

**2.3.3 Corporate governance Implementation status and deviation from“ the
Corporate overnance Best-Practice Principles for TWSE/TPEx Listed
Companies”**

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) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		(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. (Home / ESG / Corporate Sustainability/Stakeholders)	None
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		(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
(3) Does the board of directors formulate diversity policies, specific management objectives and implement them?	✓		(3) Our company has formulated the management and control mechanism of "Related Party Transaction Procedures" and "Operation Risk Management Procedures" to protect investors	None

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(4) Does the company establish internal rules against insiders trading with undisclosed information?	✓		and safeguard the rights and interests of our company. (4) Our company has formulated the management system of "Management Regulations for Preventing Insider Trading" to protect investors and safeguard the rights and interests of our company.	None
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 Company’s Board of Directors consists of 6 directors and 3 independent directors. The academic and professional backgrounds of each director are fully disclosed on (Please refer to 2.1.1.1 page 15~16) of the Annual Report, while their diverse backgrounds and extensive experience are presented on (Please refer to 2.3.3.1, P.55). (Note: Director YEH, SOU-TSUN passed away, resulting in a vacancy on the Board.)	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	✓		(3) The company formulated the "Board of Directors Performance	None

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<p>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?</p> <p>(4) Does the company regularly evaluate the independence of CPAs?</p>	✓		<p>Evaluation Methods" on January 10, 2020, and has conducted board of directors performance evaluations since 2020. The 2024 annual evaluation results have been reported to the stock exchange on January 10, 2025, and were approved by the board of directors on the same day.</p> <p>(4) The audit committee of Company assesses the independence and suitability of the auditors annually. In addition to requesting auditors to provide a ‘Statement of Independence’ and ‘Audit Quality Indicators (AQIs),’ the evaluation is conducted based on the criteria specified in Note 2 and the 13 AQI indicators. After confirming that the auditors and the auditors’ firm have not violated relevant regulations regarding independence under the CPA Act and considering AQI information, it has been established that the auditors and their firm have audit experience and quality control review experience superior to industry averages. Furthermore, the firm has implemented digital audit tools in the past three years to enhance audit quality. The evaluation results for the most recent fiscal year were discussed and approved by the Audit</p>	None

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			Committee on March 7, 2025, and subsequently presented to the Board of Directors for approval. The board of directors also discussed and passed the assessment of independence and suitability of audit CPA on March 7, 2025. Our company regularly reports the independent assessment results of the independent auditor to the board meeting in March each year. (Please refer to 2.3.3.2, P.56)	
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 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)?	✓		(1) 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 2.3.3.3, P.57)	None
	✓		(2) 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 were also assigned to be jointly responsible for affairs related to corporate governance.	None

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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((Home / ESG / Corporate Sustainability/Stakeholders) 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
(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	✓		(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	None

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<p>investor conferences)?</p> <p>(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?</p>	✓		<p>our company website.</p> <p>(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.</p>	None
<p>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)?</p>	<p>✓</p> <p>✓</p>		<p>(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.</p> <p>(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</p>	<p>None</p> <p>None</p>

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	✓		management practices. (3) For details of directors’ further training related to corporate governance, see page 58～59. (Please refer to 2.3.3.4)	None
	✓		(4) For details of managers’ further training related to corporate governance, see page 60. (Please refer to 2.3.3.5)	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, 2024 to July 1, 2025, 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 made based on the corporate governance evaluation results released by the Corporate Governance Center of the Taiwan Stock Exchange Corporation in the most recent year. Situations, and priority enhancement measures for those that have not yet been improved:

(1) 2024 Evaluation results for : 84.95 points, level 4. [Improved by 4.36 points compared to 2023, same level]

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<ul style="list-style-type: none"> ● The Stock Exchange follows the Financial Supervisory Commission's "Corporate Governance 3.0 - Sustainable Development Blueprint" and international sustainable development trends. The evaluation indicators have been revised year by year, the structure and operation of the board of directors have been strengthened, and the transparency of information has been improved. The effect has been evident. In recent years, the focus of corporate governance has been on promoting sustainable development and fulfilling corporate social responsibility, with nearly 50% of the focus being on (2020 → 2024, 21% → 35%), and it will increase to 49% in 2025. In 2024, the company will cooperate with the competent authorities to promote key points and formulate greenhouse gas reduction management policies, etc. Nearly 92% of companies have met the sustainability assessment standards, which is fully in line with the stock exchange’s corporate governance promotion schedule. ● The improvement in corporate governance evaluation is as follows: <ul style="list-style-type: none"> ● Protect shareholders' rights and interests and treat shareholders equally Indicator 1.2 : Establish [operational standards for financial transactions between related parties]. Indicator 1.3 : The convener of the audit committee is invited to attend regular shareholders meetings. ● Strengthen the structure and operation of the board of directors Indicator 2.17 : The board of directors refers to AQIs to assess the independence and competence of certified accountants. Indicator 2.25 : All directors have completed the required hours of training in accordance with the regulations. (Additional points to total score) Indicator 2.27 : Disclose the intellectual property management plan that is linked to operational objectives. ● Promote sustainable development Indicator 4.4 : Prepare a sustainability report in accordance with GRI standards and upload it for disclosure before the end of August. (Additional points to the total score) Indicator 4.24 : The sustainability report was submitted to the 8/9 board of directors for approval. Indicator 4.25 : Disclose annual greenhouse gas emissions for the past two years and obtain external verification. (Additional points to total score) Indicator 4.26 : Formulate greenhouse gas reduction management policies (including reduction targets, promotion and achievement) 				

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(2) 2025 In line with the addition (revision) of corporate governance evaluation indicators, priority is given to strengthening the ability to meet the standards, as follows:				
Indicators strengthened last year			3.20: Hold legal briefings twice a year to fully disclose video links and improve information transparency. 4.14: Report to the Board of Directors annually on communications with all stakeholders.	
Promote governance upgrades with new indicators			4.27: Disclose the three categories of greenhouse gas emissions and annual emissions in the past year. 4.28: Develop an energy management plan and disclose the implementation status on the company website, annual report, and ESG report. 4.30: Develop employee training plans to enhance employees’ career capabilities, and disclose implementation and improvement status. 4.32: Formulate personal information protection policies and disclose their implementation.	