

Corporate Governance Operations of 2021

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The company formulated the "Code of Practice for Corporate Governance" in 2015, and on March 26, 2021, the board of directors revised some of the provisions and disclosed it on the information reporting website designated by the competent authority.	None
2. Shareholding structure & shareholders' rights	✓		(1) Our company has set up a spokesperson and deputy spokesperson system and an "Stakeholder Area " on the corporate website to properly handle shareholder suggestions, doubts and disputes. (Company Website\Corporate Sustainability\Interested Party Area\Opinion Survey and Complaint)	None
(1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		(2) Our company has entrusted a professional stock affairs agency to be responsible for, and cooperate with our company's financial department to manage related matters.	None
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		(3) Our company has formulated the management and control mechanism of "Related Party Transaction Procedures" and "Operation Risk Management Procedures" to protect investors and safeguard the rights and interests of our company.	None
(3) Does the board of directors formulate diversity policies, specific management objectives and implement them?	✓		(4) Our company has formulated the management system of "Management Regulations for Preventing Insider Trading" to protect investors and safeguard	None
(4) Does the company establish internal rules against insiders trading with undisclosed information?	✓			

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			the rights and interests of our company.	
3. Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members? (2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee? (3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection? (4) Does the company regularly evaluate the independence of CPAs?	✓ ✓ ✓ ✓		(1) The directors of our company have diverse backgrounds and rich experience (Please refer to 3.4.3.1, P.48). Each director has detailed academic experience on page 18~26 of this annual report. The current members include 7 directors and 3 independent directors. (2) Our company set up its Compensation Committee on December 23, 2011, and the Audit Committee on June 24, 2019. Currently, there are no other functional committees. (3) Our company formulated its “Performance Evaluation Measures for the Board of Directors” on January 10, 2020, and started conducting performance evaluation for the board of directors since 2020. The evaluation results have been submitted to the board meeting on March 11, 2022 for approval, and reported to the Stock Exchange on March 11. (4) Our company regularly reports the independent assessment results of the independent auditor to the board meeting in March each year. (Please refer to 3.4.3.2, P.49-50)	None None None None
4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing	✓		(1) On May 7, 2021, the company set up the position of Corporate Governance Director which was assumed by the Vice President of the Finance Department. Two corporate governance staff	None

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information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	✓		<p>were also assigned to be jointly responsible for affairs related to corporate governance.</p> <p>(2) In terms of organizational structure, the company has set up a "Corporate Governance Office" and a "Board Secretary Office" under the board of directors to strengthen corporate governance. The finance department is also responsible for compliance with laws and regulations related to corporate governance.</p> <p>Corporate Governance Supervisors' further training .</p> <p>(Please refer to 3.4.3.3, P.50)</p>	None
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		<p>Our company has built an "Stakeholder Area" on its corporate website (Company Website\Corporate Sustainability\Interested Party Area\Opinion Survey and Complaint)</p> <p>for employees, investors, creditors, customers, suppliers, contractors, subsidiaries, peers, residents and government agencies to inquire and express their opinions, in order to provide a proper response mechanism.</p>	None
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		Stock Transfer Agency : Registrar Agency Department of Capital Securities Corporation	None
<p>7. Information Disclosure</p> <p>(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?</p>	✓		<p>(1) Website : www.zigsheng.com, under the "Stakeholders" area, set up information such as "Corporate Governance" and "Investor Area", and regularly update financial, business information and corporate governance information.</p>	None

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(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓		(2) Our company has a spokesperson and deputy spokesperson system, which publishes company-related financial and business information externally, and places the information on briefings to legal persons on our company website.	None
(3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	✓		(3) At present, the company only publishes its quarterly financial reports and monthly revenue before the specified deadlines in accordance with relevant laws and regulations. There has been no early announcement and declaration, but this item has been listed by the company as a goal for reinforcement.	None
8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		(1) The company has formulated various personnel regulations in accordance with relevant laws and regulations to protect the rights and interests of employees, attaches great importance to labor-management relations, and implements various environmental protection policies to enhance the awareness of environmental protection and social responsibility of all employees, and to ensure that the company's products comply with environmental protection regulations.	None
	✓		(2) A "Corporate Governance Area" is built on the corporate website to provide stakeholder with an understanding of our company's various internal control systems and management practices.	None
	✓		(3) For details of directors’ further	None

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	✓		training related to corporate governance, see page 51~52. (Please refer to 3.4.3.4)	None
	✓		(4) For details of managers’ further training related to corporate governance, see page 53. (Please refer to 3.4.3.5)	None
	✓		(5) Our company maintains a smooth communication channel with customers, and the execution status is good.	None
	✓		(6) Since 2016, the company has purchased liability insurance for directors (supervisors) and important staff for the compensation liability for the execution of their business scope. The latest insurance period is from July 1, 2021 to July 1, 2022, and the insured amount is Shenbai Ten thousand U.S. dollars.	None
	✓		(7) The company attaches great importance to labor relations and provides employment opportunities to fulfill social responsibilities.	None

9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures :

(1) The situation has been improved in 2021. The corporate governance evaluation result of 2021 was 74.04 points, from the fifth level to the fourth level, an improvement of 17.35 points.

① Safeguard the rights and interests of shareholders and treat them equally

- In 2021, the company has simultaneously released major information in both Chinese and English.
- The English version of the ordinary shareholders' meeting materials (notices, manuals, annual reports) are all uploaded to the public information observatory in compliance with the specifications.

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			<p>●The distribution of cash dividends (September 8, 2021), in compliance with the regulations, will be distributed within 30 days after the ex-dividend base date (August 17, 2021).</p> <p>② Strengthen the structure and operation of the board of directors</p> <p>●The "Measures for the Performance Evaluation of the Board of Directors" are actually implemented and the evaluation results are disclosed in the annual report of the shareholders' meeting and the company's website.</p> <p>●The content and attendance of the remuneration committee meetings have been fully disclosed in the annual report and website.</p> <p>●communication between independent directors, internal audit supervisors and accountants is fully disclosed in the annual report and website.</p> <p>③ Improve information transparency</p> <p>●The English version of the annual financial report will be uploaded to the Public Information Observatory 9 days before the shareholders' meeting and disclosed on the company's website.</p> <p>●The English version of the company's website is established, which fully discloses the company's products, monthly revenue for the past three years and shareholders' meeting information. (meeting notice, procedure manual, annual report, minutes).</p> <p>④ Implement corporate social responsibility</p> <p>Set up a part-time unit for promoting corporate social responsibility (the company's general manager's office), responsible for the establishment and maintenance of the social responsibility management system, assist in the formulation (revision) of corporate social responsibility policies, and conduct environmental and social environmental and social issues related to company operations in accordance with the principle of materiality. Or the risk assessment of corporate governance issues, and formulate relevant risk management policies or strategies, compile a "Corporate Social Responsibility Report" every year and report to the board of directors every year, and disclose it in the annual report of the shareholders' meeting and the company's website.</p> <p>(2) In 2022, in cooperation with the revision of corporate governance evaluation indicators (new additions), the company's priorities and measures are as follows :</p> <p>① Indicator 1.8 : The uploading of the annual report of the shareholders' meeting will be completed</p>	

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			in advance from the 16th to the 18th, and this year will meet the standard.	
② Indicator 2.11 :			The interim financial report was approved by the Audit Committee and submitted to the Board of Directors for discussion and resolution, which was implemented after the Board of Directors report on March 11.	
③ Indicator 2.23 :			The performance evaluation of the board of directors has been implemented in 2020 and 2021. The implementation situation and evaluation results have been disclosed on the company's website.	
④ Indicator 3.6 :			The English version of the interim financial report has been uploaded to the Public Information Observatory since this year, and has been implemented after the March 11 Board of Directors report.	
⑤ Indicator 4.7 :			The English version of the sustainability report will be compiled and will be uploaded to the public information observatory and company website before the end of 2022.	
⑥			The company actively develops renewable energy, successively invests in green energy industries, and builds solar power plants. By the end of 2011, the capacity has been set at 2809.08kW. In 2011, another 559.3kW solar power plant will be built. After completion, the total capacity of the company's solar power plants will reach 3368.38kW.	