotechnology, and Environmental Protection and Energy section

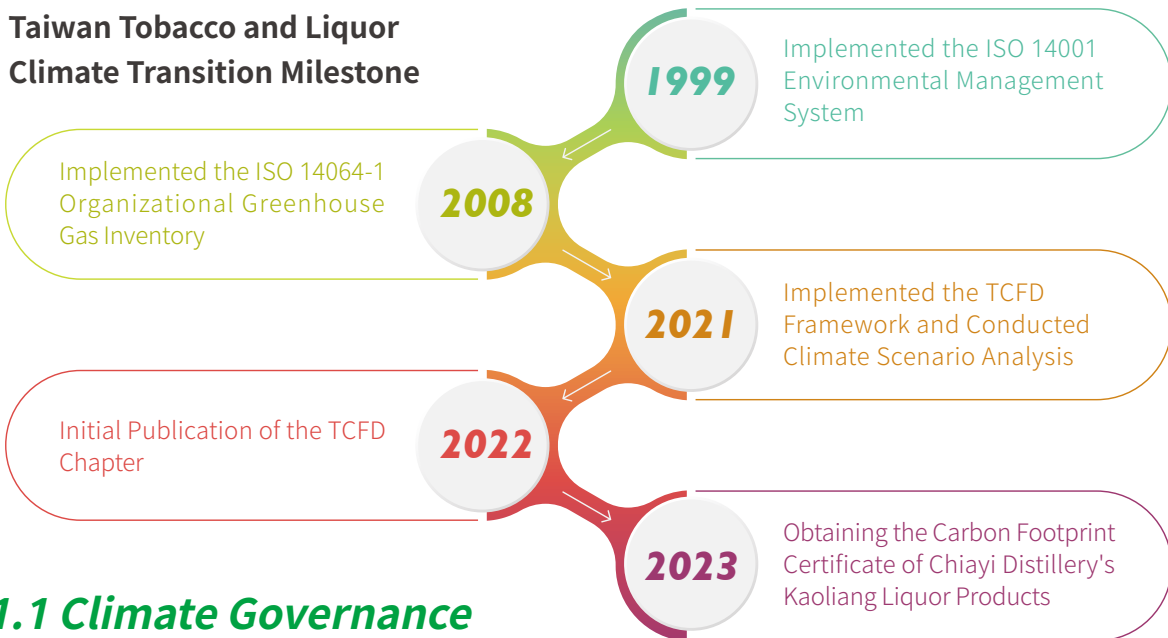
Team Task /

Researching and promoting issues related to building an energy-efficient, low-carbon environment and green businesses.

3.1 Climate Change and Adaptation

Since 2021, TTL has disclosed climate-related information in accordance with the four frameworks of the Task Force on Climate-Related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB). This disclosure outlines TTL's climate governance framework and climate response strategies, identifies various climate risks and opportunities, and conducts three scenario analyses to understand how climate events may impact TTL's operations and finances. The initiative aims to implement climate risk management and align with the United Nations Sustainable Development Goals (SDGs).

**Taiwan Tobacco and Liquor
Climate Transition Milestone**



3.1.1 Climate Governance

Climate Governance Framework

As countries worldwide implement regulations focused on environmental sustainability, management challenges are increasing each year. In 2022, the Company established an Subcommittee of Environmental Sustainability to create a comprehensive plan addressing greenhouse gas emissions, water stewardship, circular economy, ecological conservation, and sustainable raw material sourcing. The subcommittee has identified key issues and indicators to guide all departments, ensuring their integration into daily operations and management practices. This approach aims to minimize the Company's environmental impact.

Highlights of 2023

- Obtain the carbon footprint certificate of Yushan Daqu, a premium kaoliang produced by Chiayi Distillery.
- Greenhouse gas emissions in 2022 total 164,207.33 metric tons, a reduction of 46.08% from the base year of 2005.
- The Chiayi Distillery has obtained the Clean Production Compliance Certification and will combine it with the Green Factory Certification after obtaining the Green Building Label in the first half of 2024.
- Construct three ecological ponds.

Supervisory Level

Board of Directors

Governance tasks:

- Supervise TTL's significant risks and opportunities associated with climate change.
- Provide guidance on corporate sustainability strategies, action plans, annual budgets, and achievement of sustainability goals.



Management Level

Sustainable Development Committee

Governance tasks:

- Supervise TTL's significant risks and opportunities associated with climate change.
- Provide guidance on corporate sustainability strategies, action plans, annual budgets, and achievement of sustainability goals, as well as review the Company's senior management levels and cross-unit operational risk management.
- The Sustainability Development Committee will include climate issues in its discussions. Sustainable performance criteria will be established based on an assessment of climate risks and opportunities. Management strategies, indicators and targets will be established, and the President and Senior Vice President will monitor progress on a quarterly basis.

Risk Management Committee

Governance tasks:

- The committee oversees the review of relevant risk event issues and promotes various risk management activities.
- Approve the Company's risk appetite, risk tolerance, and company-wide risk profile.
- Review the annual risk management performance and propose improvements.

Environmental Protection Management Review Committee

Governance tasks:

- Develop response strategies in accordance with environmental protection regulations and laws.
- Supervise affiliated organizations in the performance of their environmental protection responsibilities.
- Review other environmental protection management issues.

Greenhouse Gas Inventory and Voluntary Reduction Promotion Committee

Governance tasks:

- Ongoing review of the effectiveness of greenhouse gas reduction efforts.
- Develop and review the greenhouse gas inventory plan.
- Supervise affiliated organizations in the execution of greenhouse gas inventory, verification, registration, and reduction activities.



Control Level

Environmental Protection and Energy section

Governance tasks:

- Develop, implement, and monitor environmental protection programs for affiliated organizations.
- Guide relevant departments in implementing and achieving annual goals within the environmental energy promotion plan.
- Reviewing environmental energy action plans implemented by various organizations and conducting ongoing evaluations.

Energy Conservation Promotion Subcommittee

Governance tasks:

- Oversee and evaluate the formulation, execution effectiveness, and target management of annual plans for energy conservation and solar photovoltaic promotion, while ensuring the effective implementation of power efficiency management plans at production plants and operational sites.

Subcommittee of Environmental Sustainability

Governance tasks:

- Researching and promoting issues related to building an energy-efficient, low-carbon environment and green businesses.

Divisions, departments (offices) and factories (sites) of TTL

Governance tasks:

- To achieve and manage these performance targets, thereby realizing TTL's vision of sustainability through concrete actions.

2050 Net-Zero Carbon Emissions Pathway

TTL is committed to achieving net-zero emissions by 2050, in line with the government's "Taiwan's 2050 Net-Zero Emissions Pathway". This initiative reflects TTL's commitment to reducing global warming and fulfilling its climate and social responsibilities. TTL has implemented various carbon reduction measures, including improving the energy efficiency of equipment, installing solar photovoltaic systems, and adopting other energy-saving practices. The company has also strengthened its commitment to circular economy principles in production and local sourcing of low-carbon footprint raw materials. TTL regularly conducts greenhouse gas inventories to assess the impact of its business activities on greenhouse gas emissions, enabling the implementation of appropriate emission reduction measures and improvement strategies. Through these ongoing efforts, TTL is steadily working towards its net-zero emissions goal.

**2030
Green Economy**

- Reduce carbon emissions by 50% compared to the base year (2005) (Scope 1 and 2)
- Electrify all civil servant vehicles
- In line with policies, progressively implement Level 1 building energy efficiency or near-zero carbon buildings
- Introduce an energy management system ISO-50001
- Evaluate carbon-negative technologies—carbon capture, utilization and storage (CCUS)

**2005
Greenhouse Gas Inventory**

Greenhouse gas inventories have been compiled since 2008, with data going back to 2005. These inventories serve as the basis for ongoing efforts to reduce emissions

**2022
Carbon Footprint**

- Promote the acquisition of product carbon footprint and green factory certification
- Align with policies to implement net-zero green living
- Evaluate the feasibility of biomass energy power generation from sludge and distiller's grains
- Evaluate the installation of charging stations

**2014
Carbon Reduction Plan**

Install solar photovoltaic systems and establish solar photovoltaic projects in phases





2045

Continuous carbon reduction or purchasing carbon credits, green energy

2040

Carbon Neutrality

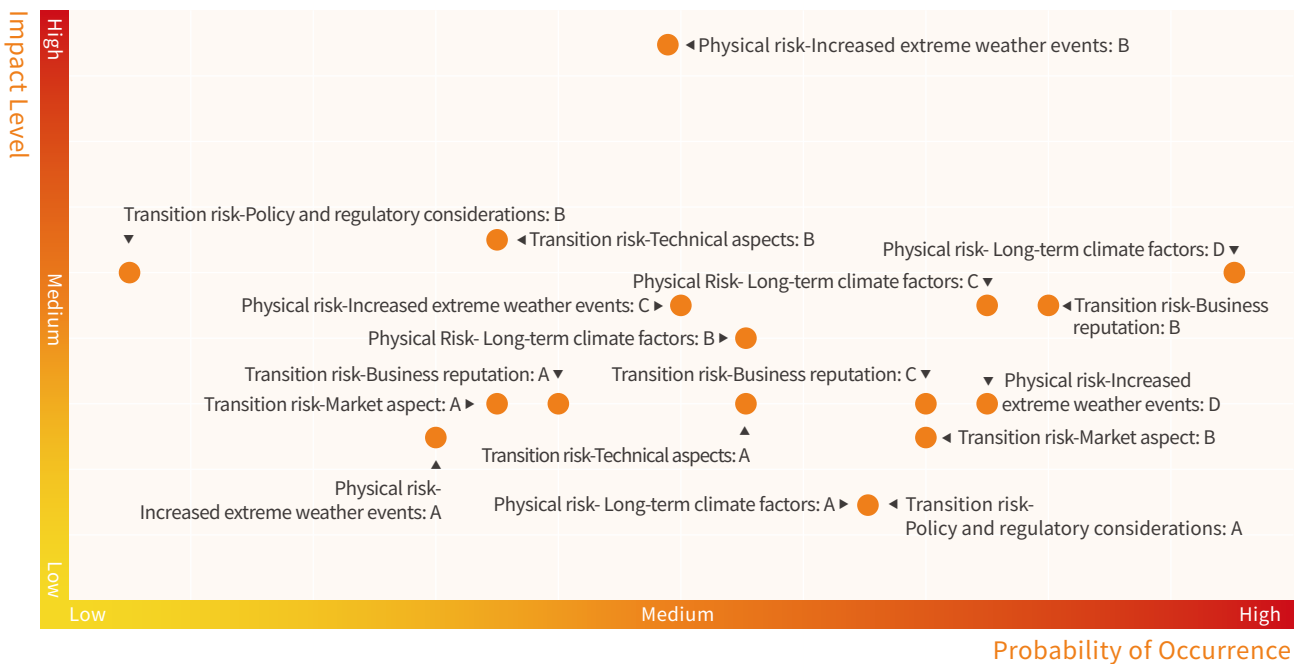
Renewable energy sources accounted for 20% of the total

Achieving Net-Zero Emissions by 2050

3.1.2 Climate Risks and Opportunities

The Impact and Financial Implications of Climate Risks and Opportunities for TTL

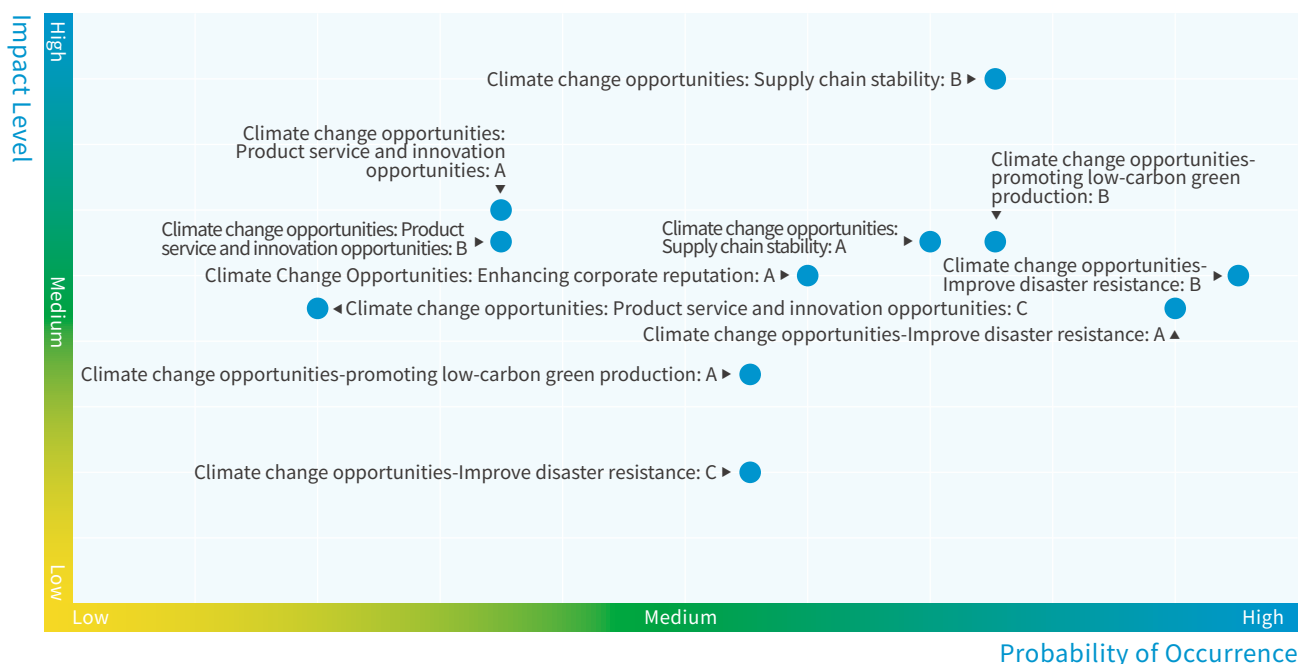
Climate Change Risk Matrix for Taiwan Tobacco and Liquor



Climate Risk and Opportunity Comparison Table for TTL

Risk	Risk Impact Content	Financial Impact of Risk	Climate Action
Physical Risk- Increased Extreme Weather Events	<p>A. Damage and additional costs caused by extreme weather events to the Company's headquarters, operations, and employees</p> <p>B. Extreme weather events have resulted in an impairment of the value of the Company's long-term assets</p> <p>C. Supply chain disruptions and rising costs</p> <p>D. Increase in raw material cost</p>	<ul style="list-style-type: none"> • Decrease in revenue • Increase in production cost • Impairment loss 	<ul style="list-style-type: none"> • Implement water-saving measures to reduce overall water usage • Establish water condition monitoring mechanisms and emergency response procedures • Implement ESG assessments for key suppliers, including eight environmental considerations • Promote the acquisition of product carbon footprint and green factory certification and implementing a net-zero green lifestyle
Physical Risk- Long-Term Climate Factors	<p>A. Delays in production planning were attributed to factors such as unstable power supply.</p> <p>B. The impact of water scarcity on company operations</p> <p>C. Extreme weather events pose significant risks to agriculture, including flooding from typhoons or torrential rains, slope failures, coastal disasters, drought, and the effects of global warming</p> <p>D. Production disruptions due to raw material shortages</p>	<ul style="list-style-type: none"> • Impairment loss • Increase in operating cost • Increase in production cost 	<ul style="list-style-type: none"> • Setting ambitious carbon reduction targets and continuously promoting a variety of carbon reduction projects • Assess flood/drought risks at manufacturing sites and implement risk mitigation measures • Promoting the electrification of all civil servant vehicles • Progressively implement Level 1 building energy efficiency or near-zero carbon buildings
Transformation Risks-Policy and Regulatory Considerations	<p>A. Greenhouse gas emissions cap and trade system</p> <p>B. National and international regulations are becoming more stringent, resulting in increased penalties and litigation</p>	<ul style="list-style-type: none"> • Increase in capital expenditures • Increase in fees • Increase in compliance/litigation cost 	<ul style="list-style-type: none"> • Implement Greenhouse Gas Inventory to Collect Data • Implementing TTL Net-Zero Reduction Pathway for 2050 • Ongoing promotion of carbon reduction projects at all factories and sites
Transition Risk-Technical Aspects	<p>A. Expenses associated with the implementation of new equipment, process modifications, or the development of innovative technologies</p> <p>B. Customer requirements regarding environmental aspects of the production process</p>	<ul style="list-style-type: none"> • Increase in capital expenditures • Increase in cost 	<ul style="list-style-type: none"> • Research and evaluate the feasibility and costs of new process technologies • Actively participate in industry and academic exchanges to stay updated on cutting-edge technology applications • Evaluate carbon-negative technologies and invest in the development of carbon capture and storage
Transition Risk-Market Aspect	<p>A. Changes in consumer behavior and preferences</p> <p>B. Climate change has led to unstable raw material or fuel supplies and global fluctuations in raw material prices, resulting in increased production and operating costs</p>	<ul style="list-style-type: none"> • Decrease in revenue • Increase in cost 	<ul style="list-style-type: none"> • Research and analyze the latest market trends to expand the consumer base • Introduction of locally produced raw materials to support local small-scale agriculture
Transition Risk-Business Reputation	<p>A. Poor performance or lack of proactive action on climate change, energy conservation and carbon reduction can impact brand image and public perception</p> <p>B. The Company's image has been negatively affected by recent environmental incidents</p> <p>C. Growing sustainability awareness has led external stakeholders to demand more sustainable products and services. Conversely, the Company's lack of concrete climate change initiatives could negatively impact its reputation and image</p>	<ul style="list-style-type: none"> • Decrease in Revenue • Increase in capital cost 	<ul style="list-style-type: none"> • Continuously monitor and evaluate the performance of carbon reduction initiatives • Explain or clarify negative reports • Take concrete actions to comply with policies and international initiative goals

Climate Change Opportunity Matrix for Taiwan Tobacco and Liquor










Climate Risk and Opportunity Comparison Table for TTL

Opportunity	Opportunity Impact Details	Financial Impact of Opportunities	Climate Action
Enhancing Disaster Resilience	A. Drought - Implement water conservation measures and improve water resource efficiency B. Flood – Analyze flooding scenarios and manage flood risks within the facility C. Other natural disasters – Develop crisis management procedures and establish disaster response systems	• Increase in capital expenditures	• Conduct flood and drought risk assessments and scenario analysis for early warning • Develop crisis management procedures and establish disaster response systems • Implementing water conservation measures, establishing rainwater harvesting systems and ecological ponds, and improving water resource utilization
Supply Chain Stability	A. Increase substitution and diversity of raw materials B. Establish a Supplier Code of Conduct and implement an evaluation mechanism	• Decrease in operating cost	• Procure in advance for the current year, assess changes in market trends, and establish the most appropriate long-term contracts • Prepare alternative sourcing contracts, find suitable raw material substitutes, or adjust formulas to change usage • Establish a Supplier Code of Conduct and implement a supplier self-assessment questionnaire to facilitate an audit system
Promoting Low-Carbon Green Production	A. Developing renewable energy sources to reduce carbon tax and carbon credit costs B. Promoting low-carbon green manufacturing processes for reduced operating costs	• Increase in non-operating income • Decrease in operating cost	• Evaluate the installation of charging stations at each tourism factory • Develop biomass energy generation from sludge (distiller's grains) to enhance the use of renewable energy
Opportunities for Product and Service Innovation	A. Developing low-carbon product designs to meet future market trends B. Enhance existing operational facilities and equipment to create a more efficient system, thereby improving energy efficiency and reducing operating costs C. Recycling and reuse of raw materials streamline the production process	• Decrease in cost • Increase in revenue	• Developing low-carbon product designs to meet future market trends • Optimize existing facilities, improve energy efficiency, and reduce operating costs • Active utilization of brewing by-products, such as distiller's grains and yeast, for recycling and development of other products
Enhancing Corporate Reputation	Enhance sustainability-related initiatives to improve stakeholder perception of the brand	• Increase in revenue • Increase in capital cost	• To promote a net-zero green lifestyle, we will actively engage with stakeholders to build brand recognition

3.1.3 Climate Change Risk Scenario Analysis

To enhance its ability to manage climate change risks, the Company has conducted scenario analyses of various risks, operational and financial impacts, and mitigation measures. These analyses are based on recommendations from the TCFD disclosures, the International Energy Agency (IEA), and the Intergovernmental Panel on Climate Change (IPCC) climate scenarios, as well as relevant industry scenario analyses. TTL has conducted a scenario analysis for the physical risks of flooding and drought identified in the Issue. In addition, TTL has analyzed the carbon tax risk associated with policies and regulations in the transition risk, examining the carbon tax scenarios that the Company will face in the future.

Scenario Settings and Impacts of TTL

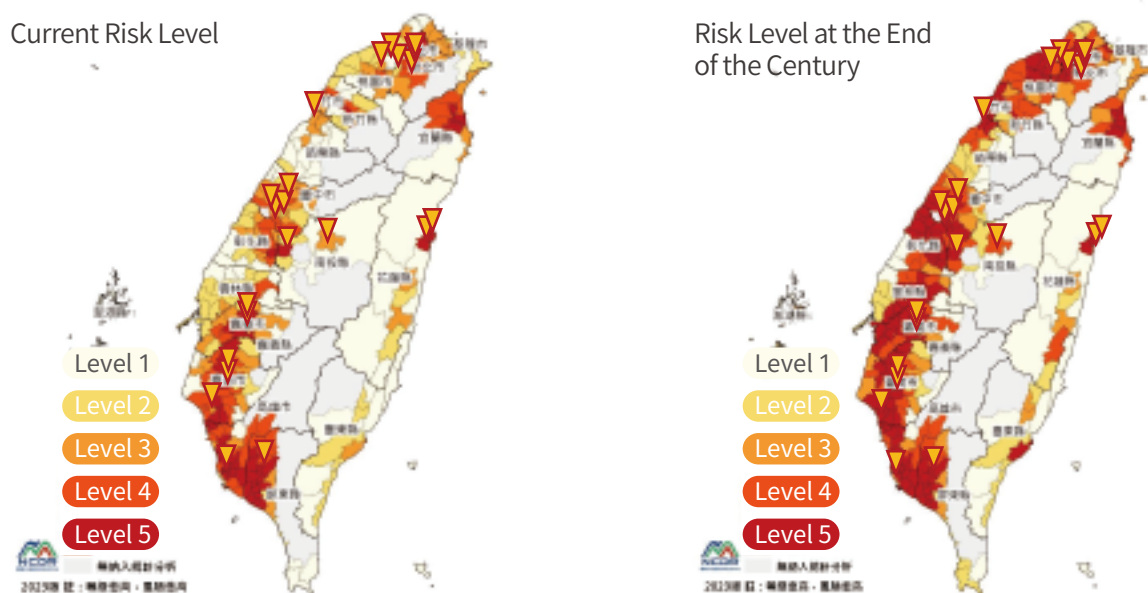
	 Address Risks and Opportunities	 Scenario Forecasting	 Operational and Financial Implications	 Assumptions for Financial Calculations
Physical Risk Flood 	<ul style="list-style-type: none"> Physical risk-Long term climate change risks Physical risk-Increased extreme weather events Climate change opportunities-Improve disaster resistance 	Greenhouse gas emissions as usual, with current warming estimated at 1°C and future scenarios projecting an increase of nearly 4°C from 2081 to 2100	<ul style="list-style-type: none"> Decrease in revenue Increase in production cost Increase in operating cost Impairment loss Increase in capital expenditures 	This report assesses the exposure of TTL's business locations and factories to flood risk using flood risk maps. It integrates a risk model with financial data to quantify the potential financial impact.
Physical Risk Drought 	<ul style="list-style-type: none"> Physical risk-Long term climate change risks Physical risk-Increased extreme weather events Climate change opportunities-Improve disaster resistance 	Greenhouse gas emissions as usual, with current warming estimated at 1°C and future scenarios projecting an increase of nearly 4°C from 2081 to 2100	<ul style="list-style-type: none"> Decrease in revenue Increase in production cost Increase in operating cost Impairment loss Increase in capital expenditures 	TTL will incorporate the financial impact data of drought scenarios into its future annual report.
Transition Risk Carbon Fee 	<ul style="list-style-type: none"> Transformation Risks-Policy and Regulatory Considerations Climate change opportunities-promoting low-carbon green production 	TTL has incorporated three carbon emission development scenarios proposed by the International Energy Agency (IEA) and combined them with five carbon price level forecasts.	<ul style="list-style-type: none"> Increase in capital expenditures Increase in fees Increase in compliance/litigation cost Increase in non-operating income Decrease in operating cost 	This report estimates TTL's greenhouse gas emissions under three carbon emissions scenarios. It then calculates five carbon pricing scenarios with different carbon tax levels. Based on this price-volume relationship, the report projects TTL's carbon tax expenditures in 203, 2040, and 2050.

Flood Risk Analysis

To assess potential future flood risks, TTL adopted the Representative Concentration Pathways (RCPs) from the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC). Using the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP), TTL assessed the flood disaster risks for its production facilities and business locations under the most severe warming scenario of 4°C. This scenario assumes that global climate policies and efforts to reduce greenhouse gas emissions fail, resulting in a 4°C increase in global warming. TTL projected flood catastrophe risks for the present and the end of the century (2081-2100) for a total of 25 factories and business locations. By comprehensively considering the hazard, vulnerability, and exposure of each site, TTL estimated the potential flood disaster risk level (ranging from Level 1 to Level 5, with Level 1 being the lowest risk and Level 5 being the highest risk). These risk levels were then incorporated into a risk model to estimate the potential financial impact for the present and future.

Analysis of Flood Disaster Indicators for 25 Sites of TTL

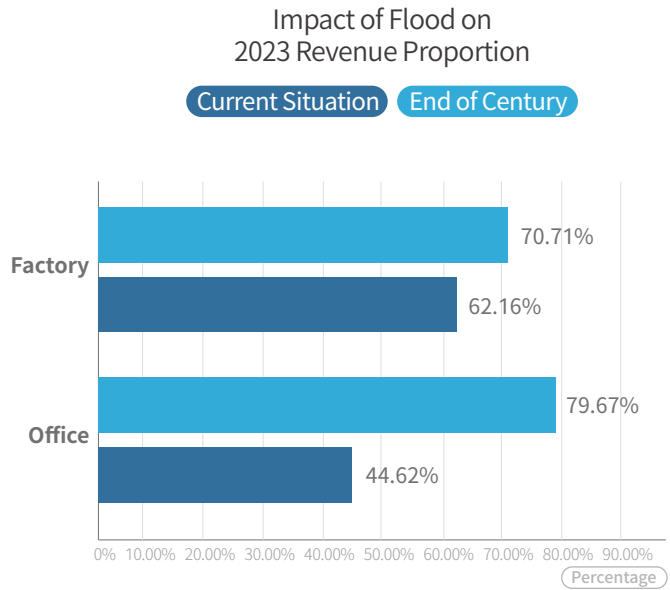
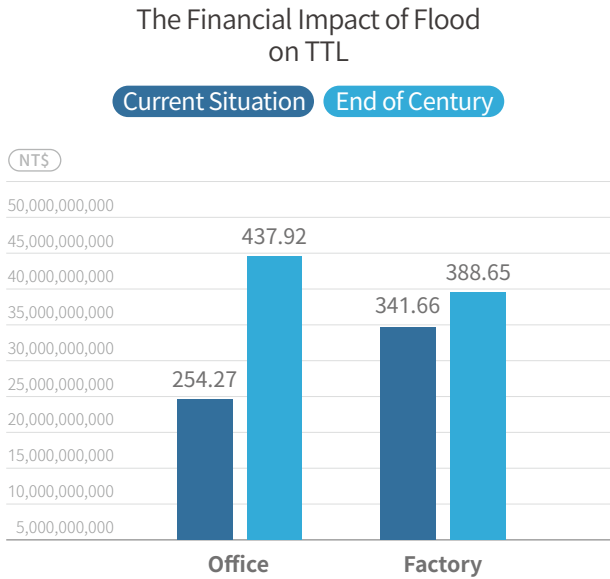
Flood Risk Maps for Sites of TTL



Note1: Disaster risk is categorized based on a baseline. The projected future disaster risk map is derived from a majority analysis of the results of 33 future projection models.
 Note2: A flood disaster risk level of 5 indicates the highest relative catastrophe risk. Conversely, a flood disaster risk level of 1 indicates relatively low risk. It is important to note, however, that a level of 1 does not imply the absence of risk or guarantee that a disaster event will not occur.
 Note3: The high-emissions RCP8.5 scenario, which assumes a continued business-as-usual approach to carbon reduction, projects that radiative forcing will increase to 8.5 watts per square meter by 2100. This scenario assumes that greenhouse gas emissions will continue to increase at the current rate, leading to a sustained increase in atmospheric greenhouse gas concentrations. As a result, global temperatures are projected to approach a 4°C increase, resulting in unavoidable damage to the global environment.

Our analysis of the potential impact of physical risks on TTL's operations included financial data from each site to estimate the current and future financial impact. The financial impact data is shown in the figure below. This projection shows that flood scenarios will pose operational risks to TTL in the future. Based on current assessments, the operational impact is estimated at NT\$34.166 billion for factories and NT\$24.527 billion for sales offices. By the end of the century (2081-2100), the financial impact is expected to be NT\$43.792 billion for sales offices and NT\$38.865 billion for factories. The three most affected factories are Neipu Cigarette Plant, Fongyuan Cigarette R&D Plant, and Taipei Cigarette Plant. The three offices most affected are the Northern Area Office, the Kaohsiung Office, and the Tainan Office.

The Financial Impact of Flood on TTL



Response

TTL's manufacturing plants and offices have developed comprehensive emergency plans before, during, and after the typhoon season. These plans include securing windows and trees, ensuring emergency lighting and generators are operational, maintaining the flow of drainage systems, deploying sandbags, and ensuring the safety of important documents, files, and assets both inside and outside. In addition, watertight gates have been installed at factories located in low-lying areas to maintain workplace safety and prevent operational disruptions. The Company will continue to assess potential risks and develop flood response strategies, with a particular focus on strengthening flood prevention measures at factories and business locations that have been identified as having the greatest financial impact in previous events.

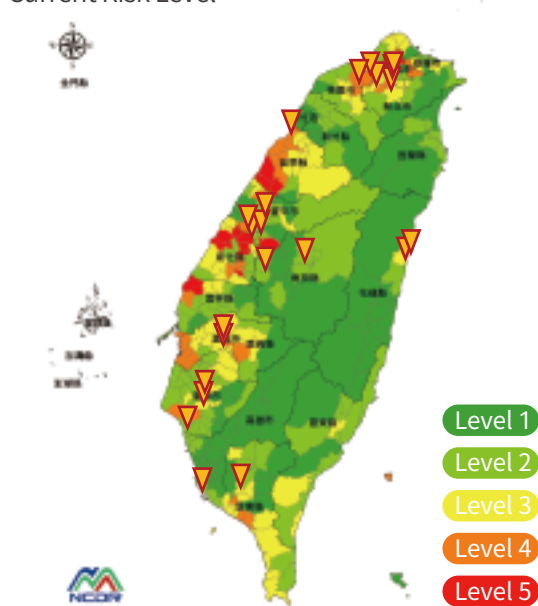
In the future, the Company will establish a flood warning system, refine flood response policies, and implement emergency response, post-disaster recovery, and reconstruction measures to ensure the integrity of facilities and the safety of personnel. Through flood prevention and response drills, we will improve TTL's emergency response capabilities. By implementing business continuity management, we will ensure continued production in the event of flooding and minimize property damage caused by flooding.

Drought Risk Analysis

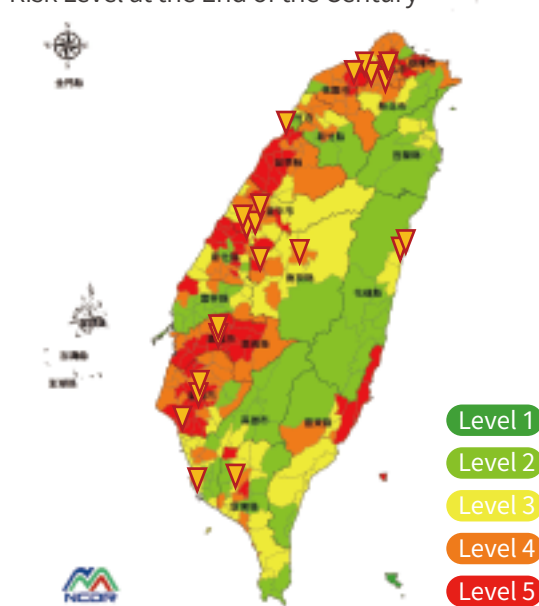
Although Taiwan receives abundant annual rainfall, it experiences a distinct division between wet and dry seasons, with the majority of precipitation concentrated during the plum rain and typhoon seasons. In addition, the island's mountainous terrain, characterized by high elevations and short, swift rivers, contributes to significant fluctuations in river flow. Water storage is a challenge, and the frequency of droughts due to extreme weather events has increased in recent years. This study, based on the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) and the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP), estimates the drought risk to TTL's production facilities and wine raw material sources in the late 21st century (2075-2099) under the RCP 8.5 scenario. The study includes the maximum number of consecutive dry days as a key factor in its analysis.

Drought Risk Maps for Sites of TTL

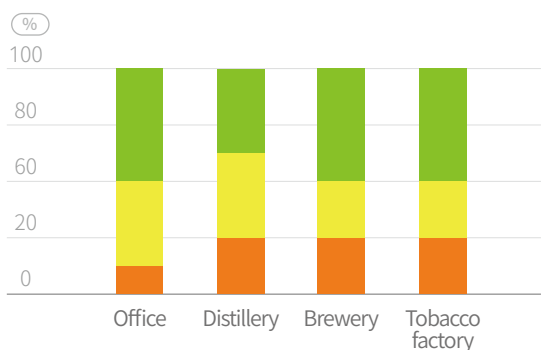
Current Risk Level



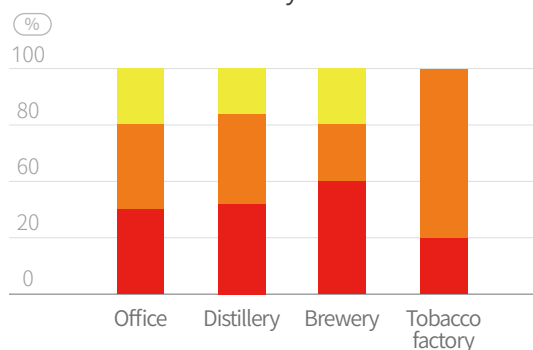
Risk Level at the End of the Century



Analysis of Current Drought Risk



Analysis of Drought Risk Levels at the End of the Century



Note1: This report analyzes drought disaster risk based on three indicators: hazard, vulnerability, and exposure. The level of disaster risk is assessed for both the baseline period (1979-2003) and the RCP8.5 scenario using multiple GCMs for the period 2075-2099.

Note2: Disaster risk is classified based on a base year scenario, assuming no change in conditions. This method identifies hotspots of climate change-induced public water drought disaster risk in 352 townships in Taiwan, both under baseline conditions and at the end of the 21st century.

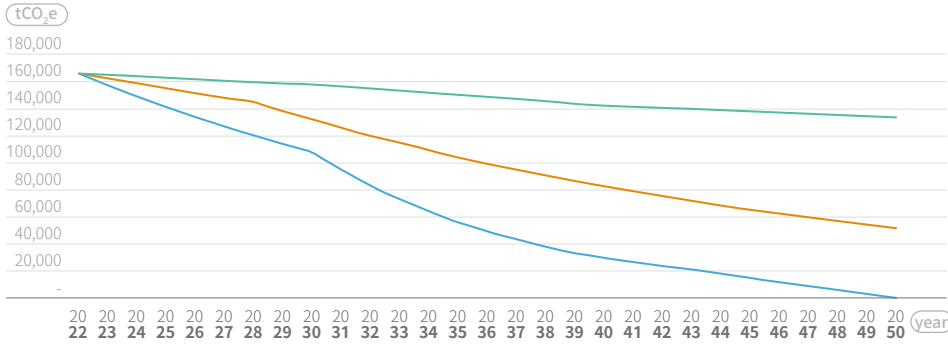
Note3: A drought disaster risk level of 5 indicates the highest relative catastrophe risk. Conversely, a drought disaster risk level of 1 indicates relatively low risk. It is important to note, however, that a level of 1 does not imply the absence of risk or guarantee that a disaster event will not occur.

Note4: The high-emissions RCP8.5 scenario, which assumes a continued business-as-usual approach to carbon reduction, projects that radiative forcing will increase to 8.5 watts per square meter by 2100. This scenario assumes that greenhouse gas emissions will continue to increase at the current rate, leading to a sustained increase in atmospheric greenhouse gas concentrations. As a result, global temperatures are projected to approach a 4°C increase, resulting in unavoidable damage to the global environment.

Response

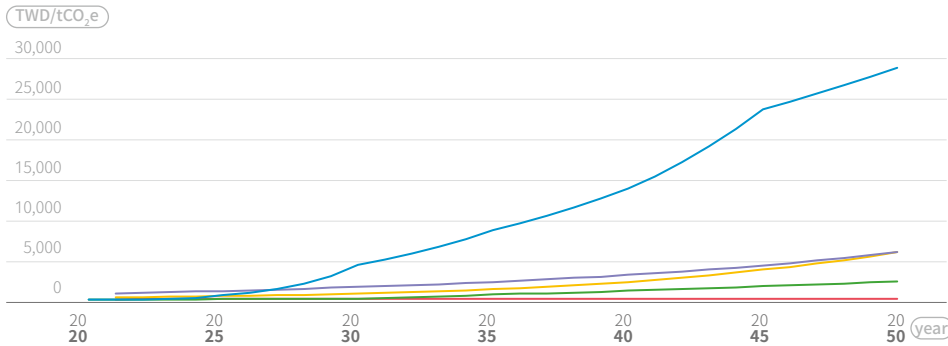
Water is a critical raw material in the production of alcoholic beverages. As droughts become more frequent, water shortages could disrupt production, impacting output and delivery times. This is particularly true for the Jhunan, Wurih, and Shanhua breweries, which have the largest wastewater discharges and could be most affected. To reduce the risk of production stoppages due to water shortages, the company continues to implement water conservation measures. We use the new version of the water balance diagram and water recovery rate calculation tools developed by the Energy Administration of the Ministry of Economy. By creating water balance diagrams, we can identify key water consumption points within the factory area. By using water meters, we can identify areas of high water consumption, thereby optimizing water use and implementing daily water resource management. At the same time, the company is actively encouraging each factory to reduce process and domestic water consumption. We plan to replace aging piping and equipment and pilot rainwater harvesting systems at selected sites. We are also establishing water shortage contingency plans to improve TTL's water resource utilization and management capabilities.

Carbon Emission Scenario Evolution



- Stated Policies Scenario (SPS)
- Announced Pledges Scenario (APS)
- 2050 Net Zero Emissions (NZE) Scenario

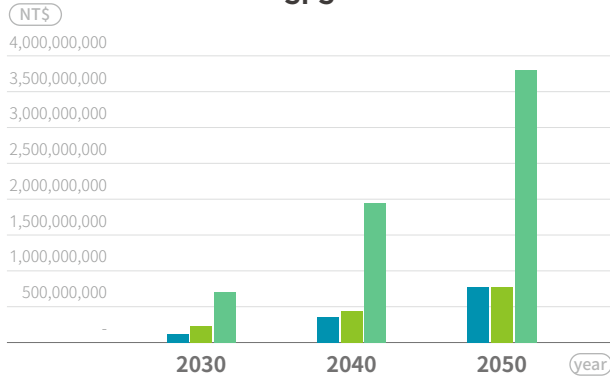
Carbon Pricing Scenario Trends



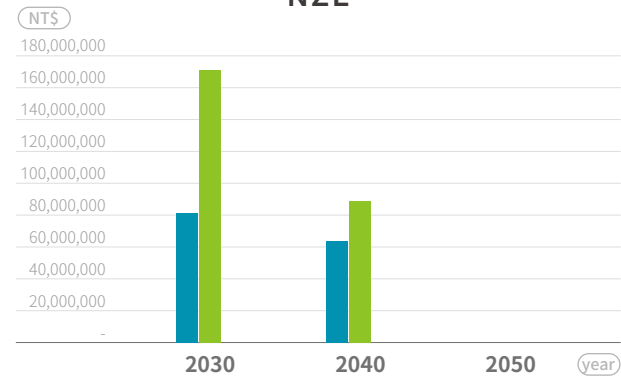
- Ministry of Environment
- Green Peace
- EU ETS
- NGFS_Nationally Determined Contribution
- NGFS_2050 Net Zero

Note1: The calculation is based on TTL's 2022 Greenhouse Gas Inventory (verified data). Scope 1 and Scope 2 emissions are 164,207.33 metric tons of CO₂e.
 Note2: The draft 'Climate Change Response Act' proposes imposing carbon fees solely on Scope 1 and 2 emissions. As a result, the calculation will be based exclusively on Scope 1 and 2 emissions.

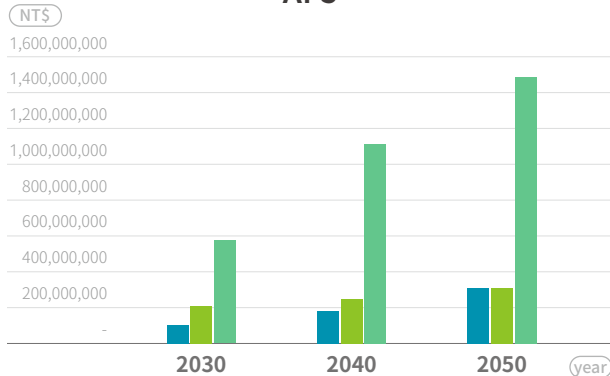
SPS



NZE



APS



- Green Peace
- EU ETS
- NGFS_2050 Net Zero

The scenario analysis, which considers three carbon emission scenarios and five carbon pricing scenarios, estimates the highest carbon fee at NT\$3.806 billion under the NGFS 2050 Net Zero carbon fee scenario within the existing policy framework. This represents approximately 6.93% of Taiwan Tobacco and Liquor Corporation's 2023 operating revenue of NT\$54.964 billion and 53.75% of its 2023 pre-tax net income of NT\$7.082 billion. Failure to address this issue in a timely manner could have a significant financial impact on the Company. This scenario also highlights that in the global trend of active carbon reduction, TTL needs to align with the global net zero target to avoid a significant carbon fee burden in the future. The company's ongoing implementation of the "Taiwan Tobacco and Liquor Corporation 2050 Net-Zero Carbon Emission Plan" is in line with the 2050 net-zero emission (NZE) scenario and will eliminate the need for carbon fee payments when net-zero is achieved in 2050.

It is estimated that if TTL and the government only implement the existing policy scenario (SPS) for carbon reduction, the effectiveness of carbon reduction will be negligible without additional measures. Under the Sustainable Development Scenario (SDS) and the Net Zero Emission Scenario (NZE), the carbon emission trend of Taiwan Tobacco and Liquor Corporation shows a significant decrease. However, the government's future implementation of a carbon tax, coupled with carbon taxes imposed by other countries on imported products, may significantly reduce the competitiveness of TTL's products. To mitigate this risk, it is essential to promote energy conservation and carbon reduction initiatives. While the Company is actively expanding its international sales volume, the imposition of carbon taxes on imported products by various countries is likely to weaken the competitiveness of its export products due to increased tax costs. Therefore, in the ongoing process of carbon reduction, it is crucial to avoid the risk of high carbon fees in the future.

Response

The Company has established a net-zero carbon emissions pathway for 2050, with carbon reduction targets and actions for each step. As of 2023, we have accumulated 19 years of greenhouse gas inventory data. By analyzing emission hotspots, we have developed distinct carbon reduction models for each greenhouse gas emission source, including equipment upgrades, energy efficiency improvements, and the installation of solar photovoltaic systems. The Company is reducing greenhouse gas emissions in four key areas: supply, use, manufacturing, and environmental impact. Through greenhouse gas inventories, product carbon footprint inventories, and green factory certification applications, we are progressively expanding our carbon reduction efforts to include all factories and the supply chain, working together toward net-zero carbon emissions.



3.2 Low Carbon Operations

3.2.1 Green Transition

Product: Promote the Product Carbon Footprint Inventory for Yushan Daqu

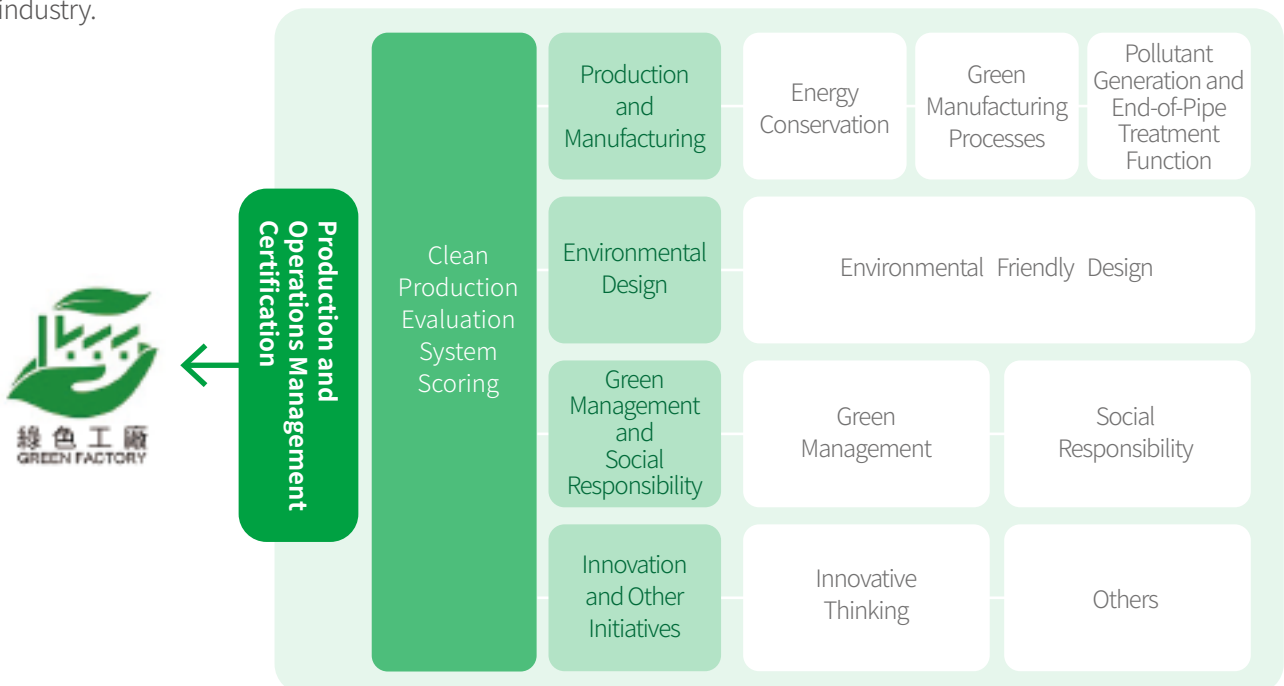
To fulfill its responsibility as a green company, TTL is comprehensively controlling carbon emission hotspots for all product types and accelerating greenhouse gas reduction. The Company has proactively conducted product carbon footprint inventory and verification for its products from 2023. Based on the ISO 14067 standard, the Company quantifies and statistically analyzes greenhouse gas emissions from each stage of the product life cycle. The Company's inventory target for 2023 is Yushan Daqu (59.5%, 600mL glass bottle). In the future, the Company plans to reduce its carbon footprint through methods such as improving the energy efficiency of production equipment, introducing renewable energy generation, substituting low-carbon raw materials, and implementing environmentally friendly product design.

Product Carbon Footprint Certificate



Wine Making: Chiayi Distillery has Obtained Clean Production Compliance Certification

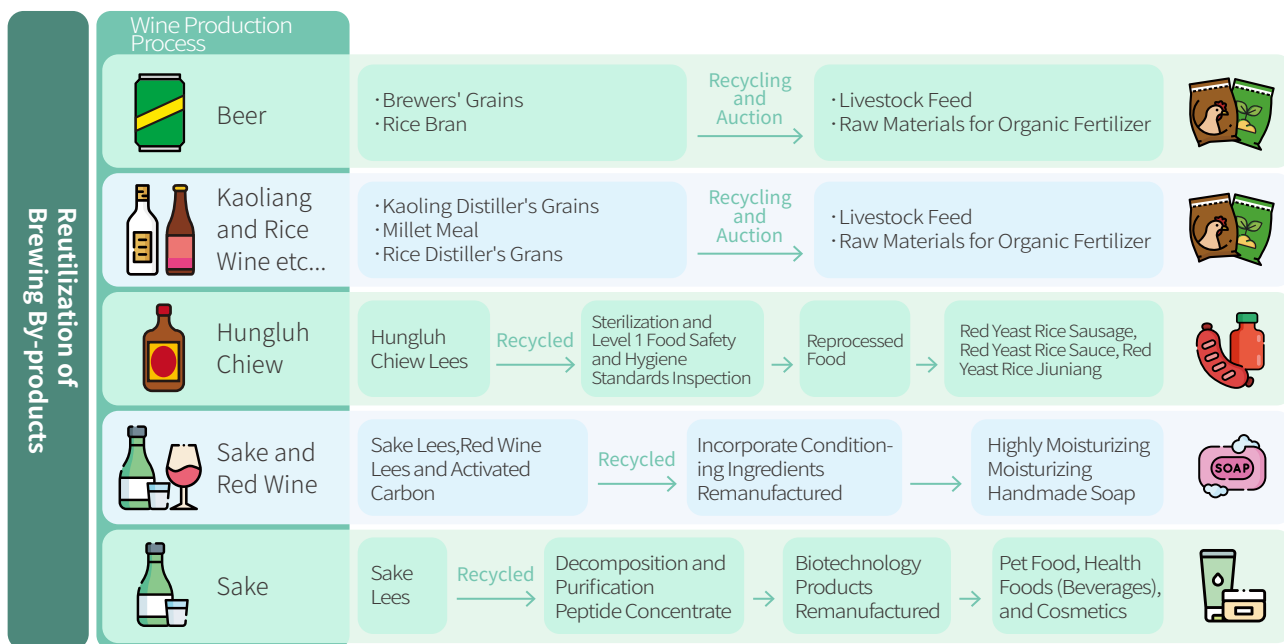
In accordance with the national green economy policy, Chiayi Distillery participated in the clean production evaluation system of Industrial Development Administration of the Ministry of Economic Affairs, and the green Building certification of Construction and Planning Administration of the Ministry of Interior. Through this program, Chiayi Distillery obtained Green Factory Certification, becoming a leading representative in the food industry.



3.2.2 Circular Economy

Recycling and Reutilization of Brewing By-products

Beginning with its core tobacco and liquor businesses, TTL is implementing a policy of maximizing resource utilization. The winemaking process utilizes by-products such as lees and yeast. Through core fermentation and strain cultivation technologies, these by-products are redeveloped into biotech food products. In addition, byproducts generated during the winemaking process are resold to Taiwan Fertilizer Co., Ltd. and the agricultural and livestock industries for use as organic fertilizer and feed, achieving a material recycling rate of over 99%. Through the reuse of by-products, the company successfully generated an additional economic benefit of over NT\$16.33 million in 2023, fully demonstrating TTL's commitment to economic circularity and green development.



Achieving a raw material recycling rate of **99%**



This resulted in an economic benefit increase exceeding **NT\$ 16.33 million**

Tobacco Waste Recycling and Reuse

The Company recycles cigarette manufacturing by-products to produce recycled cigarette paper. In 2023, the amount of recycled materials reached 491,025 kg.

Tobacco waste

Tobacco dust and fragments

Application for reuse
This process entails recycling tobacco dust and fragments to create replica tobacco paper

Solar Photovoltaic Applications

TTL has been actively promoting its energy recovery action plan for several years. The company has completed solar photovoltaic construction projects I (2017-2019) and II (2020-2021). In line with Taiwan's 2050 net-zero transformation goal and in response to the energy transition policy outlined in the Renewable Energy Development Act, TTL is accelerating the construction of "Solar Photovoltaic Power Generation Systems" to promote the development of clean energy. TTL has now completed the implementation of Solar Photovoltaic Construction Project III (2022-2023) and has completed the planning for Solar Photovoltaic Construction Project IV (2024-2025). As of 2023, TTL's solar Photovoltaic construction projects have accumulated a total of 6,641 MWh of electricity generation and generated a total of NT\$339.71 million in electricity sales revenue.

3.3 Sustainable Environment

TTL annually invests resources in promoting green logistics projects, upgrading equipment, and developing solar photovoltaic systems. The Company consistently emphasizes environmental protection and strives to make significant contributions in both profitability and sustainable environmental practices.







3.3.1 Water Resources Management

Water Resources Management Strategy

- ✓ 1. Each plant will be required to prepare water balance diagrams and calculate recycling rates based on water usage charge collection procedures. This information will be used to develop water conservation measures.
- ✓ 2. Each factory should gradually install water meters as needed. Water consumption data from each unit's meter should be compiled into trend charts to identify anomalies early and facilitate timely improvements.
- ✓ 3. All factories are requested to submit semi-annual water balance diagrams, recycling rates, and water meter usage trend charts to this company for management purposes. This will facilitate the rational use of water.
- ✓ 4. In accordance with the 80/20 rule, companies with significant water consumption are required to submit their water conservation plans as part of the 2024 Environmental Energy Action Plan. Continuous improvement and review of these plans is expected.
- ✓ 5. The plan is to implement ISO 46001 at the Jhunan Brewery beginning in 2024.

Water Resources Management Implementation Results

-  1. Water conservation audits were completed at four facilities: Shanhua Brewery, Wurih Brewery, Jhunan Brewery and Nantou Winery & Distillery. Recommendations for improvement were made based on the audit results. Water conservation audits for other plants (sites) were conducted concurrently with the 2023 Environmental Protection and Energy Audit.
-  2. Division of Tobacco: In February 2023, the Taipei Cigarette Plant implemented a new water supply method for toilets, resulting in a daily water savings of 13 tons. This change is estimated to save approximately 2,000 metric tons of water annually.
-  3. Division of Liquor: The Taichung Distillery completed the installation of a rainwater harvesting system on the roof of its storage building in 2023. This new system was integrated with the existing rainwater harvesting infrastructure. In 2023, the distillery collected approximately 2,400 tons of rainwater.
-  4. Division of Beer: Shanhua Brewery collected about 5,000 tons of rainwater in 2023.

3.3.2 Pollution and Waste Management

Waste Discharge Management Strategy

Comply with the Waste Disposal Act and its associated regulations.

TTL strictly adheres to the Waste Disposal Act and related secondary legislation. The majority of the waste generated is general industrial waste, consisting mainly of spent grains, spent yeast, plastic waste, brewing sludge, and paper. The Company generated only 0.9 metric tons of hazardous waste during operations in 2023. Chemical mixtures generated during quality control testing were all low in concentration. In addition, there were no incidents involving oil, fuel, waste, or chemical substances.

Engage a qualified vendor to manage this matter

General industrial waste is disposed of properly through qualified vendors for recycling, landfilling, or reuse. Hazardous waste discharge operations are conducted to the highest standards and handled by qualified vendors.

Waste Discharge Management Implementation Results

In 2023, TTL's factories generated approximately 117,896.7 metric tons of waste. Of this amount, 116,733 metric tons were reused, achieving a reuse rate of 99.01%. The Company continues to promote circular economy practices for materials such as brewing sludge, lees (grains), tobacco dust (leaves), glass bottles, and fermentation carbon dioxide, resulting in a gradual reduction in the amount of waste requiring disposal.

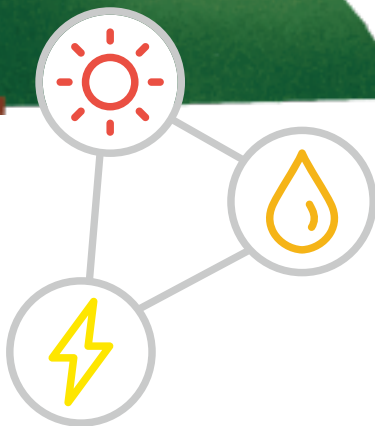
3.3.3 Energy Management

Energy Management Strategy

To achieve net-zero carbon emissions and promote energy conservation, the company has developed a comprehensive energy management strategy. This strategy focuses on managing energy consumption through several key initiatives: accelerating the replacement of energy-intensive equipment, implementing a boiler replacement plan, and adopting the most efficient manufacturing processes known as Best Available Techniques (BAT). Each division of the company will implement its own environmental and energy action plan, which will be aligned with the company's overall environmental and energy promotion plan. In addition, we will work with the Industrial Technology Research Institute to conduct energy audits to continuously reduce energy consumption and improve energy efficiency.

Energy Management Implementation Results

In 2023, the Company's energy consumption, calculated on a heating value basis, was primarily natural gas, followed by electricity and oil. Total energy consumption increased by approximately 6.85% compared to 2022. Oil consumption increased by 59.94% compared to 2022, while electricity consumption decreased by 0.94% and natural gas consumption decreased by 0.24%. This fluctuation is attributed to the bottle production line at the Jhunan Brewery, which was shut down for half a year in 2022, but resumed full production in 2023. As a result, fuel oil consumption increased by 1,887.46 cubic meters (110.47%) and electricity consumption increased by 5,822,342 kWh(106.07%) in 2023.



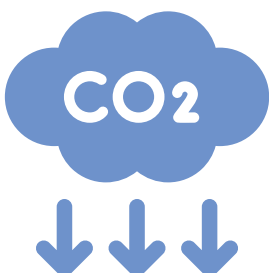
3.3.4 Greenhouse Gas Management

Greenhouse Gas Management Strategy

TTL continually reviews its greenhouse gas inventory results to identify emission hotspots and trends, analyze controllable factors, and improve the effectiveness of its greenhouse gas reduction efforts. The Company's greenhouse gas reduction roadmap targets a 50% reduction in greenhouse gas emissions by 2030, using 2005 as the baseline year. In 2023, greenhouse gas emissions were reduced by 41.13% compared to the baseline year (2005). This reduction was influenced by factors such as the replacement of refrigerants in refrigeration and packaging equipment and the full resumption of production on the bottle manufacturing line. Excluding these factors, the actual carbon reduction reached 47.93%, an improvement over the 46.1% reduction achieved in 2022 (+1.83%). Since 2005, TTL has established a 19-year greenhouse gas emission inventory database, which provides a clear understanding of greenhouse gas emission trends and hotspots, and enables the company to track and monitor its carbon reduction performance.

Results of Greenhouse Gas Management Implementation

The greenhouse gas emission intensity for 2023 was 32.61 kg CO₂e/NT\$10,000, an increase of 12.68% compared to 2022. This increase was due to the resumption of production at the Company's main plant and the Jhunan Bottling Department, as well as the replacement of equipment at the Jhunan Brewery and Wurih Brewery, which resulted in higher intensity. The Company uses greenhouse gas emissions intensity as a key indicator to enable long-term comparisons between similar products or processes.





04

Happy Workplace and Social Prosperity

Human capital is the cornerstone of TTL's sustainable operations. The Company recognizes its employees as valuable assets and provides fair and diverse remuneration and benefits, as well as a healthy and safe work environment. In line with industry trends, the Company plans training courses to enhance human capital and create a positive and fulfilling work environment that attracts and retains talent. In terms of social responsibility, the company focuses on four key areas: charitable donations, sports support, community involvement, and local symbiosis. These initiatives aim to improve social well-being and foster a sense of shared prosperity within the community.

Sustainable Development Committee/
Subcommittee of Social and Employee care

- 4.1 Human Rights Protection
- 4.2 Workplace Diversity and Prosperity
- 4.3 Guarding employees' workplace environment
- 4.4 A Society of Shared Prosperity

*Aligning with material topics:
Workplace Health and Safety*

03
GOOD HEALTH
AND WELL-BEING



04
QUALITY
EDUCATION



05
GENDER
EQUALITY



08
DECENT WORK
AND ECONOMIC
GROWTH



10
REDUCED
INEQUALITIES





The 16th Taiwan Corporate Sustainability Awards (TCSA) -Sustainable Single Performance Award:

Social Inclusion Leadership Award



Philanthropic donations for 2023 totaled NT\$ **16.83** million



A total of **4,615** individuals underwent general health examinations, with an investment that amounted to NT\$ **7.06** million



490 employees applied for certification subsidies



Employee welfare subsidies surpassed NT\$ **52** million



Over-hiring Indigenous peoples by **53%** (59 people)

Over-hiring Indigenous peoples by **295%** (68 people)



Four distilleries and breweries have been awarded the

Healthy Workplace Certification



The workplace injury rate for 2023 was **0%**



100% return-to-work rate after parental leave

Taipei Brewery nursery room has received an **excellent rating**



6,946 individuals participated in environmental, safety, and health courses with an investment that amounted to NT\$ **5.98** million



No human rights violations were reported
No cases of gender discrimination

Sustainable Development Committee: Subcommittee of Social and Employee Care

Organizer /

Department of Marketing

Team members /

Department of Human Resources, Department of Safety and Health, and Department of General Affairs

Team Task /

Enhance research and promotion of corporate benefits and social issues

Meeting Frequency /

Quarterly

4.1 Human Rights Protection

TTL provides equal opportunity for all employees in hiring, promotion, performance evaluation, assignment, training, career development, and compensation, regardless of gender, religion, race, or other factors. The company requires all operations, suppliers and partners to ensure that their business activities do not violate fundamental human rights. In 2023, there were no incidents of discrimination related to human rights at any of our operations or suppliers. This includes the absence of child labor, violations of freedom of association or the right to collective bargaining, and incidents involving violations of the rights of indigenous peoples.

Employee Rights and Communications

The Company prioritizes employee communication and encourages feedback. The Company has established a variety of internal communication channels, holds regular labor-management meetings to develop action plans, employs various methods to understand employee concerns, and publicly discloses records of labor-management meetings. These efforts promote employee participation in labor-management issues, increase transparency in labor-management communications, and safeguard the rights of both labor and management.

Communication Outcomes of the Labor-Management Meeting



Work Efficiency Improvement Items

Maintenance and Improvement of Safety and Health Equipment



Labor Conditions

Special Leave Scheduling Announcement



Other Recommendations

Recommendations regarding adjustments to employee health examination expenses, subsidies for ball sports clubs, employee promotions, recruitment of new employees, and strategies for increasing company revenues.

Highlights of 2023

- To promote childcare measures, 15 contracted childcare institutions have been established.
- To prioritize employee mental health, the Company held 10 stress management workshops and signed a contract for mental health counseling services.
- Training on gender mainstreaming, sexual harassment prevention, occupational safety and health, and labor law was provided to a total of 5,025 participants, for a total of 14,713 hours of training.

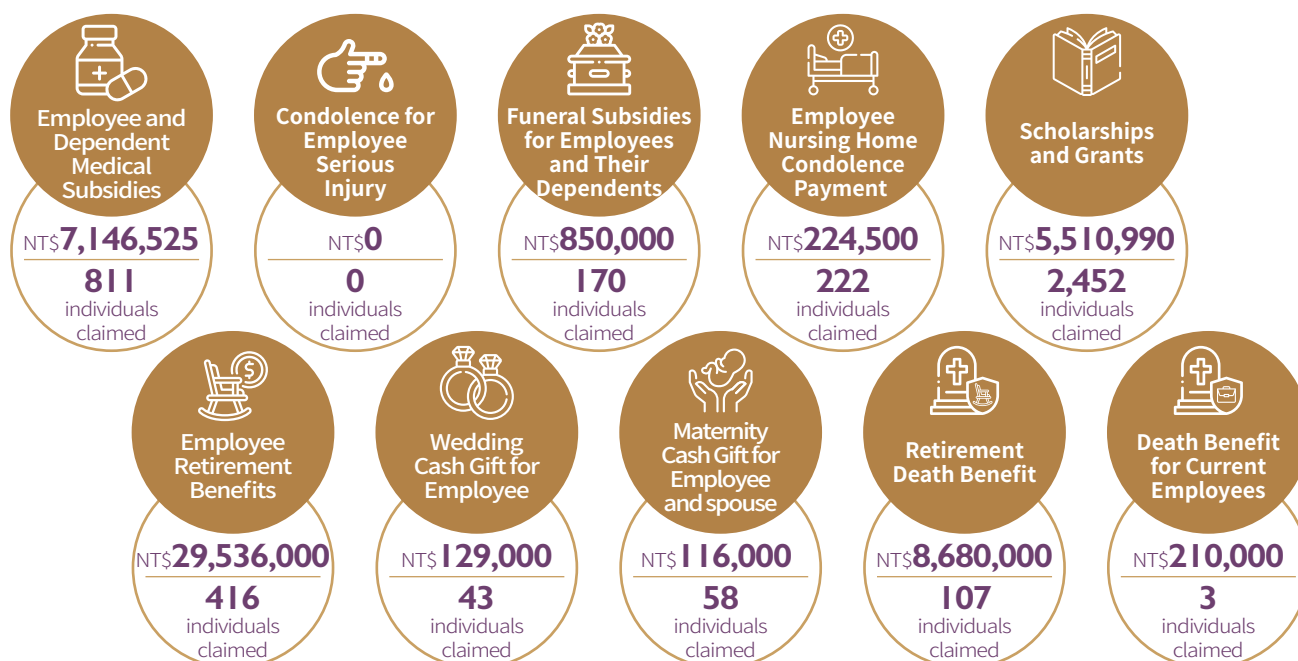
4.2 Workplace Diversity and Prosperity

Human Resource Development

TTL is committed to fostering a work environment characterized by integrity, transparency, caring, and collaboration. TTL encourages employees to develop their potential and create value. Through a fair, open, and impartial recruitment process, TTL selects qualified and appropriate talent based on professional skills and experience. TTL actively embraces diverse values and provides increased employment opportunities for people with disabilities, indigenous peoples. TTL continues to strengthen its inclusive work environment. In 2023, TTL hired 170 people with disabilities. In addition, 91 employees who identify as Indigenous peoples were hired. TTL provides full job opportunities to ensure equal employment opportunities for all groups, underscoring TTL's commitment to building a diverse workplace and inclusive culture.

Remuneration and Benefits

TTL offers a transparent and equitable compensation system, a diverse, inclusive and welcoming work environment, and comprehensive employee benefits. TTL prioritizes the well-being of its employees' families and lives to enhance employee loyalty and retention. TTL also provides benefits and protections that exceed labor standards, including a generous leave policy, to fully support the physical and mental health of its employees.



4.3 Guarding Employees' Workplace Environment

TTL prioritizes occupational safety and health, places great importance on the well-being of its employees, and strives to create a zero-accident work environment. TTL is committed to fulfilling four key promises: providing a safe and healthy work environment to prevent injuries and illnesses; implementing comprehensive risk management practices in strict compliance with safety and health regulations; ensuring full communication and participation to enhance individual safety and health awareness; and continuously improving safety and health performance to fulfill corporate social responsibility. These efforts are dedicated to building a safe and secure workplace. In addition, TTL promotes a culture of sports and teamwork by encouraging and financially supporting employees to establish sports clubs such as table tennis, badminton, and tennis. This promotes employees' physical and mental health, enhances work efficiency, and creates a vibrant and fulfilling work environment.



Table Tennis
Club



Badminton
Club



Tennis
Club

Employee Health Management and Promotion Initiatives

In 2023, the Company conducted 10 workshops focused on mental health promotion and stress management. We also established a dedicated mental health platform on the company intranet, and an employee support team, and provided links to external mental health resources. These initiatives are designed to help employees implement self-care strategies and promote their overall mental and physical well-being. The Employee Assistance Program (EAP) offers three hours of free mental health counseling per year. Employees seeking mental health support can access initial counseling services through EAP email/messaging platforms and 24-hour phone/0800 freephone lines.



Occupational Safety Mechanisms Aligned with International Dual Certification

Our Company has implemented a comprehensive Occupational Safety and Health Management Plan that fully complies with all relevant labor laws and regulations. To safeguard employee labor rights and ensure workplace safety and health, we regularly conduct occupational safety and health training, disaster prevention programs, and related activities. We also run awareness campaigns on occupational hazard prevention and establish detailed flowcharts to improve our designated personnel's emergency response capabilities. TTL has achieved dual certification under the ISO 45001:2018 Occupational Health and Safety Management System standard and CNS 45001, reflecting alignment with international labor standards. Each of our factories earns two occupational safety and health management system certifications annually, striving towards our goal of "zero occupational accidents."



Safety Partner Program

TTL has actively promoted its "Safety Partner" program. This program includes a two-year renewal plan, implementation of Taiwan Occupational Safety and Health Management System (TOSHMS) certification, planning for improvement of safety facilities in high-risk critical processes, conducting Job Safety Analysis (JSA) and establishing Standard Operating Procedures (SOPs), developing a joint audit plan for safety partners, enforcing contractor supervision and training, managing and organizing regional and executive-level meetings. These efforts are aimed at providing a safe work environment and preventing occupational injuries. At the same time, TTL has implemented a continuous improvement cycle based on the PDCA (Plan, Do, Check, Act) model. This encourages all employees to participate, increases safety awareness, and improves hazard identification and risk assessment capabilities. This has strengthened the autonomous safety and health management of each subsidiary, with the goal of achieving zero occupational accidents.

As of 2023, the headquarters and all affiliated factories have passed the Occupational Safety and Health Management System (CNS45001) certification, with 18 units receiving certificates. Among them, Chiayi Distillery, Longtian Distillery and Taoyuan Printing Factory were recognized as outstanding units for promoting occupational safety and health.



4.4 A Society of Shared Prosperity

In line with the United Nations Sustainable Development Goals (SDGs), TTL is committed to addressing a range of social issues. Over the years, the company has categorized its social initiatives into four key areas: charitable support, sports development, community engagement and local prosperity. TTL strives to achieve social good through a comprehensive approach that includes charitable activities, community outreach programs, and donations to government agencies. The company is committed to using its social influence to make a positive impact.

4.4.1 Promoting a Shared and Better Society

Philanthropic Contributions

As part of its social responsibility, TTL strives to provide financial support and services to disadvantaged groups. The company also actively participates in charitable activities to raise awareness and encourage employee involvement in social welfare initiatives.

Corporate Social Responsibility Contributions for 2023

Donated NT\$ **7,349,000**

Donations to Public Welfare Activities
Expenditures to support cultural and educational public welfare activities organized by nongovernmental organizations and for local emergency relief.

Donations to the Government
Donations to the Government and Local Communities

Donated NT\$ **9,369,064**

Donated NT\$ **120,000**

Funding for Activities and Construction in Branch Villages and Neighborhoods
Community Outreach Programs

Taiwan Tobacco & Liquor Corporation Social Welfare Assistance

Taiwan Beer Basketball Camp

The 2023 Taiwan Beer Basketball Summer Camp offered professional-level training camps integrated with a regular curriculum that includes competitive elements. Guided by the principles of professionalism, fun, and safety, participants had the opportunity to participate in a comprehensive and diverse range of courses.



Respect the Mountains, Mountain Cleaning Initiative

TTL participated in the Forestry and Nature Conservation Agency's "Leave No Trace" campaign during its 2023 anniversary celebration. The event, which included activities focused on ecological conservation and mountain cleanup, was attended by 1,109 employees and 308 family members. In addition to fostering employee unity and promoting mental and physical well-being, the celebration aimed to enhance employees' environmental knowledge and cultivate the core values of sustainable development.



Clean the Ocean

In May 2023, the Company invited employees to participate in efforts to protect the marine environment. Under the theme "Love the Rivers and Love the Seas," we organized seven beach cleanup events and collaborated with community and non-profit organizations to develop environmental education workshops and beach cleanup activities. These workshops helped participants understand the connection between plastic and waste reduction and ocean health. They also fostered a renewed awareness of the ecological crisis facing the ocean and the importance of protecting the marine environment.



4.4.2 Community Prosperity

In response to the changing tourism landscape caused by the COVID-19 pandemic, TTL launched a five-year "Plan to Revitalize and Restore the Glory of the Tourist Distillery and Brewery" in 2019. This initiative seeks to integrate local characteristics into regional wineries, preserve the history of TTL's various wineries, promote tourism development, enhance local tourism performance, and foster shared prosperity with local communities.

Revival of the Glory of the Wurih Brewery

Established in 1968, the Wurih Brewery, formerly the Wurih Sugar Factory, is the second brewery owned by the Taiwan Tobacco and Liquor Corporation. With a 54-year history, the brewery occupies approximately 33,000 pings (about 109,000 square meters) of land and houses mashing, fermentation, and packaging facilities. Its annual production capacity reaches 11 million cases of 0.6-liter bottled beer, accounting for a quarter of Taiwan's total beer production. It is the third-largest brewery in Taiwan. In 2023, Wurih Brewery completed a new tourism factory that allows visitors to experience the beer brewing process firsthand. Visitors can sample fresh wort and freshly brewed green beer, participate in DIY brewing and tasting sessions, and purchase freshly brewed beer that day. The brewery is committed to expanding into the post-pandemic tourism market.



To be safe,  don't drink and drive.

Specialty Breweries/Distilleries for Local Regeneration

TTL actively works with local governments to integrate local cultural creativity into its distilleries. This results in themed distilleries that showcase distinct regional characteristics. The Company also incorporates interactive experience facilities that provide innovative experiences for the public.



Zhunán Brewery



Wurih Brewery



Shanhua Brewery



Taoyuan Sake Brewery



Taichung Distillery



Nantou Winery & Distillery



Puli Brewery



Chiayi Distillery



Longtian Distillery



Pingtung Distillery



Hualien Distillery



Yilan Brewery

To be safe,  don't drink and drive.

Appendix

Appendix 1. Summary of ESG performance

Ch1 Corporate Governance

Key Performance Indicators	2023 Performance
Operating Revenue (NT\$billion)	549.64
Operating Costs (NT\$billion)	439.95
Gross Profit (NT\$billion)	109.69
Operating Expenses (NT\$billion)	50.67
Operating Income (NT\$billion)	59.02
Non-operating Income (Loss) (NT\$billion)	11.80
Net Profit Before Tax (in NT\$billion)	70.82
Earnings per Share (Pre-Tax), NT\$/Share	1.61
ROA (Annualized; Pre-tax; %)	5.93%
ROE (Annualized; Pre-tax; %)	6.73%
Total Assets (NT\$ billion)	1,213.27
Total Equity (NT\$ billion)	1,070.21
Average Attendance Rate of Directors and Supervisors (%)	92.51%
Corporate Governance Performance Evaluation	96.55
Annual Training for Directors and Supervisors	152
Integrity Education Outreach	56.5
Internal Audits	2,104
Internal Audit Improvement Rate (%)	100%
Public Servant Integrity and Ethics Violations	0
Regulatory Violations Related to Products and Services	0
Instances of Non-Compliance with Labeling Regulations	0

2023 Audit Status of Outsourced Food Product Suppliers

Total Number of Audits	Proportions of Audit	Compliance Rate	Audit Items
52	100%	100%	Product quality, manufacturing process, specifications, safety and hygiene of the production line environment and equipment, quality control records, comprehensive evaluation, performance and delivery status.

Ch2 Quality Management

Key Performance Indicators	2023 Performance
Internal Inspection Expenses for Raw Materials (NT\$)	41,876,821
Internal Inspection Expenses as a Percentage of Total Net Revenue (%)	0.08%
Total Expenditure on Outsourced Raw Material Testing (NT\$)	2,597,003
The Beer Brewery Achieved ISO 22000 Food Safety Management System Certification	9
The Brewery Achieved ISO 22000 Food Safety Management System Certification	3
Total Food Items Produced	61
Register and Upload "Non-Traceable" Items	61
Register and Upload Proportion of "Non-Traceable" Items	100%
Self-Inspection Item Pass Rate (%)	100%
Audit Compliance Rate of Outsourced Food Product Suppliers	100%
Customer Satisfaction Rate Among Domestic Customers (%)	97.60%
Customer Satisfaction Rate Among Export Customers (%)	100%
Customer Satisfaction Rate in Duty-Free Shops (%)	99.20%
Number of Service Hotline Calls Received	6,468
Number of Cases Handled by the Service Hotline	6,468
Customer Complaint Response Rate	100%

2023 Total Expenditure on Internal and External Laboratory Testing

Internal Testing Expenditure (NT\$)	41,876,821
Percentage of Total Net Revenue (%)	0.08%
Total Expenditure on Outsourced Testing (NT\$)	2,597,003

Note 1: The majority of the expenditure for outsourced testing is attributed to costs associated with instrument adjustments commissioned by the biotechnology R&D center.
 Note 2: In 2023, the Alcohol and Biotech Research Institute was merged into the Biotech Division and renamed Taiwan Tobacco and Liquor Corporation's Research Institute of Liquor & Biotechnology, with the financials of both units combined

2023 Status of Product Traceability and Tracking Management for Taiwan Tobacco and Liquor

Total Food Items Produced	61
Register and Upload "Non-Traceable" Items	61
Percentage	100%

2023 Self-Conducted Testing Items by the Biotechnology R&D Center's Alcohol Analysis Laboratory

Inspection Items	Name of Test Item	Number of Samples Tested	Number of Compliant Items	Number of Non-Compliant Items	Non-Compliance Rate
Methanol	Hygiene Standards for Alcohol Products	526	526	0	0%
Heavy Metal Lead	Hygiene Standards for Alcohol Products	532	532	0	0%
Sulfur Dioxide	Hygiene Standards for Alcohol Products	531	531	0	0%
Preservative - Sorbic Acid	Preservatives in Alcoholic Products	313	313	0	0%
Preservative - Benzoic Acid	Preservatives in Alcoholic Products	295	295	0	0%
9 Kinds of Plasticizers	Plasticizers in Alcoholic Products	321	321	0	0%
Coloring Agents	Coloring Agents in Alcoholic Products	298	298	0	0%
Citrinin	Mycotoxin	14	14	0	0%

Ch3 Green Economy

Key Performance Indicators	2023 Performance
Total Energy Consumption (Megajoules)	1,450,873,117
Direct Greenhouse Gas Emissions (tCO ₂ e)	110,151.30
Indirect Greenhouse Gas Emissions (tCO ₂ e)	69,105.07
Annual Carbon Reduction (tCO ₂ e)	14,131.3
Total Water Withdrawal (ML)	3,416
Total Water Discharge (ML)	2,816
Total Water Consumption (ML)	600
Glass Bottle Recycling	183,401,653
Tobacco Paper Recycling (kg)	491,025
Cumulative Solar photovoltaic Power Generation (kWh)	6,641
Cumulative Revenue from Solar PV Sales (NT\$)	339,714,781
Solar photovoltaic Equipment (On-Site)	13
Total Environmental Protection Expenditure (NT\$thousand)	490,782
Total Waste Generated (metric Tons)	117,896.7

2023 Waste Management Status

Categories	Handling Procedures	Quantity Cleared (metric Tons)	Percentage
General Industrial Waste	Reuse	116,733	99.01%
	Incineration	894.3	0.76%
	Landfill	104.7	0.09%
	Others	164	0.13%
	Total	117,895.8	99.99%
Hazardous Industrial Waste	Others	0.9	0.01%

2023 Greenhouse Gas Emissions (t-CO₂e)

Direct Greenhouse Gas Emissions (Scope 1)	110,151.30
Carbon Dioxide (CO ₂) Emissions	79,015.79
Methane (CH ₄) Emissions	6,278.54
Nitrous Oxide (N ₂ O) Emissions	89.3106
PFCs Emissions	0
HFCs Emissions	24,767.65
Sulfur Hexafluoride (SF ₆) Emissions	0
Indirect Greenhouse Gas Emissions (Scope 2)	69,105.07
Carbon Dioxide (CO ₂) Emissions	69,105.07
Methane (CH ₄) Emissions	0
Nitrous Oxide (N ₂ O) Emissions	0
PFCs Emissions	0
HFCs Emissions	0
Indirect Greenhouse Gas Emissions (Scope 3)	13,714.29
Carbon Dioxide (CO ₂) Emissions	13,702.46
Methane (CH ₄) Emissions	2.4675
Nitrous Oxide (N ₂ O) Emissions	9.3572
PFCs Emissions	0
HFCs Emissions	0
Total Greenhouse Gas Emissions	192,970.66

2023 Water Resource Utilization (ML)

Surface Water	642
Groundwater	974
Seawater	0
Produced Water	0
Third-party Water	1,800
Total Water Withdrawal	3,416
Total Water Discharge	2816
Total Water Consumption	600

2023 Energy Consumption Status (Megajoules)

Electricity	511,428,861
Natural Gas	699,498,828
Oil	239,945,428
Total Energy Consumption	1,450,873,117

Note: 2005 serves as the base year for carbon reduction, against which the effectiveness of carbon reduction efforts will be evaluated.

Note: Please refer to the Ministry of Environment's Greenhouse Gas Emission Factor Management Table 6.0.4 and the Fourth Assessment IPCC 2007 for more information.

Note: Compile greenhouse gas quantities using operational control methods Note: Environmental Protection Administration. Executive Yuan, Greenhouse Gas Verification Guidelines (December 2010)

Ch4 Happy Workplace and Social Prosperity

Key Performance Indicators	2023 Performance
Full-time employees	4,632
Male employees	1,311
Female employees	3,321
Average age	48.61
Proportion of employees	31%
Proportion of evaluated employees (%)	69%
Employee turnover	497
Employee turnover rate (%)	10.5 %
Number of employees with disabilities	170
Number of employees hired with indigenous status	91
Starting salary levels of new employees compared to basic salary in Taiwan - employees	150%
Starting salary levels of new employees compared to basic salary in Taiwan - evaluators	129%
Labor retirement reserve fund account amount	7,987,893,573
Taiwan Tobacco and Liquor retirement fund account (NT\$)	206,925,093
Number of retirees	409
Employees eligible for parental leave	265
Employees who have actually applied for parental leave	49
Employees who should return to work within the same year after parental leave	44
Employees who have actually returned to work after parental leave	44
Parental leave return rate	100%
Number of employees returning to work after leave (previous year)	38
Number of employees who have returned to work for over a year	37
Number of employees who have been back at work for over a year (%)	97.37%
Average training hours for employees	119.1
Proportion of workers in the Occupational Safety and Health Committee (%)	33%
Number of people who went through general health examinations	4,615
Expenditure on general health check-ups (NT\$)	7,064,840
Number of special health check-ups for the year 2023 (NT\$)	1,161
Number of participants in environmental, health, and safety training courses	6,946
Training expenses for environmental safety and health courses	5,985,526
Occupational injury rate for males (IR)	0%
Occupational injury rate for females (IR)	0%
Occupational disease rate for males (ODR)	0%
Occupational disease rate for females (ODR)	0%
The lost day rate for males (LDR)	10.435
The lost day rate for females (LDR)	2.875
Male absentee rate (AR)	0.003
Female absentee rate (AR)	0.002
Number of fatalities	0
Number of employees joining the union and the proportion of total employees covered by the collective agreement (%)	98%
Number of labor-management meetings held	6
Support for charitable activities, community outreach events, and government donations (NT\$)	16,838,064

Appendix 2.

Global Reporting Initiative (GRI) Standards Content Index

Statement of use	TTL has reported the information from January 1, 2023, to December 31, 2023, according to the GRI 2022 Standards.
GRI 1 used	GRI 1: Infrastructure 2021
Applicable GRI Industry Standards	N/A

GRI Standards	Disclosure items	Corresponding chapter	Page No.	Remark	
GRI 2: General Disclosures 2021	Organizational and reporting practices				
	2-1	Detailed organizational information	About the report	5	
	2-2	Entities Included in the Organization's Sustainability Report	About the report	1	
	2-3	Reporting period, frequency, and contact person	About the report	1	
	2-4	Restatements of information			not apply
	2-5	External assurance	Assurance Report of Independent Auditors	87	
	Activities and workers				
	2-6	Activities, Value Chain, and Other Business Relationships	1.3 Sustainable Supply Chain Management	35	
	2-7	Employees	4.2 Workplace Diversity and Prosperity	72	
	2-8	Non-employee workers	4.2 Workplace Diversity and Prosperity	72	
	Governance				
	2-9	Governance structure and composition	1.1 Excellence in Corporate Governance	27	
	2-10	Nominating and selecting the highest governance body	1.1 Excellence in Corporate Governance	27	
	2-11	Chair of the highest governance body	1.1 Excellence in Corporate Governance	27	
	2-12	Highest governance body's role in monitoring impact management	1.1 Excellence in Corporate Governance	27	
	2-13	Head of Impact Management	1.1 Excellence in Corporate Governance	27	
	2-14	Highest governance body's role in sustainability reporting	1.1 Excellence in Corporate Governance	27	
	2-15	Conflicts of Interest	1.1 Excellence in Corporate Governance	27	
	2-16	Communicate key material events	1.1 Excellence in Corporate Governance	27	
	2-17	Collective knowledge of highest governance body	1.1 Excellence in Corporate Governance	27	
	2-18	Evaluating the highest governance body's performance	1.1 Excellence in Corporate Governance	27	
	2-19	Remuneration policy	4.2 Workplace Diversity and Prosperity	72	
	2-20	Process for determining remuneration	4.2 Workplace Diversity and Prosperity	72	
	2-21	Total annual remuneration ratio	Summary Of ESG Performance	82	
	Strategies, policies, and practices				
	2-22	Sustainable Development Strategy Statement	About Taiwan Tobacco & Liquor Corporation	5	
	2-23	Policy commitments	About Taiwan Tobacco & Liquor Corporation	5	
	2-24	Introduce policy commitments	Sustainability Highlights	7	
	2-25	Procedures for Remediating Negative Impacts	Stakeholder Communication Status	21	
	2-26	Mechanisms for Seeking Advice and Raising Concerns	Stakeholder Communication Status	21	
2-27	Regulatory compliance	1.2 Risk Management and Legal Compliance	27		
2-28	Membership of associations	External Participation	24		
Stakeholder Engagement					
2-29	Stakeholder engagement approach	Stakeholder Communication Status	21		
2-30	Collective bargaining agreements	Stakeholder Communication Status	21		

Appendix 3. Sustainability Accounting Standards Board(SASB)

The Sustainability Accounting Standards Board (SASB) Indicators Comparative Table

There are 77 industries under 11 sectors of the SASB Materiality Map by the SASB Standards according to the search results for industry categories on the SASB official website. TTL has selected two applicable indicators to conduct the disclosure:

Sector: Food & Beverage

Industry: Alcoholic Beverage, Tobacco

Alcoholic Beverage

Disclosure Topics	Indicator Code	Disclosure Indicator	Nature	Description
Energy Management	FB-AB-130a.1	1. Total energy consumption (GJ)	Quantification	1.In 2023, TTL's energy consumption volume was 1,450,873,117 megajoule. 2.TTL's electric grid electricity usage was 100%. 3.Refer to details in Summary Of ESG Performance.
		2. Percentage of electricity used (%)		
		3. Percentage of renewable energy usage volume (%)		
Water Resource Management	FB-AB-140a.1	1. Total water withdrawal volume (m ³)	Quantification	1.The 2023 total water withdrawal volume was 3,416 million liters. 2. 0%. TTL did not use water resources from high water resource pressure areas.
		2. Percentage (%) of total water usage volume of the total water usage volume and high or extreme high water resource pressure regions.		
	FB-AB-140a.2	Describe water resource management risks and strategies for reducing risks.	Qualitative	Refer to 3.3.1 Water Resources Management on TTL's water resources management risks and strategies.
Responsible Drinking and Marketing	FB-AB-270a.1	Percentage (%) of alcohol drinking age reminders in advertisements.	Quantification	100% of the TTL's publications for alcohol drinks related advertisements and promotional materials include alcohol drinking age reminders.
	FB-AB-270a.2	Number of cases for unqualified labeling.	Quantification	0 cases. There had been no incidents of unqualified labeling In 2023.
	FB-AB-270a.3	Marketing or labeling related lawsuits damages amount.	Quantification	NT\$ 0. There had been no monetary losses that arise from marketing or labeling related lawsuits In 2023.
	FB-AB-270a.4	Describe execution situation for promoting responsible drinking.	Qualitative	TTL continues to promote Gold Medal Free Non-Alcoholic Beer Flavored Drink, and is committed to promoting responsible drinking through various warnings and wine tasting events. Beer Type products Beer drinks The growth for domestic non-alcohol drinks market is not as expected. It is necessary to expand the drinking group, combining the advantages of non-alcohol and promote drinking non-alcohol drinks products. Segment and Word of Mouth Marketing Focus on word of mouth by segment instead of mass promotion. Expand product experience through KOL, digital advertorial, event product reviews. Liquor type products Promote Responsible Drinking Consumers to sign agreement on responsible drinking. Designated Driving Services (DDS) In line with the MOF's promotion of getting designated driving services (DDS) after drinking, TTL has established uniform warning labeling guidelines. Display the warning sign clearly and add the related warnings on getting DDS after drinking.

Disclosure Topics	Indicator Code	Disclosure Indicator	Nature	Description											
Packaging Lifecycle Management	FB-AB-410a.1	1. Total weight of packaging materials (t).	Quantification	Refer to details in Sustainability Highlights.											
		2. Percentage (%) of recycled or reclaimed materials for packaging materials.		The Taiwan laws and regulations regulate that the Post-Consumer Recycled Plastics or recycled plastics cannot be used in food product packaging materials.											
Environment and Social Impacts of Raw Materials Supply Chain	FB-AB-410a.2	Describe strategies to reduce environmental impacts from the packaging materials lifecycle.	Qualitative	Refer to details in Sustainability Highlights.											
	FB-AB-430a.1	Evaluate the social and environmental responsibilities of the suppliers based on the below aspects. 1. Unqualified rate. 2. The corrections measures for (a) materials and (b) not material unqualified products.	Quantification	In 2023, there were no unqualified cases for social and environmental responsibilities of the Tier One suppliers of TTL.											
Raw Material Traceability	FB-AB-440a.1	Percentage (%) of beverage ingredients that are sourced from high or extreme high water pressure areas.	Quantification	0%. TTL did not use water resources from high water resource pressure areas.											
	FB-AB-440a.2	List the beverage ingredients ranking and describe the traceability risks of the raw materials.	Qualitative	Main Ingredients	Environmental and Social Risks										
				Malted barley	Droughts or climate change that result in raw materials price volatility.										
				Hops	Droughts or climate change that result in raw materials price volatility.										
				Edible ethanol	Droughts or climate change that result in raw materials price volatility.										
	Rice	Droughts or climate change that result in raw materials price volatility.													
	FB-AB-000.A	Total volume of sales products (Mhl)	Quantification	<table border="1"> <thead> <tr> <th></th> <th>Total quantity of products sold (Million Hectoliters)</th> <th>Quantity of production equipment</th> </tr> </thead> <tbody> <tr> <td>Division of Beer</td> <td>0.254Mhl</td> <td>Taipei Beer Works、Zhunan、Wurih、Shanhua</td> </tr> <tr> <td>Division of Liquor</td> <td>0.070Mhl</td> <td>Taoyuan、Taichung、Chiayi、Pingtung、Hualien、Yilan、Puli、Nantou、Longtian</td> </tr> <tr> <td>Total</td> <td>0.324Mhl</td> <td>13</td> </tr> </tbody> </table>		Total quantity of products sold (Million Hectoliters)	Quantity of production equipment	Division of Beer	0.254Mhl	Taipei Beer Works、Zhunan、Wurih、Shanhua	Division of Liquor	0.070Mhl	Taoyuan、Taichung、Chiayi、Pingtung、Hualien、Yilan、Puli、Nantou、Longtian	Total	0.324Mhl
	Total quantity of products sold (Million Hectoliters)	Quantity of production equipment													
Division of Beer	0.254Mhl	Taipei Beer Works、Zhunan、Wurih、Shanhua													
Division of Liquor	0.070Mhl	Taoyuan、Taichung、Chiayi、Pingtung、Hualien、Yilan、Puli、Nantou、Longtian													
Total	0.324Mhl	13													
FB-AB-000.B	Quantity of production equipment	Quantification													
FB-AB-000.C	Total mileage for the fleet (km)	Quantification	The estimation of the mileage for the fleet was extensive. Refer to 3.1 Climate Change and Adaptation.												

Tobacco

Disclosure Topics	Indicator Code	Disclosure Indicator	Nature	Description
Public Health	FB-TB-260a.1	(1) Gross profit and (2) Net Sales for the manufactured products listed below: (a) Non-tobacco products containing nicotine. (b) Heated Tobacco Products	Quantification	TTL does not have related products to the sales indicator's requirements. The gross profit and net sales are NT\$ 0.
		FB-TB-260a.2		Describe the risks and opportunities evaluation procedures for tobacco harm reduction.

Disclosure Topics	Indicator Code	Disclosure Indicator	Nature	Description	
Marketing Strategies	FB-TB-270a.1	Marketing, labeling, or advertisements related lawsuits damages amount.	Quantification	In 2023, the damages amount arising from marketing, labeling or advertisements related lawsuits for TTL was NT\$ 0.	
	FB-TB-270a.2	Describe the company's marketing strategies and position relating to Article 11 and 13 of the WHO Framework Convention on Tobacco Control (WHO FCTC).	Qualitative	TTL abides by and fulfils the related position of the WHO FCTC completely.	
Marketing Strategies	FB-TB-000.A	Sales volume for the combustible tobacco products:	Quantification	Cigarettes 6474.61 (million pieces).	
		(1) Cigarettes		Cigar 0 piece.	
		(2) Cigar		Other tobacco products for smoking 6.72 (metric tons)(exported cut tobacco products)	
		(3) Other tobacco products for smoking			
	FB-TB-000.B	Sales volume for the combustible tobacco products:	Quantification	Non-combustible Products	2023 Sales Volume
(1) Traditional smokeless tobacco.		Traditional smokeless tobacco.		0	
(2) Non-tobacco products containing nicotine.		Non-tobacco containing nicotine.		0	
(3) Heated Tobacco Products.		Heated Tobacco Products.		0	
(4) Nicotine replacement therapy (NRP)		Nicotine replacement therapy (NRP)		0	

SASB Materiality Map: <https://materiality.sasb.org/>
SASB Official Website. Please refer to <https://www.sasb.org>

Appendix 4. TCFD Index

Aspect	Recommended disclosures	Page No.
Governance	Describe the board's oversight of climate-related risks and opportunities	51
	Describe management's role in assessing and managing climate-related risks and opportunities	52
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	54
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	53
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios	57
Risk Management	Describe the organization's processes for identifying and assessing climate-related risks	54
	Describe the organization's processes for managing climate-related risks	52
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	52
Metrics and Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	54
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	81
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	54

Appendix 5.

Assurance Report of Independent Auditors



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English Translation of a Report Originally Issued in Chinese

Assurance Report of Independent Auditors

To Taiwan Tobacco & Liquor Corporation

1. Scope

We have been engaged by Taiwan Tobacco & Liquor Corporation. to perform a limited assurance engagement in relation to and report on selected sustainability performance indicators included in Taiwan Tobacco & Liquor Corporation 2023 Sustainability Report.

Regarding the sustainability performance indicators selected by Taiwan Tobacco & Liquor Corporation and their applicable criteria, please refer to appendix A.

Management responsibility

Taiwan Tobacco & Liquor Corporation is responsible for the preparation of 2023 Sustainability Report in accordance with adequate criteria, including referencing to Global Reporting Initiatives ("GRI") GRI Standards, and for the design, execution and maintenance of internal controls in regard with report preparation to support the collection and presentation of the Report.

Independent Auditor's Responsibility

Our responsibility is to plan and perform limited assurance engagement in accordance with the TWSAE3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by Taiwan Accounting Research and Development Foundation.

2. Assurance

The procedures performed in limited assurance engagement vary in nature and timing, and are less in extent than for a reasonable assurance engagement so that the level of assurance is substantially lower than reasonable assurance engagement. While we considered the effectiveness of Taiwan Tobacco & Liquor Corporation internal controls when determining the nature and extent of procedures, our review was not designed to provide assurance on internal controls.

To conclude for limited assurance, our procedures performed included:

- Interviewing with Taiwan Tobacco & Liquor Corporation management and personnel to understand the Taiwan Tobacco & Liquor Corporation implementation of overall sustainability and reporting process;
- Understanding the main stakeholders of Taiwan Tobacco & Liquor Corporation and their expectations and needs as well as interaction protocols by interview or examination of



documentation and how Taiwan Tobacco & Liquor Corporation responded to those expectations and needs;

- Performing analytical procedures on selected sustainability performance indicators, gathering and checking other supporting documentation and management information obtained, testing on sample basis if necessary;
- Reading Taiwan Tobacco & Liquor Corporation Sustainability Report to ensure the implementation of overall sustainability and reporting process is consistent with our understanding.

3. Limitations

Non-financial information contained within sustainability reports are subject to measurement uncertainties. The selection of different measurement techniques can result in materially different measurement. Also assurance engagements are based on selective testing of information being examined, and it is not possible to detect all of the existing material misstatements whether resulting from fraud or error.

4. Quality and Independence

We are in conformity with TWSQC1 "Quality Control for Public Accounting Firms" to establish and maintain a sound system of quality control, including code of professional ethics, professional standards and those written policies and procedures in applicable regulations. We are also in conformity with related independence and other ethics requirements in Taiwan's Norm of Professional Ethics, which basic principles are integrity, objectivity, professional competence and due care and professional behavior.

5. Conclusion

Based on our procedures and obtained evidence, nothing has come to our attention that causes us to believe that any material modifications or adjustments should be made to the selected sustainability indicators in accordance with applicable criteria.

Lu, Chian Uen
Ernst & Young
July 31th, 2024
Taipei, Taiwan, Republic of China

Notice to Readers

The reader is advised that the sustainability report has been prepared originally in Chinese. In the event of a conflict between the assurance report and the original Chinese version or difference in interpretation between the two versions, the Chinese language assurance report shall prevail.



Appendix A

No.	Section	Article Title	Subject matter information	Benchmarking Description	Applicable Benchmarking						
1	2.1.2	Product Compliance and Innovation	<p>To ensure consumer food safety, Taiwan Tobacco & Liquor Corporation has implemented both the ISO 22000 Food Safety Management System and the HACCP system across its 9 distilleries and 3 breweries. This integration strengthens the existing PDCA (Plan, Do, Check, Act) cycle and establishes multiple hygiene standards and control measures necessary for maintaining the food supply chain. These measures ensure that potential food safety hazards or contamination risks are eliminated throughout the processes of research and development, raw material procurement, product manufacturing, packaging, storage, transportation, sales, and consumption. In 2023, Taiwan Tobacco & Liquor Corporation maintained certifications for ISO 9001, ISO 22000, and HACCP, covering 100% of its operational locations, and several products received TQF, CAS1, and Excellence in Beverage Certification marks</p>	<p>To enhance food hygiene, safety, and quality, assessments and improvements are conducted on aspects including personnel, operational premises, facility hygiene management, and quality assurance systems. This affects the primary product and service categories, along with the corresponding percentages.</p>	<p>In accordance with Article 4, Appendix 1-1 of the 'Operating Guidelines for Preparation and Disclosure of Sustainability Reports by Listed Companies,' Performance Indicator One requires enhanced disclosure of performance indicators</p>						
2	1.2.3	Legal Compliance	<p>Statistics on Lawsuits and Penalties Related to Taiwan Tobacco and Liquor Due to Products and Labeling in 2023</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Number of Cases of Products and Services Violating Regulations</td> <td>0</td> </tr> <tr> <td>Number of Cases of Non-compliance with Labeling Regulations</td> <td>0</td> </tr> </tbody> </table>	Year	2023	Number of Cases of Products and Services Violating Regulations	0	Number of Cases of Non-compliance with Labeling Regulations	0	<p>The categories and frequency of incidents involving violations of health and safety regulations related to products and services, as well as instances of non-compliance with regulations regarding information and labeling of products and services. Additionally, the number of product recalls and the total weight of recalled products.</p>	<p>In accordance with Article 4, Appendix 1-1 of the 'Operating Guidelines for Preparation and Disclosure of Sustainability Reports by Listed Companies,' Performance Indicator Two requires enhanced disclosure of performance indicators.</p>
Year	2023										
Number of Cases of Products and Services Violating Regulations	0										
Number of Cases of Non-compliance with Labeling Regulations	0										



No.	Section	Article Title	Subject matter information	Benchmarking Description	Applicable Benchmarking
3	2.1.2	Product Compliance and Innovation	<p>Taiwan Tobacco & Liquor Corporation has fully implemented the ISO 9001 Quality Management System across its 9 tourist distilleries, 3 tobacco factories, and 3 breweries. Utilizing the PDCA (Plan, Do, Check, Act) cycle for quality management, the Company adheres strictly to the seven principles of ISO 9001 Quality Management. This includes the standardization of production processes, the establishment of quality slogans, inspection mechanisms before material intake and shipment, dedicated areas for handling non-conforming products, and a comprehensive customer complaint response process. These measures effectively control process and product quality, ensuring that all products meet the Company's quality objectives and comply with regulatory requirements</p> <p>To ensure consumer food safety, Taiwan Tobacco & Liquor Corporation has implemented both the ISO 22000 Food Safety Management System and the HACCP system across its 9 distilleries and 3 breweries. This integration strengthens the existing PDCA (Plan, Do, Check, Act) cycle and establishes multiple hygiene standards and control measures necessary for maintaining the food supply chain. These measures ensure that potential food safety hazards or contamination risks are eliminated throughout the processes of research and development, raw material procurement, product manufacturing, packaging, storage, transportation, sales, and consumption. In 2023, Taiwan Tobacco & Liquor Corporation maintained certifications for ISO 9001, ISO 22000, and HACCP, covering 100% of its operational locations, and several products received TQF, CAS1, and Excellence in Beverage Certification marks</p>	<p>The percentage of products manufactured in facilities that have been independently verified to comply with internationally recognized food safety management system standards.</p>	<p>In accordance with Article 4, Appendix 1-1 of the 'Operating Guidelines for Preparation and Disclosure of Sustainability Reports by Listed Companies,' Performance Indicator Four requires enhanced disclosure of performance indicators.</p>



No.	Section	Article Title	Subject matter information				Benchmarking Description	Applicable Benchmarking	
4	Appendix 1	Summary of ESG performance	Supplier Audit Status in 2023				The number and percentage of supplier audits conducted, along with audit items and outcomes.	In accordance with Article 4, Appendix 1-1 of the 'Operating Guidelines for Preparation and Disclosure of Sustainability Reports by Listed Companies,' Performance Indicator Five requires enhanced disclosure of performance indicators.	
			Year	Total Number of Audited Suppliers	Audit Ratio	Qualification Ratio			Audit Subjects
			2023	52	100%	100%			Product Quality, Process Specifications, Production Line, Environmental Equipment Safety and Hygiene, Quality Control Records, Comprehensive Assessment, Performance and Delivery Status
5	Appendix 1	Summary of ESG performance	Product Traceability and Tracking Management Situation of Taiwan Tobacco and Liquor in 2023				The situation of mandatory or voluntary product traceability and tracking management in accordance with regulations, along with the percentage of related products among the total products.	In accordance with Article 4, Appendix 1-1 of the 'Operating Guidelines for Preparation and Disclosure of Sustainability Reports by Listed Companies,' Performance Indicator Six requires enhanced disclosure of performance indicators.	
			Year		2023				
			Total Number of Food Items Produced (Number of items)		61				
			Registered and Uploaded to Food Traceability Management Information System (Ftracebook)		61				
Percentage (%)		100%							



No.	Section	Article Title	Subject matter information	Benchmarking Description	Applicable Benchmarking																																				
6	Appendix 1	Summary of ESG performance	<p>In 2023, NT\$41,876,821 was disbursed on internal inspections, accounting for 0.08% of the overall company's net operating income. The table shows the total expenditures for internal and external inspections carried out by Taiwan Tobacco and Liquor Corporation's Research Institute of Liquor & Biotechnology in 2023. (Unit: NTD)</p> <table border="1"> <thead> <tr> <th></th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Internal Inspection Expenditure (Amount in NTD)</td> <td>41,876,821</td> </tr> <tr> <td>Percentage of Total Net Operating Income (%)</td> <td>0.08%</td> </tr> <tr> <td>External Inspection Expenditure (Amount in NTD)</td> <td>2,597,003</td> </tr> </tbody> </table>		2023	Internal Inspection Expenditure (Amount in NTD)	41,876,821	Percentage of Total Net Operating Income (%)	0.08%	External Inspection Expenditure (Amount in NTD)	2,597,003	<p>The situation of mandatory or voluntary establishment of food safety laboratories in accordance with regulations, testing items, test results, related expenditures, and the percentage of such expenditures to net operating revenue.</p>	<p>In accordance with Article 4, Appendix 1-1 of the 'Operating Guidelines for Preparation and Disclosure of Sustainability Reports by Listed Companies,' Performance Indicator Seven requires enhanced disclosure of performance indicators.</p>																												
				2023																																					
			Internal Inspection Expenditure (Amount in NTD)	41,876,821																																					
			Percentage of Total Net Operating Income (%)	0.08%																																					
			External Inspection Expenditure (Amount in NTD)	2,597,003																																					
			<p>Note1: The total expenditure on external inspections primarily includes costs for outsourcing adjustments of instruments and related expenses by the Alcohol and Biotechnology Research Institute.</p> <p>Note2: In 2023, the Alcohol and Biotech Research Institute was merged into the Biotech Division and renamed Taiwan Tobacco and Liquor Corporation's Research Institute of Liquor & Biotechnology, with the financials of both units combined.</p> <p>The liquor product analysis laboratory within the Research Institute of Liquor & Biotechnology has obtained ISO 17025 new version laboratory certification from the Taiwan Acceptance Foundation (TAF), confirming its testing capability and quality alignment with international standards. In 2023, the lab tested eight items, all of which had a 0% non-compliance rate. Inspection Item</p> <table border="1"> <thead> <tr> <th></th> <th>Number of Samples Tested</th> <th>Number of Failures</th> <th>Failure Rate</th> </tr> </thead> <tbody> <tr> <td>Methanol</td> <td>526</td> <td>0</td> <td>0%</td> </tr> <tr> <td>Heavy Metal Lead</td> <td>532</td> <td>0</td> <td>0%</td> </tr> <tr> <td>Sulfur Dioxide</td> <td>531</td> <td>0</td> <td>0%</td> </tr> <tr> <td>Preservative - Sorbic Acid</td> <td>313</td> <td>0</td> <td>0%</td> </tr> <tr> <td>Preservative - Benzoic Acid</td> <td>295</td> <td>0</td> <td>0%</td> </tr> <tr> <td>9 Types of Plasticizers</td> <td>321</td> <td>0</td> <td>0%</td> </tr> <tr> <td>Coloring Agents</td> <td>298</td> <td>0</td> <td>0%</td> </tr> <tr> <td>Citrinin</td> <td>14</td> <td>0</td> <td>0%</td> </tr> </tbody> </table>		Number of Samples Tested	Number of Failures	Failure Rate	Methanol	526	0	0%			Heavy Metal Lead	532	0	0%	Sulfur Dioxide	531	0	0%	Preservative - Sorbic Acid	313	0	0%	Preservative - Benzoic Acid	295	0	0%	9 Types of Plasticizers	321	0	0%	Coloring Agents	298	0	0%	Citrinin	14	0	0%
				Number of Samples Tested	Number of Failures	Failure Rate																																			
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Coloring Agents	298	0	0%																																						
Citrinin	14	0	0%																																						



No.	Section	Article Title	Subject matter information		Benchmarking Description	Applicable Benchmarking
7	Appendix 1	Summary of ESG performance		2023	Total energy consumption, percentage of purchased electricity, and renewable energy utilization rate	"In accordance with Article 4, Appendix 1-1 of the 'Operating Guidelines for Preparation and Disclosure of Sustainability Reports by Listed Companies,' Performance Indicator Eight requires enhanced disclosure of performance indicators."
			Electricity	511,428,861		
			Oil	239,945,428		
			Natural Gas	699,498,828		
			Total Energy Consumption	1,450,873,117		
8	Appendix 1	Summary of ESG performance		2023	Total water withdrawal and total water consumption.	In accordance with Article 4, Appendix 1-1 of the 'Operating Guidelines for Preparation and Disclosure of Sustainability Reports by Listed Companies,' Performance Indicator Nine requires enhanced disclosure of performance indicators.
			Year	2023		
			Water Withdrawal (Million Liter)			
			Surface Water	642		
			Ground Water	974		
			Seawater	0		
			Produced Water	0		
			Third-Party Water	1,800		
			Total Water Withdrawal	3,416		
			Water Withdrawal (Millions Liter)			
			Total Wastewater Discharge	2,816		
			Water Withdrawal (Millions Liter)			
Total Water Consumption	600					



No.	Section	Article Title	Subject matter information		Benchmarking Description	Applicable Benchmarking
9	Appendix 3	SASB	Division of Beer		Sold product weight and number of production facility locations.	In accordance with Article 4, Appendix 1-1 of the 'Operating Guidelines for Preparation and Disclosure of Sustainability Reports by Listed Companies,' Performance Indicator Ten, along with its associated Q&A, requires enhanced disclosure of performance indicators for the restaurant industry.
			Total quantity of products sold (Million Hectoliters)	2.59 Mhl		
			Quantity of production equipment	Taipei Beer Brewery、Jhunan、Wurih、Shanhua		
			Division of Liquor			
			Total quantity of products sold (Million Hectoliters)	0.70 Mhl		
			Quantity of production equipment	Taoyuan、Taichung、Chiayi、Pingtung、Hualien、Yilan、Puli、Nantou、Longtian		
			Total			
			Total quantity of products sold (Million Hectoliters)	3.29Mhl		
			Quantity of production equipment	13		

20 23

Environmental, Social,
And Corporate Governance
Report



TTL

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