

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 is 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				

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(I) Does the board of directors formulate a diversity policy, specific goals for management and achieve proper implementation?	V		Please refer to the Board of Directors information (II) in this annual report (Page 13) regarding the diversification and independence of the board.	No major difference
(II) Besides establishing the Compensation Committee and Audit Committee in accordance with the law, has the Company voluntarily set up other functional committees?		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. On March 13, 2024, the Board of Directors submitted the performance evaluation of the 2023 Board of Directors, using the evaluation results as a reference for the selection or nomination of directors, and using individual director performance evaluation results as a reference for setting their individual compensation 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 Company's finance department assesses the independence and competency of CPAs every year, and requires CPAs to issue "Declaration of Independence" and "Audit Quality Indicators (AQIs)" in accordance with the standards of (Note 1) and 13 AQI's indicators for evaluation. After confirming that the accountant and the Company have no other financial interests and business relationships other than the fees for certification and tax cases, and that the family members of the accountant also do not violate the independence requirement,	No major difference

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			the assessment results for the latest fiscal year were discussed and approved by the Audit Committee on December 26, 2023, and then submitted to the Board of Directors for approval of the assessment of the accountant's independence and suitability.	
V. 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>According to the "TWSE Listed Company Board Establishment and Exercise of Powers Requirements", the newly appointed corporate governance supervisor shall attend 18 hours of initial training within one year of assuming the position, and thereafter, shall continue with 12 hours of ongoing training annually. 2023 Further education (Note 2)</p> <p>2023 Business implementation 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 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 	No major difference

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			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 a spokesperson and a dedicated email address, as well as a section for stakeholders on the Company's website, to establish open communication channels with stakeholders and appropriately address important issues of concern. The Company also has internal and external whistleblowing channels and dedicated personnel for handling such matters. (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.tsigroup.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 establish 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	V		The Company announced and filed its financial report for 2023 on March 13, 2024, and completed the filing within the prescribed deadline. The financial reports for the first, second and third quarters and the operating status of each month are	No major difference

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for the first, second and third quarters as well as its operating status for each month before the specified deadline.			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 welfare: The Company's personnel policies comply with labor laws and regulations, and it has established Welfare Committee to ensure compliance. The Company provides employees with multiple communication channels to ensure timely and transparent information dissemination. Employees participate in collective oversight and management to safeguard their welfare and rights, serving as a basis for the Company's improvement efforts.</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. Directors' further education: (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 relationship with customers.</p> <p>8. Purchases of liability insurance for</p>

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			directors by the Company: the Company has purchased liability insurance for directors.	
<p>IX. Please explain the improvements based on the recent corporate governance evaluation results released by the Taiwan Stock Exchange Corporate Governance Center. Also, identify priority areas for strengthening measures for those aspects that have not yet been improved. (Waived for those not listed as the company under evaluation for the corporate governance evaluation) The summary is as follows:</p> <p>Improvement:</p> <ol style="list-style-type: none"> 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. <p>Matters not yet improved and prioritized for improvement:</p> <ol style="list-style-type: none"> 1. The Company uploads its annual financial report in English before the shareholders' meeting on 16th. 2. The Company's annual report clearly outlines its dividend policy. 				

(Note 1) Evaluation criteria for auditor independence.

	Evaluation items	Evaluation result	Requirements of independence met?
1	Does the CPA has direct or material indirect financial interest relationship with the Company?	No	Yes
2	Does the CPA engages in financing or guarantee actions with the Company?	No	Yes
3	Does the CPA has 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 performs 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 has 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) Corporate governance supervisors' training status

Date of Training	Organizer	Course Name	Training Hours	Total training hours of the year
August 17,2023 August 18,2023	Taiwan Corporate Governance Association	Net Zero Sustainable Talent Development Program	9	15
September 4, 2023	Financial Supervisory Commission	The 14th Taipei Corporate Governance Forum	6	

Note: Head of corporate governance - Hsiu-Chi Chen, was appointed on July 1, 2023. According to Article 24 of the "Guidelines for the Establishment and Exercise of Powers by the Board of Directors of Listed Companies", the head of corporate governance, except for newly appointed individuals, should undergo at least 18 hours of training within one year from assuming the position, and at least 12 hours of training annually thereafter.

(Note 3) Identity of stakeholders, key issues of concern, 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	Regular review and amendment and revision of laws and regulations Participation in policy	Participation in policy forums of competent authorities and	Seminars, questionnaires, telephone and email: tstcomp@tsgroup.com.tw

	3. Risk management 4. Communication with competent authorities	discussions and seminars of competent authorities from time to time Cooperation with the competent authority for supervision and inspection	revisions of relevant laws and regulations from time to time	
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(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	December 20, 2023	Taipei Financial Research and Development Foundation	Corporate governance - low carbon transformation path planning - carbon rights and carbon pricing	3
		December 22, 2023	Taiwan Project Management Association	Continuing training courses for listed company’s directors and supervisors - Board of Directors vs Management Team	3
Vice Chairman	Ming-Tan Hsu	June 9, 2023	Taiwan Securities and Futures Institute	2023 Prevention Seminar on Insider Trading	3
		September 4, 2023	Financial Supervisory Commission	The 14th Taipei Corporate Governance Forum	3
Director	Wei-Te Hsu	September 4, 2023	Financial Supervisory Commission	The 14th Taipei Corporate Governance Forum	6
Director	Chun-Tsao Huang	November 29, 2023	Taiwan Securities and Futures Institute	2023 Annual Insider Equity Transaction Legal Compliance Promotion and Briefing Session	3
		December 28, 2023	Taiwan Project Management Association	Continuing training courses for listed company’s directors and supervisors - succession team construction and talent development	3
Independent Director	Sheng-Yu Liang	September 19, 2023	The Institute of Internal Auditors - Chinese Taiwan	Interpretation of financial analysis indicators and prevention of operational risks	6
Independent Director	Chui-Ming Peng	August 1, 2023	Taiwan Securities and Futures Institute	Risks and opportunities of climate change and net-zero emission policies on business operations	3
		October 13, 2023		Carbon rights trading mechanism and enterprise management application	3
Independent Director	Jui-Hsiang Huang	June 2, 2023	The Chinese National Association of Industry and Commerce, Taiwan	2023 Taishin Net Zero Power Summit Forum	3
		October 20, 2023	Taiwan Securities and Futures Institute	2023 Prevention Seminar on Insider Trading	3