

Corporate Governance Operation Status and Discrepancies with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons:

Assessment Item	Implementation Status			Discrepancies with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
I. Does Company follow the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” to establish and disclose its corporate governance practices?	V		The Company has formulated the code of practice, which is reviewed one article after another according to the Corporate Governance Code of Practice and formulated in accordance with the templates and measures promulgated by the competent authority. For the Company’s corporate governance code of practice, please visit the official site of the Company.	No major difference
II. Company’s ownership structure and shareholders’ equity				
(I) Does the company establish and implement internal procedures for handling shareholder suggestions, questions, disputes and litigations?	V		The Company has established a mechanism for spokespersons and acting spokespersons and as well as an investor mailbox. The spokespersons and acting spokespersons will handle relevant shareholder issues. If legal issues are involved, legal counsel will handle them.	No major difference
(II) Is the Company constantly informed of the identities of its major shareholders and the ultimate controller?	V		The Company’s stock affairs are handled by the entrusted stock affairs agency, who reports on the number of shares held by directors, supervisors and major shareholders holding 10% of the total shares issued, pledge increase or decrease and other shareholding matters on a monthly basis.	No major difference
(III) Has the company established and implemented risk management practices and firewalls for companies it is affiliated with?	V		The company and its affiliates have clear regulations on the management of personnel and assets between them, and have a dedicated agency to implement effective risk control and firewall mechanisms through the implementation of internal control and internal audit systems.	No major difference
(IV) Has the Company established internal policies that prevent insiders from trading securities against non-public information?	V		The company has established “Procedures for Management of Material Internal Information Processing and Insider Trading Prevention” and prohibits insiders of the Company from taking advantage of information unpublished at the market to transact any securities.	No major difference
III. Composition and responsibility of board of directors				
(I) Does the board of directors formulate				

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	Yes	No		
a diversity policy, specific goals for management and achieve proper implementation?	V		Please refer to Information on Directors (II) - Diversification and Independence of the Board of Directors in this annual report-	No major difference
(II) Apart from the Remuneration Committee and Audit Committee, has the Company established other functional committees at its own discretion?		V	Apart from the Remuneration Committee and Audit Committee, the Company has assembled other functional committees at its own discretion.	No major difference
(III) Has the Company established a set of policies and assessment tools to evaluate the board's performance? Is performance evaluated regularly at least on an annual basis? In addition, has the result of the performance assessment been submitted to the board of directors' meeting and used as reference for the remuneration and nomination or reelection of individual directors?	V		The Company has formulated the performance evaluation and assessment guidelines of the board of directors and it is stipulated that it shall be carried out at least once a year. If necessary, an external professional independent organization or an external team of experts and scholars can be appointed to perform such evaluation and assessment. At the Board meeting on March 24, 2023, the Company reported the performance evaluation of the Board of Directors for 2022, took the evaluation results as a reference for selecting or nominating directors, and took the evaluation results of individual directors as a reference for determining their individual remuneration and nomination for re-election. The overall result of the performance evaluation was mainly "good."	No major difference
(IV) Are external auditors' independence assessed on a regular basis?	V		The Financial Department of the Company evaluates the independence and suitability of CPAs by itself every year and requests the CPAs to issue an "Independence Statement" and "Audit Quality Indicators" (AQIs), and conducts the assessment according to the standards in (Note 1) and 13 AQI indicators. It is confirmed that the CPA has no other financial interests or business relationship with the Company except for the fees for certification and financial and tax auditing, and the family members of such CPA do not violate the independence requirements. The evaluation results of the latest fiscal year have been discussed by the Audit Committee on December 23,	No major difference

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			2022, which upon approval was submitted to the Board of Directors for resolution on the independence and suitability evaluation of CPA.
IV. Has the publicly listed company designated a department or personnel that specializes (or is involved) in corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to perform their duties, convention of board meetings and shareholder meetings, company registration and changes, preparation of board meeting and shareholder meeting minutes, etc.)?	V		<p>Based on the approval by the board of directors on November 13, 2020, the Company has designated the CFO as the head of corporate governance, whose major responsibilities are to provide the directors with the information they need to perform their business, assist the directors in complying with laws and regulations and supervise and handle matters related to the board of directors and shareholders' meeting according to the laws.</p> <p>In accordance with the "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE-Listed Companies and the Board's Exercise of Powers," the first-time appointed head of corporate governance participated in 18 hours of continuing education within one year of assuming office. 12 hours of continuing education shall be arranged every year thereafter. Status of continuing education of 2022 (Note 2)</p> <p>The 2022 business implementation status is as follows:</p> <ol style="list-style-type: none"> 1. Assist independent directors to perform job duties, provide necessary documents and arrange the training for the directors. 2. Assist with the legal compliance of board of directors' meeting and shareholders' meeting procedure and resolution. 3. Maintain investor relationship. 4. Notify the directors seven days prior to the convening of the meeting of board of directors, convene the meeting and provide the meeting materials. For any issues in the agenda that require recusal, a reminder will be made in advance and complete the minutes of meeting of the board of directors within 20 days after

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	Yes	No		Summary
			the conclusion of the meeting. 5. Handle the pre-registration of the date of the shareholders' meeting according to the laws, prepare the meeting notice, the agenda manual and the meeting minutes within the statutory time limit and handle the registration of the revision of the Articles of Association or the re-election of directors and supervisors.	
V. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	V		The Company has established the position of spokesperson and the mailbox, and has set up a section for interested parties on the Company's official site to maintain a smooth communication channel with stakeholders and properly respond to important issues of interest to stakeholders; as well as external reporting channels and handling staff, etc. (Note 3)	No major difference
VI. Has the Company commissioned professional stock agency institution to handle shareholders' meeting affairs?	V		The Company commissioned professional stock agency institution to handle shareholders' meeting affairs.	No major difference
VII. Information disclosure				
(I) Has the Company established a website that discloses financial, business and corporate governance-related information?	V		The Company has set up a website and has a dedicated person responsible for maintaining and updating information, as well as disclosing information related to financial business and corporate governance in real time. The link of the site: www.tsgroup.com.tw	No major difference
(II) Has the Company adopted other means to disclose information (e.g., English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor conferences via the company website)?	V		The Company has established a Chinese-English website and designated a staff to be responsible for information collection, update maintenance and disclosure; it has also implemented a spokesperson system, and if an earning call is held, the relevant process will be disclosed on the Company's official site for reference.	No major difference
(III) Has the Company published and reported its annual financial report within two months after the end of a fiscal year, and published and reported its financial reports for the first, second and third quarters as well as its	V		The Company announced and submitted the 2022 annual financial report on March 24, 2023, which was within the prescribed time limit. The financial reports for the first, second and third quarters and the operating status of each	No major difference

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operating status for each month before the specified deadline.			month are announced and reported within the prescribed time limit.
VIII. Is there any other material information (including but not limited to employee rights, employee care, supplier relations, stakeholder rights, further education for directors and supervisors, the status of implementation of the risk management policy and risk measurement measures, the status of implementation of the customer policy, and the purchase of liability insurance for directors and supervisors) that will help stakeholders understand governance practices at the company?	V		<p>1. Employee rights and employee caring: The Company's HR system complies with the labor laws and regulations and the Employee Welfare Committee has been established. It also provides multiple communication channels for employees to ensure timely transmission and transparency of information. The employees can participate in the joint supervision and management of various organizations to ensure their welfare and rights and provide the basis for improvement for the Company.</p> <p>2. Investor relations: The Company in a timely manner announces financial, business and material information on the Company's official site and MOPS, so that investors can fully understand and designate the dedicated personnel responsible for handling shareholder suggestions and answering questions.</p> <p>3. Supplier relations: we maintain a sound relationship with suppliers.</p> <p>4. Rights of interested parties: in order to protect the rights and interests of interested parties, the Company has established various sound communication channels and handles them properly with the principle of good faith and bears proper responsibilities to maintain their legitimate rights and interests.</p> <p>5. Continuing education for directors: (Note 4)</p> <p>6. Implementation of risk management policies and risk measurement standards: the Company formulates various internal regulations according to law, and conducts various risk management and assessments.</p> <p>7. Performance of the customer policy: we maintain a steady and sound</p>

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			relationship with customers. 8. Purchases of liability insurance for directors by the Company: the Company has purchased liability insurance for directors.

IX. Please provide explanation on the improvement status of the corporate governance evaluation announced by Taiwan Stock Exchange (TWSE) in the most recent year and provide priority enhancement and measures for matters yet to be improved. (Waived for those not listed as the company under evaluation for the corporate governance evaluation) The summary is as follows:

Already improved:

1. The Company shall report the remuneration received by the directors at the general meeting of shareholders, including the remuneration policies and content and amount of each individual remuneration.
2. The Company's interim financial report has been approved by the Audit Committee and submitted to the board of directors for discussion and resolution.

Matters not yet improved and prioritized for improvement:

1. The Company records the key contents of questions raised by shareholders and the Company's response in the regular shareholders' meeting minutes.
2. The Company uploads the uninterrupted audio and video after a shareholders' meeting.
3. The Company uploads changes in the numbers of shares held by internal parties in the preceding month to the Market Observation Post System by the tenth day of each month.

(Note 1) Standards for evaluating the independence of CPAs

	Assessment Item	Evaluation result	Requirements of independence met?
1	Does the CPA have direct or material indirect financial interest relationship with the Company?	No	Yes
2	Does the CPA engage in financing or guarantee actions with the Company?	No	Yes
3	Does the CPA have any close business relationship and potential employment relationship with the Company?	No	Yes
4	Does the CPA and his/her audit team members have served as directors, officers or any other positions that have a significant influence on the audit work in the Company at present or in the last two fiscal years?	No	Yes
5	Does the CPA provide the Company with any non-audit service items that may directly affect the audit work?	No	Yes
6	Does the CPA perform any brokerage the stocks or other securities issued by the Company?	No	Yes
7	Does the CPA act as the Company's attorney or coordinate to resolve conflicts with any other third parties on behalf of the Company?	No	Yes
8	Does the CPA have any kinship with any of the Company's directors, officers or personnel with positions that have a significant impact on the audit work.	No	Yes

(Note 2) Status of continuing education of head of corporate governance

Date of Training	Organizer	Course Name	Training Hours	Total training hours of the year
July 20, 2022	Taiwan Stock Exchange Corporation	Advocacy Meeting for the Sustainable Development Roadmap	2	14
August 19, 2022	Taiwan Corporate Governance Association	Case Analysis of Disputes over the Company's Management Power	3	
August 30, 2022	Taiwan Corporate Governance Association	Discussion of the Assessment and Implementation of Investments and Mergers from the Viewpoint of the Law	3	
October 11, 2022	Financial Supervisory Commission	2022 Announcement and Advocacy Meeting on the Instructions for the Executive Power of Independent Directors and Audit Committee	3	
October 28, 2022	Taiwan Stock Exchange Corporation	2022 Advocacy Meeting on Insider Trading Prevention	3	

(Note 3) Interested parties identity, issues concerned and communication channels

Interested parties	Issues concerned	Response	Communication frequency	Communication channels
Shareholders and investors	1. Corporate governance 2. Operating performance 3. Shareholders participation	Announcement of material information Earning call Monthly revenue Quarterly financial statements and annual reports	From time to time Once annually Monthly Quarterly	Meetings, telephone, and email: tstcomp@tsgroup.com.tw
Employees	1. Employee benefits 2. Labor-management relations 3. Operating performance	Health checks, group insurance, and various subsidies, etc. Implement pre-onboarding and on-the-job training Welfare Committee and labor-management meetings convened from time to time	Monthly From time to time Quarterly labor-management meeting	Telephone, and email for complaining: vivian.lin@tsgroup.com.tw
Customers	1. Corporate governance 2. Service quality 3. Customer protection and communication	Integrity management Announcement of material information Earning call Annual customer satisfaction survey	Delivered from time to time From time to time Once annually Once annually	Interview, service hotline, and email: service@tsgroup.com.tw
Suppliers	1. Corporate image 2. HSE 3. Supplier management 4. Supplier communication channels	Adhere to the operating principle of "pursuit of excellence, sustainable operation, integrity, and top service for customers" Regular review and amendment and revision of laws and regulations Evaluation, on-site visit and communication from time to time	Quarterly regulatory review On-site visit from time to time At least once annually	Interview, telephone, and email: service@tsgroup.com.tw
Government and Competent Authorities	1. Legal compliance 2. Corporate governance 3. Risk management 4. Communication with competent authorities	Regular review and amendment and revision of laws and regulations Participation in policy discussions and seminars of competent authorities from time to time Cooperation with the competent authority for supervision and inspection	Participation in policy forums of competent authorities and revisions of relevant laws and regulations from time to time	Seminars, questionnaires, telephone and email: tstcomp@tsgroup.com.tw

(Note 4) Continuing education of directors: the directors of the Company participated in continuing training courses in accordance with the provisions of the “Templates for the Implementation of Directors and Supervisors of TWSE/TPEX-Listed Companies” issued by the Taiwan Stock Exchange and received the hardcopy of the certificate of completion.

Job Title	Name	Date of Training	Organizer	Course Name	Training Hours
Chairman	Chun-Fa Huang	August 10, 2022	Taiwan Investor Relations Institute	Analysis of the Blockchain and Its Impact on Enterprises	3
		November 9, 2022		Business Management and Mass Media Public Relations Strategy	3
Vice Chairman	Ming-Tan Hsu	July 26, 2022	Taiwan Corporate Governance Association	Unveiling “Insider Trading”	3
		September 29, 2022	Taiwan Stock Exchange	Announcement and Advocacy Meeting on the Instructions for the Executive Power of Independent Directors and Audit Committee	3
Director	Wei-Te Hsu	July 29, 2022	Taiwan Securities and Futures Institute	Constitution of Breach of Fiduciary Duty by Director or Supervisors and Special Breach of Trust	3
		August 2, 2022		Development and Business Opportunities for Electronic Vehicles and Smart Vehicles	3
Director	Chun-Tsao Huang	August 10, 2022	Taiwan Investor Relations Institute	Analysis of the Blockchain and Its Impact on Enterprises	3
		November 9, 2022		Business Management and Mass Media Public Relations Strategy	3
Independent Director	Sheng-Yu Liang	September 21, 2022	The Institute of Internal Auditors - Chinese Taiwan	Excel Macro Function Class I - Range Process Section	6
Independent Director	Chui-Ming Peng	August 5, 2022	Taiwan Corporate Governance Association	New Era of Strong Supervision on Personal Information - Latest Trends in the Supervision on Personal Information in Taiwan, E.U., and China.	3
		September 29, 2022	Taiwan Stock Exchange	Announcement and Advocacy Meeting on the Instructions for the Executive Power of Independent Directors and Audit Committee	3
Independent Director	Jui-Hsiang Huang	July 14, 2022	Taiwan Securities and Futures Institute	Trends of Net Zero: Observation on Practices of Boards of Directors’ ESG Decision Making	3
		August 26, 2022		Exploring Practices of Anti-Money Laundering and Countering the Financing of Terrorism	3
		November 29, 2022	Taiwan Academy of Banking and Finance	Practice Operation and Case Study on Establishing a Culture of Integrity, Accountability System, and Financial Inclusion	3