

## Corporate Governance Operations of 2022

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 11, 2022, 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 social responsibility\corporate sustainable management\stakeholder area)	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	None
(4) Does the company establish internal rules against insiders trading with undisclosed information?	✓			

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			protect investors and safeguard 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?	✓		(1) The directors of our company have diverse backgrounds and rich experience (Please refer to 3.4.3.1, P.51). Each director has detailed academic experience on page 18~27 of this annual report. The current members include 7 directors and 3 independent directors.	None
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	✓		(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.	None
(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?	✓		(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.	None
(4) Does the company regularly evaluate the independence of CPAs?	✓		(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.52)	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

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
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)?	✓ ✓		were also assigned to be jointly responsible for affairs related to corporate governance. (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. Corporate Governance Supervisors' further training . (Please refer to 3.4.3.3, P.53)	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?	✓		Our company has built an "Stakeholder Area" on its corporate website(Company website\corporate social responsibility\corporate sustainable management\stakeholder area) 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.	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
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		(1) Website : www.zigsheng.com, under the "Investor Relations" area, set up information such as "Financial Information" and "Corporate Governance" and "Shareholder Information ", and regularly update financial, business information and corporate governance information.	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(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

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
	✓		(3) For details of directors’ further training related to corporate governance, see page 54~55. (Please refer to 3.4.3.4)	None
	✓		(4) For details of managers’ further training related to corporate governance, see page 56. (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, 2022 to July 1, 2023, and the insured amount is U.S.\$ 3 Million.	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 2022, and the corporate governance evaluation result was 84.07 points, which was upgraded from the fourth level to the third level, an improvement of 10.03 points.

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

Indicator 1.3 : More than half of the directors and the convener of the audit committee attended the 2022 annual general meeting of shareholders, and the list is disclosed in Proceedings (additional points for evaluation).

1.15 : In accordance with the management measures promulgated by the Financial Supervisory Commission, the company's operating specifications are revised

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>simultaneously, the contents are as follows:</p> <p>Amended Article 10 of the "Corporate Governance Code of Practice" and Article 7 of the "Management Standards for Preventing Insider Trading", and added a special page of "Prohibition of Insider Trading Propaganda" on the company website for all colleagues and insiders to follow.</p>	
			<p>② Strengthen the structure and operation of the board of directors</p> <p>Indicator 2.2 : The diversity policy and implementation of the board of directors are clearly expressed on the company's website (additional points for evaluation).</p> <p>2.11 : All quarterly financial reports are submitted to the Audit Committee for approval and submitted to the Board of Directors for consideration (extra points for evaluation).</p> <p>2.23 : Internal evaluation of the performance of the board of directors is carried out every year and outsourcing evaluation is performed once every three years (111 years) (Ernst &amp; Young Enterprise Management), And fully explain its suggestions and future improvement plans; add "green operation promotion and 2025 The special chapter "Year Goals" is fully disclosed on the company's website (corporate governance has already had specific Add points).</p>	
			<p>③ Improve information transparency</p> <p>Indicator 3.2 : Announcement of important information, simultaneous announcement in both Chinese and English versions (additional points for evaluation).</p> <p>3.6 : The English version of the interim financial report shall be uploaded to the public information observation station and the company's website within the reporting period (additional points for evaluation).</p>	
			<p>④ Implement corporate social responsibility</p> <p>Indicator 4.6 : Formulate human rights protection policies and specific management plans in accordance with various international human rights conventions (additional points for evaluation).</p> <p>4.7 : The English version of the sustainability report was uploaded to the public information observation station and the company's website on 10/27 (additional points for evaluation).</p> <p>4.12 : Disclose the annual greenhouse gas emissions in the past two years, and obtain</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons	
	Yes	No	Abstract Illustration		
			BSI TAIWAN verification.		
			4.18：The sustainability report discloses information on climate-related risks and Relevant information such as the governance situation, strategy, risk management, indicators, and goals of the opportunity (additional points for evaluation).		
			(2) In 2022, the company will cooperate with the addition (amendment) of corporate governance evaluation indicators, and the priority strengthening period can meet the standards. The content is as follows： Newly added indicator		
			1.18：Minutes of shareholders’ regular meetings record important content of shareholders’ questions and company’s replies.		
			3.9：Before the 10th of each month, upload the change of insider's shareholding in the previous month to the public information observation station.		
			4.19：Invest in energy-saving machinery and equipment, and disclose energy-saving quantitative data.		
			4.20：Formulate workplace diversity or promote gender equality policies, and disclose the implementation situation.		
			4.21：Assess the risks and opportunities to the community and take corresponding measures, and disclose the implementation situation.		
			[The English version of the general meeting materials (notice, handbook, annual report) and annual financial report, the company has met the standard operation evaluation score since 2021; however, the exchange has revised and advanced the operation since 2023, and the company will comprehensively reorganize Strengthen compliance.]		
				2022	2023
			Annual Report (1.11), Annual Financial Report (3.5)	7 days ago →	16 days ago
			Manual (1.9)	30 days ago →	16 days ago

Upload before the shareholder meeting Information in English

Annual Report (1.11), Annual Financial Report (3.5)  
Manual (1.9)

2022

7 days ago →

2023

16 days ago