

The differences between the operation of corporate governance and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons

Assessment items	Operation		The differences compared to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons	
	Yes	No		Summary description
I. Does the Company stipulated and disclose Corporate Governance Best Practice Principles in accordance with “Governance Best Practice Principles for TWSE/TPEX Listed Companies?”	V		“Corporate Governance Best Practice Principles” of the Company was passed by the Board of Directors on March 19, 2020, and the corporate governance was conducted in accordance with the Principles.	No difference
II. The Company’s equity structure and shareholder’s equity				
(I) Does the Company stipulate internal operation procedure for recommendations, concerns, disputes, and litigation raised by shareholders and implement such matters in accordance with the procedure?	V		(I) The Company already established spokesperson system to handle relevant matters: Disputes between shareholders and the Company will be handled by the legal counselor of the Company. The Company also stipulated “Corporate Governance Best Practice Principles” to protect the interests of shareholders, and the corporate governance is implemented in accordance with relevant regulations.	No difference
(II) Does the Company control and list of major shareholders who actually control the Company and the ultimate controllers of these major shareholders?	V		(II) The Company controls the list of major shareholders and their ultimate controllers in accordance with the shareholder list of the registrar and declares the equity changes of insiders on a regular basis.	No difference
(III) Does the Company establish and implement the risk control and firewall mechanism against affiliates?	V		(III) The investment matters of the Company are conducted in accordance with “Regulations Governing Investees”, “Internal Control System”, “Internal Audit System”, and relevant laws and regulations.	No difference
(IV) Does the Company stipulate internal regulations to prohibit insiders of the Company to engage in securities transactions with undisclosed information in the market?	V		(IV) The Board of Directors of the Company passed “Ethical Corporate Management Best Practice Principles” on March 19, 2020, in which provides: All Company personnel shall	No difference

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			adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading.
<p>III. The Composition and Duties of the Board of Directors</p> <p>(I) Has the Company established a diversification policy for the composition of its Board of Directors and has it been implemented accordingly?</p>	V	(I) The diversification policy provided in the Rules for Election of Directors of the Company includes gender, age, nationality, culture, professional background, professional skills, and experience in the industry. The selection of directors has been implemented in accordance with these standards. The Company has already disclosed its diversity policy and status of implementations on the Company website.	No difference
<p>(II) Other than the Remuneration Committee and the Audit Committee which are required by law, does the Company voluntarily plan to set up other functional committees?</p>	V	(II) No other functional committees have been set up besides having established a Remuneration Committee and Audit Committee in accordance with relevant laws, and the Company will set up other functional committees in accordance with legal regulations or based on operating needs.	It will be timely conducted based on the actual demand of the Company.
<p>(III) Does the Company formulate Regulations and Procedures for Evaluation of the Board of Directors to conduct an internal board performance evaluation every year, as well as reporting the results to the Board of Directors as reference for remuneration to individual directors and nomination for re-election?</p>	V	(III) The Company has already established Performance Evaluation Procedures and Methods for the Board of Directors on March 21, 2019, and the Procedures have been put into practice in 2019.	No difference
	V	(IV) After evaluating the financial interests, finance guarantees, business relations, family and personal relations, employment relations, receiving gifts and special offers, rotations of CPA, and non-audit business by the Finance Division of the Company, we believe CPA Ming-Hsing Cho and Irene Wong meet the independence evaluation standards of the Company. The Board of Directors passed the CPA independence evaluation on May 2, 2023	No difference

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(IV) Does the Company evaluate its CPA's independence on a regular basis?			

The following table discloses the implementation of diversity policy of directors:

Title	Name	Gender	Age	The ability to make	and financial	Accounting	management	Business	management	Crisis	of the	international	An	ability	Leadership	Decision-
Chairman	Alex Lin	Male	50~60	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Director	Jonny Tseng	Male	40~50	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Director	George Huang	Male	70~80	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Director	Wan An Ya	Male	50~60	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Chen Bei Wei	Male	50~60	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Zheng-Xian Cai	Male	50~60	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Mo Zhao Hong	Male	50~60	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

IV. Does the listed company have an adequate number of corporate governance personnel with appropriate qualifications, and to appoint a chief corporate governance officer as the most senior officer to be in charge of corporate governance affairs (including but not limited to providing directors and supervisors with information needed for undertaking their duties, assisting directors and supervisors with legal compliance, handling matters relating to board meetings and shareholders meetings according to laws, producing minutes of board meetings and shareholders meetings)?	V	<ol style="list-style-type: none"> The Chairman Office of the Company is held accountable for furnishing information required for business execution by directors and supervisors, handling matters relating to holding Board of Directors' meetings, and producing minutes of Board of Directors meetings. General Affairs Division of the Company is held accountable for handling matters relating to holding Shareholders' Meetings. The Finance Division of the Company is held accountable for producing minutes of Shareholders' Meetings, handling corporateregistration and amendment registration. 	No difference
V. Has the Company established a means of communicating with its Stakeholders or created a Stakeholders Section on its	V	The company create a Stakeholder Section on the official website. Stakeholders may contact the Company via phone calls or e-mails.	No difference

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deadline?			https://mops.twse.com.tw/mops/web/t163sb01 。
VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee cares, investor relations, supplier relations, rights of stakeholders, director and supervisor stakeholders, director and supervisor training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	V		<p>(I) Employee rights: The Group attaches great importance to employee rights. Other than conducting employee insurances and distributing pensions, we also establish bilateral communication channel and create a harmonious working environment to smoothly promote our businesses.</p> <p>(II) Employee cares: The Group attaches great importance to employee benefits, hoping to cultivate a greater teamwork through benefits and activities for our employees who devote themselves in the work. For example, Employee Benefits Committee and Clubs. Other than Labor Insurance and National Health Insurance, we also provide group insurance and emphasize on the educational training for employees.</p> <p>(III) Investor relations: We enrich our official website for the reference of investors and handle shareholder recommendation through spokesperson system.</p> <p>(IV) Supplier relations: The Group collaborates with suppliers for a long term, which stabilizes the delivery date and quality. We maintain an excellent and stable partnership with suppliers.</p> <p>(V) Rights of stakeholders: Stakeholders may obtain company information from our official website and communicate with and make suggestions to the Company to protect their legitimate rights.</p> <p>(VI) Director and supervisor training records: The Company does not compulsively require directors and supervisors to take professional knowledge courses, but it does actively encourage them to participate in such courses</p>

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			<p>and post their training record on Market Observation Post System. Please refer to the Table below for the record.</p> <p>(VII) Implementation of risk management policies and risk evaluation measures: We adopt precautionary management in an active attitude to deal with the possible risks that the corporate operation may encounter. We implement risk management through strict internal standard operation norms and minimize the operating risks and costs. Meanwhile, all management levels regularly participate in operating management meetings and conduct communications on an irregular basis to identify, study and evaluate all major risk factors in the corporate operation of all departments and divisions. Management level will also aggregate, analyze, and study the relevant operational procedures of major risk factors, stipulate improvement plans and response measures to lower the chance of the risks from happening and reduce the operating losses of the Company.</p> <p>(VIII) Implementation of customer relations policies: The Group satisfies consumer demands by providing high-quality products and touching service quality. The brand image already earned the trusts and loyalties of consumers. We also establish a comprehensive customer complaint disposition mechanism to</p>

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			<p>protect the interests of consumers.</p> <p>(IX) Purchasing liability insurance for directors and supervisors: By adhering to the Ethical Corporate Management Best Practice Principles, directors and supervisors of the Company are not involved in any litigation or illegal actions. The Company also purchased liability insurances for directors, supervisors and managers.</p>

The information below is the training hours for directors and supervisors, courses and organizer in 2023:

Title	Name	Organizer	Course Name	Training Hours
Director	George Huang	Taiwan Corporate Governance Association	Practical Analysis on Criminal Liability in Securities Illegal Cases	3
Director	George Huang	Taiwan Corporate Governance Association	Directors and senior executives of listed companies' understanding of current supervision by competent authorities	3
Director	Jonny Tseng	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit Forum	6
Director	Wan An Ya	Securities and Futures Institute	Carbon rights trading mechanism, carbon management application and resource recycling	3
Director	Alex Lin	Taiwan Corporate Governance Association	2023 Fubon Property & Casualty Insurance ESG and Information Security Risk Management Seminar	3
Independent	Zheng-Xian Cai	Accounting Research and	Sustainability and digital dual-	3

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Director		Development Foundation	axis transformation	
Independent Director	Zheng-Xian Cai	Accounting Research and Development Foundation	ESG megatrends-corporate business challenges, responses and layout	3
Independent Director	Mo Zhao Hong	Financial Supervisory Commission R.O.C.	"The 14th Taipei Corporate Governance Forum"	6
Independent Director	Chen Bei Wei	CPA Associations R.O.C.	Greenhouse Gas Inventory and Introduction to ISAE 3410	3
<p>IX. Please describe improvements based on the corporate governance evaluation result in the most recent year released by the Corporate Governance Center of Taiwan Stock Exchange and propose priority improvement plans and measures for deficiencies that have not yet been improved</p> <p>(I) Improvements</p> <ol style="list-style-type: none"> Diversity of members in the Board of Directors is already disclosed in Company website. Specific methods on integrity management policy implemented. <p>(II) Priority improvement plans and measures</p> <ol style="list-style-type: none"> Greenhouse gas emissions, water consumption and total waste weight will be disclosed in 2024. 				