

Discrepancies between the Company's implementation of corporate governance and the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons for such discrepancies, if any

1. Corporate governance and code of ethics

Evaluation Items	Implementation Status			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
1. Has the Company set up and disclosed its corporate governance best-practice principles based on the "Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies"?	√		The Board of Directors of the Company has approved the establishment of the "Corporate Governance Best Practice Principles", which has been disclosed on the Company's official website (www.deltaww.com) and MOPS.	Compliant with the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies
2. The Company's shareholding structure and shareholders' rights				Compliant with the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies
(1) Has the Company established internal operating procedures to deal with shareholders' suggestions, doubts, disputes and litigations and has implemented the procedures?	√		The Board of Directors of the Company has approved the establishment of the "Corporate Governance Best Practice Principles". In addition, the Company has designated personnel as spokesman and acting spokesman, investor services unit, investor relations unit, and their contact information have been disclosed on the Company's official website, so the shareholders can express their opinions by phone or email. The Company will then process them according to relevant procedures.	
(2) Does the Company have knowledge of its major shareholders and the beneficial owners of those shareholders?	√		The Company acquire the knowledge of its major shareholders through the registers of shareholders on the end of its book closure date and the monthly report of changes in the number of shares held at the last day of the previous month by shareholders who hold more than 10% of the total outstanding shares of the Company. There is no major shareholder that actually controls the Company. The list of the Company's top 10 shareholders is disclosed in the annual report and on the Company's official website (www.deltaww.com).	
(3) Has the Company established and implemented risk management and firewall system between itself and the affiliated companies?	√		The Company has established the "Operating Procedures of Acquisition or Disposal of Assets", the "Operating Procedures of Fund Lending", and the "Operating Procedures of Endorsement and Guarantee" by resolutions of its shareholders' meetings, and the "Delta Rules Governing Financial and Business Matters Between the Company and its Related Parties" by resolution of board of directors, and the Company has also has established the "Related Party Transaction Management Procedures" and the "Supervisor and Management in Subsidiaries", etc. in order to build relevant risk controls and firewall mechanisms.	
(4) Has the Company established internal rules against company insiders trading with undisclosed information?	√		The Board of Directors of the Company has approved the "Ethical Corporate Management Best Practice Principles", the "Code of Conduct", and the "Procedures for Handling Material Inside Information" that require the Company's	

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			<p>personnel to recuse themselves from conflicts of interest related to their duties and prohibit them from using or leaking undisclosed information in order to prevent insider trading. As stipulated in its “Corporate Governance Best Practice Principles”, the Company prohibits any insider having been informed of the Company’s financial position and performance through the financial statements from trading their own shares within the trading window closure period, i.e., 30 days before the announcement of the annual financial statements and 15 days before the announcement of the quarterly financial statements.</p> <p>The Company holds related training courses for current directors, officers and employees at least once a year, and new employees are required to attend relevant training conducted by the HR department during the orientation. The training courses has included a reminder for insiders of the Company who have been informed of the financial position and performance of the financial statements not to trade their own shares within the trading window closure period, i.e., 30 days before the announcement of the annual financial statements and 15 days before the announcement of the quarterly financial statements. The Company holds physical and virtual courses irregularly. In 2023, 30,778 personnel completed such training for an aggregate total of 14,164 hours covering insider trading prevention and Procedures for Handling Material Inside Information, etc.</p>	
<p>3. Composition and responsibilities of the Board of Directors</p> <p>(1) Has the Board of Directors of the Company established a diversity policy with specific management goals and has adequately implemented it?</p>	√		<p>The Board of Directors of the Company has established the “Corporate Governance Best Practice Principles”, and the “Directors Elections Regulations” have been approved by resolution of its shareholders’ meeting. According to Paragraph 3, Article 20 of the “Corporate Governance Best Practice Principles”, the composition of the Board of Directors shall be determined by taking diversity into consideration, such as having different professional backgrounds, working fields or genders, etc. Meanwhile, the Directors shall have the knowledge, skills, and experience necessary to perform their duties. According to Article 3 of the “Directors Elections Regulations”, when selecting the Company’s directors, the overall composition of the Board of Directors should be taken into consideration. The members of the Board of Directors must generally possess the knowledge, skills, and qualities needed to perform their duties, including business judgment, accounting and financial analysis ability, administrative management ability,</p>	<p>Compliant with the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies</p>

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(2) Has the Company voluntarily established other functional committees in addition to the Compensation Committee and the Audit Committee?	√		<p>crisis management ability, industry knowledge, international market perspective, leadership, and decision-making ability, etc. The number of directors having a spousal relationship or family relationship within the second degree of kinship with any other director shall be less than half of the total number of directors. The Company had approved the amendments to its "Directors Elections Regulations" in 2023 Annual General Shareholders' Meeting to take into consideration the diversity of the composition of the Board of Directors, such as having different genders, ages, races, nationalities, cultures, professional backgrounds and working fields, etc. for nominating and selecting the Company's directors. Regarding the diversity policy of the Board of Directors, specific management targets and implementation, please refer to the section of "Directors" in the annual report.</p> <p>The Company has set up the Strategic Steering Committee for analyzing and discussing major issues related to company strategies, operations, organization, and providing advice and suggestions to the Board of Directors as references for decision-making and implementing. The Company also formed the Delta ESG Committee, please refer to the "Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies" in the annual report for its functions. On October 31, 2023, the Audit Committee and the Board of Directors of the Company approved the establishment of the Risk Committee that is composed of all its independent directors and approved the combination of the Audit Committee and the Risk Committee to be the Audit and Risk Committee.</p>	
(3) Has the Company established a standard to evaluate the performance of the Board, implemented such evaluation annually, submitted the performance evaluation results to the Board of Directors and used them as a reference when determining the remuneration of individual directors and nominations for election?	√		<p>The Board of Directors of the Company has established the "Rules of Performance Evaluation of the Board of Directors", which stipulate that the internal evaluation of the performance of the Board, individual Board members, the Audit and Risk Committee, and the Compensation Committee shall be conducted at least once a year. Besides, an external performance evaluation of the Board shall be conducted by external independent professional institutions or a panel of external experts and scholars at least once every three years. The Company submits the report containing the criteria for evaluating and scoring, record and submit the evaluation results to the Board of Directors, and use the results as reference for determining the individual directors' compensation and nomination for the following terms. For the results of the latest evaluation (implemented in 2024 with the evaluation period from January 1, 2023, to</p>	

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(4) Does the Company regularly evaluate the independence of the CPAs?	√		<p>December 31, 2023), please refer to the section of "Board of Directors" in the annual report.</p> <p>The Company's "Corporate Governance Best Practice Principles" requires that regular (at least once a year) evaluations on the independence and competency of the CPA engaged by the Company be conducted after consulting the Audit Quality Indicators (AQIs). Meanwhile, the conclusion shall be submitted to the Audit and Risk Committee and the Board of Directors for approval.</p> <p>In the last two years, the Audit Quality Indicators (AQIs) had been referred by the Company to evaluate the competency and independence of the CPAs, and the assessment results had been reviewed and approved by the Audit and Risk Committee and the Board of Directors on February 22, 2023, and February 29, 2024 respectively. The results indicated that all CPAs met the Company's competency and independence standards, to be qualified being engaged by the Company, and the Company also have obtained the declaration of independence issued by the CPAs. The criteria for CPA independence and list of major items for competency evaluation are detailed in Note 1.</p>	
4. Has the Company appointed an appropriate number of competent corporate governance personnel and the Chief Corporate Governance Officer responsible for corporate governance affairs (including but not limited to providing information for directors and supervisors to discharge their duties, assisting directors and supervisors in compliance, handling work related to meetings of the Board of Directors and shareholders' meetings, and producing the minutes of Board meetings and shareholders' meetings)?	√		<p>The Company appointed the director of its finance department to concurrently serve as the Chief Corporate Governance Officer. The Chief Corporate Governance Officer has served in a managerial position that handled stock affairs and corporate governance matters in a public company for over 3 years.</p> <p>The Chief Corporate Governance Officer and the Investor Services unit are responsible for dealing with the following matters:</p> <ol style="list-style-type: none"> 1. Handling matters relating to Board meetings and shareholders meeting according to laws 2. Producing minutes of Board meetings and shareholders meetings 3. Assisting in on boarding and continuous development of directors 4. Furnishing information required for business execution by directors 5. Assisting directors with legal compliance 6. Reporting the results of whether the qualifications of independent directors comply with relevant laws and regulations when nominating and electing directors and during their term of office 7. Conducting matters related to changes of directors 8. Other matters set out in the articles of incorporation or contract 	Compliant with the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies

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	Yes	No	Summary	
			The Company's Chief Corporate Governance Officer has performed the assigned tasks and participated 15 hours of training in 2023, and the detail of her training sessions are shown in Note 2.	
5. Has the Company established communication channels, created a dedicated section on its corporate website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers, etc.), and appropriately handled all of the CSR issues they care about?	√		Delta values communication with stakeholders. We regularly implement the procedure of materiality analysis, confirm and adjust key sustainable issues, demonstrate ESG influence and respond to stakeholder expectations and suggestions. Delta has defined 6 major stakeholders including employees, customers, suppliers, investors and shareholders, media, and communities. Delta adopts diverse channels (e.g. annual ESG Report, online questionnaire and csr@deltaww.com , an E-mail address managed by dedicated personnel, etc.) and sets up a dedicated webpage of ESG (https://esg.deltaww.com) to communicate with its stakeholders and also identify key issues of concern to stakeholders through stakeholder survey on sustainability issues and take the necessary actions to enhance the content of our information disclosures. The results of communication with stakeholders for the fiscal year of 2023 were reported to the Board of Directors on February 29, 2024. For stakeholder concerns and communication, please also refer to the 2023 Delta ESG Report.	Compliant with the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies
6. Has the Company engaged a professional shareholder service agency to deal with shareholder affairs?	√		The Company has engaged CTBC Bank Co., Ltd. to deal with shareholder affairs.	Compliant with the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies
7. Information Disclosure				Compliant with the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies
(1) Does the Company establish a corporate website to disclose both financial standings and the status of corporate governance?	√		The Company has built a public website (www.deltaww.com) to disclose both financial standings and the status of corporate governance regularly.	
(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, etc.)?	√		The Company has built an English website (www.deltaww.com). The Corp. Communication, Investor Services and Investor Relations are responsible for collecting and disclosing relevant information in the section of "Investors" in accordance with relevant rules. Meanwhile, the Company created a spokesman system, which is responsible for public communication. The entire process of the investors' conferences of the Company is streamed live, and relevant information and audio/video files are disclosed on the Company's website.	
(3) Does the Company announce and report annual financial statements	√		The Company announces and reports the annual financial statements within two months after the end of each fiscal	

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each fiscal year, and announce and report Q1, Q2 and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?			year. Meanwhile, it announces and reports its Q1, Q2 and Q3 financial statements as well as monthly operation results before the prescribed deadlines required by the laws and regulations.	
8. Is there any other 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, training records of directors and supervisors, implementation of risk management policies and risk evaluation measures, implementation of customer relations policies and the purchase of insurance for directors and supervisors, etc.)?	√		1. Regarding information on employee rights and interests and employee care, please refer to Chapter 4 "ESG" and 6.5 "Labor Relations" in Chapter 6 "Overview of Business Operations" in the annual report. 2. Regarding information on investor relations, supplier relations and rights of stakeholders, please refer to Chapter 4 "ESG" in the annual report. 3. Regarding training records of directors, the Chief Finance Officer and Principal Accounting Officer, the Chief Internal Auditor, implementation of risk management policies and risk evaluation measures, implementation of customer policies, the purchase of liability insurance for directors and supervisors and intellectual property management plan, please refer to the supplementary information below.	Compliant with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
9. With respect to the results of the annual Corporate Governance Evaluation most recently issued by the Corporate Governance Center of Taiwan Stock Exchange, please describe the improvements and provide priority and measures to enhance those matters that have not yet been improved. The results of the 10th term (2023) Corporate Governance Evaluation have not been disclosed as of the printing date of the annual report and the Company ranked among top 5% in the 9th term (2022) of Corporate Governance Evaluation, and explanation for improved items and prioritized measures are listed below: (1) On October 31, 2023, the Audit Committee and the Board of Directors approved the establishment of the Risk Committee that is composed of all independent directors with the professional competence required by the committee. The Risk Committee also has been approved to be combined with the Audit Committee to be the "Audit and Risk Committee", and its composition, responsibilities and operations are stipulated in the Delta Risk Management Policy. (2) The 2024 annual general shareholders' meeting is going to be held before the end of May. (3) The seat of independent director candidates in the 20th term (year 2024) nominated by the Board of Directors exceed one-third of the total directors, and female directors also reach one third of all. (4) The 2023 Delta ESG Report will be proposed to the board of directors for discussion and approval, and will be released before the end of August 2024. (5) The Company is considering approaching the Taiwan Intellectual Property Management System (TIPS) in 2024. (6) The Company will continue to assess and consider feasible solutions to improve upon the items that did not receive points.				
10. If the Company has established Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, please describe the actual implementation and deviations from the company's principles: The Company has established the "Corporate Governance Best Practice Principles" in accordance with the "Corporate Governance best Practice Principles for TWSE/TPEX Listed Companies" and the principles were approved by the Board of Directors for the implementation of corporate governance and the further pursuit of maximization of shareholders' equity and the Company's sustainable operations. For corporate governance, please refer to the "Corporate Governance Report" section in the 2023 annual report. The actual implementation is not significantly different from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies".				

Note 1: Items for evaluation of the CPA's independence and competency for last two years are shown below.

Evaluation Items	Evaluation Result	Compliant with competency and Independence?
Scope A: Profession		
1. Do the senior auditors have sufficient audit experience to carry out the audit work?	Yes	Yes
2. Do the CPA and the senior auditors receive sufficient training every year to continuously acquire professional knowledge and skills?	Yes	Yes
3. Does the firm maintain enough senior human resources?	Yes	Yes
4. Does the firm have enough professionals to support the audit team?	Yes	Yes
Scope B: Quality Control		
1. Is the CPA's workload too heavy?	No	Yes
2. Is the input of audit team members in each audit stage appropriate?	Yes	Yes
3. Does the EQCR CPA devote enough time to review audit cases?	Yes	Yes
4. Does the firm have sufficient manpower on quality control to support the audit team?	Yes	Yes
Scope C: Independence		
1. Does the CPA have a direct or significant indirect relation with the Company in financial interests?	No	Yes
2. Does the CPA have any financing or guarantee with the Company or its directors?	No	Yes
3. Does the CPA have a close business relationship or potential employment relationship with the Company?	No	Yes
4. Does the CPA or members of the audit team serve as the Company's director, supervisor, managerial officer or occupied a key position with significant influence on the auditing process during the audit period?	No	Yes
5. Does the CPA provide non-audit service which could impact the auditing process for the Company?	No	Yes
6. Does the CPA act as a broker for the shares or other securities issued by the Company?	No	Yes
7. Does the CPA act as the company's defense attorney or represent the Company to negotiate with any third party over any dispute?	No	Yes
8. Does the CPA have kinship with the Company's directors, supervisors, managerial officers or any post with significantly influences on the auditing work?	No	Yes
1. Scope D: Monitor		
2. Are the accounting firm's quality control and audit cases implemented in accordance with relevant laws and regulations?	Yes	Yes
Scope E: Creativity		
1. In order to improve audit efficiency and ensure audit quality, does the accounting firm have innovation capabilities, specific plans and active implementation?	Yes	Yes

Note 2: Training sessions attended by the Chief Corporate Governance Officer in 2023 are shown below:

Institution of Training	Name of the Training Session	Period of Training		Hours of Training
		Start	End	
Accounting Research and Development Foundation	Internal Audit and Internal Control Practice of Enterprise Employee Reward System	2023/06/20	2023/06/20	6
Accounting Research and Development Foundation	Policies Related to "Sustainable Development Action Plans for TWSE- and TPEX-Listed Companies" and "Guide map"	2023/07/14	2023/07/14	3
Securities and Futures Institute	Non-Financial Reporting under ESG Development Trends	2023/10/18	2023/10/18	3
Securities and Futures Institute	Promotion Conference on Preventing Insider Trading for the Year 2023	2023/10/20	2023/10/20	3

2. Continuing education/training of directors

Title	Name	Date of training	Name of the training session	Hours of training
Chairman	Yancey Hai	2023/04/27	Corporate Strategy	3.0
		2023/07/31	Technology and Impacts of Modern Artificial Intelligence	3.0
Vice-Chairman	Mark Ko	2023/04/27	Corporate Strategy	3.0
		2023/07/31	Technology and Impacts of Modern Artificial Intelligence	3.0
Director	Bruce CH Cheng	2023/04/27	Corporate Strategy	3.0
		2023/07/31	Technology and Impacts of Modern Artificial Intelligence	3.0
Director	Ping Cheng	2023/07/31	Technology and Impacts of Modern Artificial Intelligence	3.0
		2023/08/18	Big Data Analysis on Enterprise Fraud Prevention and Examination	3.0
Director	Simon Chang	2023/04/27	Corporate Strategy	3.0
		2023/07/31	Technology and Impacts of Modern Artificial Intelligence	3.0
Director	Victor Cheng	2023/04/27	Corporate Strategy	3.0
		2023/07/31	Technology and Impacts of Modern Artificial Intelligence	3.0
Director	Shan-Shan Guo	2023/04/27	Corporate Strategy	3.0
		2023/07/31	Technology and Impacts of Modern Artificial Intelligence	3.0
Independent Director	Ji-Ren Le	2023/03/16	2023 Global Economic and Prosperity Outlook	1.50
		2023/04/27	Corporate Strategy	3.0
		2023/05/04	Global Risks in Future & Opportunities of Sustainability Transitions	1.50
		2023/07/31	Technology and Impacts of Modern Artificial Intelligence	3.0
		2023/08/12	Inheritance strategy of a century-old enterprise	3.0
		2023/08/14	Corporate Responses and Strategies to Global Change in Finance and Economy	3.0
		2023/12/05	Generative AI Leads Industrial Change and Enterprise Transformation	3.0
Independent Director	Shyue-Ching Lu	2023/04/27	Corporate Strategy	3.0
		2023/05/05	The Explosion of the Virtual World: the Development of Metaverse and Future Virtual Worlds	3.0
		2023/07/31	Technology and Impacts of Modern Artificial Intelligence	3.0
		2023/10/17	Technology Development and Application Opportunities of Chatbot ChatGPT	3.0
		2023/11/14	How Companies Implement Energy Conservation and Carbon Emissions Reduction to Improve Profits	3.0
Independent Director	Jack J. T. Huang	2023/04/27	Corporate Strategy	3.0
		2023/05/11	ChatGPT triggers AI boom and Industry opportunities	3.0
		2023/08/10	Breaking away from the Organizational Framework-Organizational Strategy and Key Talent Development	3.0
Independent Director	Rose Tsou	2023/04/27	Corporate Strategy	3.0
		2023/07/31	Technology and Impacts of Modern Artificial Intelligence	3.0
Independent Director	Audrey Tseng	2023/04/27	Corporate Strategy	3.0
		2023/07/31	Technology and Impacts of Modern Artificial Intelligence	3.0
		2023/10/13	Promotion Conference on Preventing Insider Trading for the Year 2023	3.0

The training sessions attended by the Company's Chief Finance Officer and Principal Accounting Officer are listed below:

Title	Name	Date of training	Name of training session	Hour of training
Corporate CFO	Beau Yu	2023/07/07	Processes and Practices of Independently Compiling Financial Reports by Enterprises	3.0
		2023/11/27	Common Deficiencies in Financial Statement Review and Practical Analysis of Important Internal Control Regulations	6.0
		2023/11/28	Analysis of Relevant Provisions and Key Issues in the Preparation of IFRS Financial Statements	3.0

The training sessions attended by the Chief Internal Auditor are listed below:

Title	Name	Date of training	Name of training session	Hour of training
Chief Internal Auditor	Louis Lin	2023/11/01	The War and Protection of Intangible Assets	6.0
		2023/12/06	Sales and collection cycle and internal audit essentials for compliance with laws and regulations	6.0

3. The implementation status of risk management policy and risk assessment

The Board of Directors of the Company had approved the establishment of the "Delta Group Risk Management Policy" on July 29, 2020, from the overall perspective of the group, through activities such as identification, assessment, control, supervision, and communication of potential risks, using qualitative or quantitative management methods, the various risks faced by the group's operations are reduced to a tolerable and controllable range. This serves as a reference basis for formulating business strategies, aiming to reasonably ensure the achievement of the Company's strategic objectives. Please refer to 8.6 "Risks during the most recent fiscal year and as they stood on the printing date of the annual report" in the annual report for the implementation status.

4. The implementation status of consumer policies

Per a policy of Customer First, it is implemented according to the Consumer Protection Act and internal rules.

Delta adopts the following steps when developing products so as to ensure product quality and protect consumer rights. Meanwhile, the company has created a section of "Product/services" on its official website to protect consumer rights.:

- (1) Through Delta's quality management department, we ensure the incoming product inspection, and conduct functional testing and burn-in before the product leaves the factory to ensure the quality of the product.
- (2) Requirement for product safety by conducting comprehensive quality system control or through obtaining certification from qualified third-party laboratory testing.
- (3) When product quality problems occur at the customer's end, carry out return and repair according to RMA process to protect consumer rights.
- (4) Protection of customer information from disclosure, signing NDAs during the development process, and controlling photographic equipment on production lines to protect customer rights.
- (5) Setting up the customer feedback mechanism and conducting customer satisfaction surveys regularly and initiating relevant improvement activities based on customer feedback to track the progress of improvements.

5. Liability insurance purchased for directors and supervisors of the Company

Since January 1, 2005, the Company has been providing all directors and supervisors with liability insurance.

The summary of the liability insurance policies purchased in 2023 and 2024 till the printing date of the annual report are listed below:

Insured Individuals	Insurance Company	Insured amount	Insured Period
Directors, Supervisors and Managers	(1) Chubb Insurance Company of North America, Taiwan Branch (2) Fubon Insurance Co., Ltd., (3) Shinkong Insurance Co., Ltd. (4) Mingtai Fire & Marine Insurance Co., Ltd (5) Cathay Century Insurance Co., Ltd.	US\$25,000,000	From: July 1, 2022 To: December 31, 2023
Directors, Supervisors and Managers	(1) Chubb Insurance Company of North America, Taiwan Branch (2) Fubon Insurance Co., Ltd., (3) Shinkong Insurance Co., Ltd. (4) Mingtai Fire & Marine Insurance Co., Ltd (5) Cathay Century Insurance Co., Ltd.	US\$30,000,000	From: January 1, 2024 To: June 30, 2025

6. Evaluation cycles, evaluation periods, evaluation scopes, evaluation methods and evaluation procedures, etc. for evaluating the performance of the Company's board of directors and board members are disclosed as below:

Implementation of evaluation of the Board of Directors	
Evaluation Cycles	The Company shall conduct an internal board performance evaluation at least once a year and one by an external independent professional institution or a panel of external experts and scholars at least once every three years.
Evaluation Periods	Internal board performance evaluation: From January 1, 2023 to December 31, 2023. External board performance evaluation: From January 1, 2022 to December 31, 2022.
Evaluation Scopes	The scope of the internal evaluation includes the board as a whole, individual directors, the Audit and Risk Committee and the Compensation committee. The scope of the evaluation by an external independent professional institution includes the board as a whole (exclusive of functional committees, such as the Audit and Risk Committee and the Compensation committee).
Evaluation Methods	Internal evaluation of the board, self-evaluation by each board member, peer evaluation, and evaluation by engaging external professional institutions, experts, or other appropriate methods.
Evaluation Procedures	<p>A. The criteria for evaluating the performance of the Company's board of directors includes the following five aspects:</p> <ol style="list-style-type: none"> 1. Participation in matters related to duties of directors and results of implementation; 2. Improvement in the quality of decision making by the board of directors; 3. Composition and structure of the board of directors; 4. Election of the directors and their continuing professional education; and 5. Internal control. <p>B. The criteria for evaluating the performance of the board members includes the following six aspects:</p> <ol style="list-style-type: none"> 1. Understanding of the Company's goals and missions; 2. Recognition of directors' duties; 3. Participation and contribution to the board of directors; 4. Management of internal relationships and communication; 5. Professionalism and continuing professional education; and 6. Internal control. <p>C. The criteria for evaluating the performance of the Audit and Risk Committee includes the following five aspects:</p> <ol style="list-style-type: none"> 1. Participation and Contribution to the Audit and Risk Committee; 2. Recognition of the duties of the Audit and Risk Committee; 3. Improvement in the quality of decisions made by the Audit and Risk Committee; 4. Composition of the Audit and Risk Committee, and election and appointment of committee members; and 5. Internal control.

Implementation of evaluation of the Board of Directors

	<p>D. The criteria for evaluating the performance of the Compensation Committee includes the following four aspects:</p> <ol style="list-style-type: none"> 1. Participation and Contribution to the Compensation Committee; 2. Recognition of the duties of the Compensation Committee; 3. Improvement in the quality of decisions making by the Compensation Committee; and 4. Composition of the Compensation Committee, and election and appointment of committee members.
Evaluation Results (Internal)	<p>The performance evaluation of the Company's Board of Directors including functional committees for the year of 2023 was conducted by the Investor Services and HR division using internal questionnaires and the evaluation period was from January 1, 2023 to December 31, 2023, and the results were submitted to the Board of Directors for discussion and improvement on February 29, 2024.</p> <p>The evaluation results:</p> <p>A. The overall average score of the self-evaluation on the performance of the board of directors was 4.97 out of 5; the overall average score of the self-evaluation on the performance of the board members was 4.90 out of 5. The results show that six aspects and all the indexes were improved compared with the previous year. Among those aspects, the aspect of "Understanding of the Company's goals and missions" reached a full score among all directors. However, the aspect of "Participation and contribution to the board of directors" got a lower score compared with other aspects this year. The Company will continue improving on the aspects with lower scores.</p> <p>B. The overall average score of the self-evaluation on the performance of the Audit and Risk Committee was 4.97 out of 5. The results show that the indicator "the ability of the Audit and Risk Committee to effectively evaluate and supervise the effectiveness of internal control systems and risk management" in aspect of "Internal control" had the most significant growth, and achieved highly satisfactory results from all Audit and Risk Committee members. However, the aspect of "Participation and contribution to the Audit and Risk Committee" got a lower score compared with other aspects this year. The Company will continue improving on the aspects with lower scores.</p> <p>C. The overall average score of the self-evaluation on the performance of the Compensation Committee was 4.85 out of 5. The results show that the aspect of "Composition of the Compensation Committee, and election and appointment of committee members" had significant improvement, but the aspect of "Improvement in the quality of decisions making by the Compensation Committee" and "Recognition of the duties of the Compensation Committee" got a lower score compared with other aspects this year. The Company will continue improving on the aspects with lower scores.</p> <p>The Company's handling of and future improvement:</p> <p>A. Continuing strengthening the implementation of risk management actions, including development in obtaining corporate governance-related certifications and integrity management, training, disseminations, and invitation of directors to participate in important meetings held by the Company from time to time so that their directorship can provide timely and appropriate oversight and guidance.</p> <p>B. Providing the agenda of the Audit and Risk Committee meetings to the convener and soliciting opinions before distributing meeting notices. Depending on request, arranging pre-meeting discussions or providing additional information before the meetings.</p> <p>C. Assisting in pre-communication and confirming information between management and members of the Compensation Committee. If necessary, inviting management to attend the meetings.</p> <p>D. Utilizing external consulting firms and other third parties to help clarify market information and continuously reviewing director compensation market trends, facilitating the Compensation Committee's decision-making on proposals.</p> <p>E. Providing agenda materials in advance, scheduling dates for Compensation Committee meetings separately from Board of Directors meetings to ensure sufficient time for discussion.</p> <p>The overall performance of the Board of Directors, the Audit and Risk Committee and the Compensation Committee was deemed effective.</p>
Evaluation Results (External)	<p>The performance evaluation of the Company's Board of Directors for the year of 2022 was conducted by the Taiwan Institute of Ethical Business (with the evaluation period from January 1, 2022 to December 31, 2022). The institute assigned 3 executive committee members to perform the evaluation. There was no relationship between the institute including the executive committee members and the Company that might affect its independence, and the Company obtained a declaration of independence from the Institute.</p> <p>The institute conducted the evaluation via acquiring the Company's internal regulations, records, questionnaires, and onsite individual interviews based on the four following dimensions: I. Board professionalism and duties; II. Board</p>

Implementation of evaluation of the Board of Directors

<p>Evaluation Results (External)</p>	<p>effectiveness in decision making; III. The importance attached to internal controls by the Board of Directors; and V. The attitude of the Board of Directors towards sustainable operation. The Taiwan Institute of Ethical Business has issued the report of the Board performance evaluation on February 1, 2023 and reported to the Board of Directors on February 22, 2023.</p> <p>A. The Board members provided diverse opinions from different perspectives and fully discussed them in the meetings of the Board of Directors.</p> <p>B. The Board of Directors established a risk policy and managed the group financial and business operation in a systematic way, so the board members could effectively stay on top of the group's overall information, find out abnormal situation immediately and strengthen the management and oversight of corporate risks.</p> <p>C. The Board of Directors learned about, continued to promote and oversee the development of sustainable management through the Sustainability Committee and the Talent Development Committee.</p> <p>Advice Suggestions for optimization:</p> <p>A. Enhance the communication frequency between the management and directors.</p> <p>B. Keep reviewing the appropriateness of the incentive scheme.</p> <p>C. Change the dedicated unit handling the whistle-blowing system and consider setting up an external hotline.</p> <p>The Company's handling and future improvement:</p> <p>A. The Company holds a number of important meetings from time to time and invites the directors to participate in order to increase opportunities for communication between the management and directors.</p> <p>B. The new incentive scheme of the Company has been approved by the Board of Directors before the end of 2022.</p> <p>C. The Company has handled whistle-blowing cases according to the nature and impacts of the events so as to increase its independence.</p>
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7. Diversity and Independence of the Board of Directors:

(1) Diversity of the Board of the Directors:

Policy: The Board of Directors of the Company has approved the establishment of the “Corporate Governance Best Practice Principles”, and the “Directors Elections Regulations” have been approved through its shareholders’ meeting. According to the Paragraph 3, Article 20 of the “Corporate Governance Best Practice Principles”, the composition of the Board of Directors shall be determined by taking diversity into consideration, such as having different professional background, working field or gender etc., and shall have the knowledge, skills, and experience necessary to perform their duty. According to Article 3 of the “Directors Elections Regulations”, when nominating and selecting the Company’s directors, the overall composition and diversity of the Board of Directors should be taken into consideration. It is advised that the members of the Board of Directors generally possess the knowledge, skills, and competence needed to perform their duties, including business judgment, accounting and financial analysis ability, administrative management ability, crisis management ability, industry knowledge, international market perspective, leadership ability, and decision-making ability.

Goal: In order to allow its highest governance body to enhance their comprehensive knowledge on economic, environmental and social issues and keep on improving the ability of risk management of its Board of Directors, the Company aims to organize at least 6 hours of directors’ training sessions each year and invite internal or external lecturers to give lectures. The Company also actively cooperate with the Financial Supervisory Commission R.O.C. to promote “Corporate Governance 3.0 Sustainable Development Road Map” and “Sustainable Development Action Plans for TWSE and TPEX Listed Companies (2023)”. Besides, in 2023 Annual General Shareholders’ Meeting, the Company had approved the amendments to its “Directors Elections Regulations” to take diversity of the composition of the Board of Directors, such as having different genders, ages, races, nationalities, cultures, professional backgrounds, and working fields, etc., into consideration when nominating and selecting the Company’s directors. The goal is to nominate female independent directors with different professional backgrounds in 2024 and the number of female directors (including independent directors) will hold one-third of board seats, expecting to bring different perspectives and thinking to the Company.

Achievement: In 2023, the Company invited the directors to participate in the internal directors’ training sessions on “Corporate Strategy” and “Technology and Impacts of Modern Artificial Intelligence” to improve professional knowledge for directors. As of the printing date of the annual report, the Company’s Board of Directors is made up of 12 directors with different genders. The percentage of male directors (including independent directors) is 75% (75% in 2022), and the percentage of female directors (including independent directors) is 25% (25% in 2022). All directors (including independent directors) cover different age groups. The percentage of the age between 50 ~ 59 years old (including independent directors) is 17% (25% in 2022), the percentage of the age between 60 ~ 69 years old (including independent directors) is 42% (42% in 2022), the percentage of the age between 70 ~ 79 years old (including independent directors) is 33% (25% in 2022), the percentage of the age between 80 ~ 89 years old (including independent directors) is 8% (8% in 2022). All directors (including independent directors) have professional backgrounds and work experience spanning numerous fields, including international business management, control engineering, electrical engineering, brand management, marketing communication, telecommunication, law, accounting, finance, corporate governance, etc. The Company continues promoting board diversity. In 2024, the director election adopts a candidate nomination system, 8 male directors (including independent directors) with a percentage of 67% of all directors and 4 female directors (including independent directors) with a percentage of 33% of directors have been nominated by the board of directors. The number of female directors will hold one-third of board seats and the nominated

independent directors have professional knowledge and background extending to computer science and over 30 years experience in the semiconductor industry.

Diversity of the Board of Directors' members has been implemented in 2023 as shown below:

Diversity Items Name	Title	Gender	Nationality	Age	Employee of the Company	Employee of Subsidiaries	Years as an Independent Director	Professional Background	GICS Industry Work Experience (Note)
Yancey Hai	Chairman	Male	TW / US	70~79 years	N	N	0	International Business Management	Y
Mark Ko	Vice-Chairman	Male	TW	70~79 years	Y	N	0	Control Engineering	Y
Bruce CH Cheng	Director	Male	TW	80~89 years	N	N	0	Electrical Engineering	Y
Ping Cheng	Director	Male	TW	60~69 years	Y	N	0	Business Management	Y
Simon Chang	Director	Male	TW	60~69 years	Y	N	0	Business Management and Electrical Engineering	Y
Victor Cheng	Director	Male	TW	60~69 years	Y	N	0	Electrical Engineering	Y
Shan-Shan Guo	Director	Female	TW	50~59 years	Y	N	0	Brand Management and Marketing Communication	Y
Ji-Ren Lee	Independent Director	Male	TW	60~69 years	N	N	8	Business Management	Y
Shyue-Ching Lu	Independent Director	Male	TW	70~79 years	N	N	3	Electrical Engineering and communication	N
Jack J.T. Huang	Independent Director	Male	TW	70~79 years	N	N	3	Law	Y
Rose Tsou	Independent Director	Female	TW	50~59 years	N	N	3	Business Management and Mass Communication	N
Audrey Tseng	Independent Director	Female	TW	60~69 years	N	N	2	Accounting, Finance, Business Management and Corporate Governance	N

Note: The industry is classified according to the first level of the Global Industry Classification Standard (GICS).

Diversity Items Name	Ability to make operational judgments	Ability to perform accounting and financial analysis	Ability to conduct management administration	Ability to conduct crisis management	Knowledge of the industry	An international market perspective	Leadership	Ability to make decisions
Yancey Hai	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Mark Ko	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Bruce CH Cheng	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Ping Cheng	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Simon Chang	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Victor Cheng	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Shan-Shan Guo	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Ji-Ren Lee	Excellent	Excellent	Excellent	Excellent	Good	Excellent	Excellent	Excellent
Shyue-Ching Lu	Excellent	Good	Excellent	Excellent	Good	Excellent	Excellent	Excellent
Jack J.T. Huang	Excellent	Good	Excellent	Excellent	Good	Excellent	Excellent	Excellent
Rose Tsou	Excellent	Excellent	Excellent	Excellent	Good	Excellent	Excellent	Excellent
Audrey Tseng	Excellent	Excellent	Excellent	Excellent	Good	Excellent	Excellent	Excellent

(2) Independence of the Board of Directors:

Policy: The “Directors Election Regulations” have been approved by resolution of the shareholders’ meeting of the Company in accordance with Article 192-1 of the Company Act on the candidates nomination system for electing directors (including independent directors). The shareholders shall elect the directors from among the nominees listed in the roster of director candidates, and the number of directors having a spousal relationship or family relationship within the second degree of kinship with any other director shall be less than half of the total number of directors. In addition, the “Rules and Procedures of the Meeting of Board of Directors” have been approved by the Board of Directors of the Company to require any director or a juristic person represented by a director who is an interested party with respect to any agenda item shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the Company, the director must not participate in discussion or voting on that agenda item and shall enter recusal during discussion and voting on that item, and may not act as another director’s proxy to exercise voting rights on that matter.

Goal: To enhance the effectiveness of the Board of Directors so as to implement an effective board governance system, the Company has established the Audit and Risk Committee¹ and the Compensation Committee, composed of all independent directors. Through professional division of duties and an independent and impartial position, the committees assist the Board in decision-making, with the goal of enhancing oversight and management functions and promoting sound corporate governance.

Achievement: As of the printing date of the annual report, the Company’s Board of Directors consists of 12 directors. 58% (7 seats) of the directors were non-employees of the Company or subsidiaries (58% in 2022), and 42% (5 seats) of the directors were independent directors (42% in 2022), 25% (3 seats) of the directors had family relationship within the second degree of kinship representing (25% in 2022), and there was no any family relationship within the second degree of kinship between independent directors or between independent directors and directors, which was in compliance with Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act. None of the independent directors had any circumstances defined in Article 30 of the Company Act, and all of them met the relevant regulatory requirements promulgated by the Financial Supervisory Commission R.O.C. Regarding the conflicted directors’ recusals from agenda items in 2023, please refer to the fourth section of “Implementation of Corporate Governance” in the third chapter of “Corporate Governance Report” in this annual report.

Note 1: On October 31, 2023, the Audit Committee and the Board of Directors of the Company approved the establishment of Risk Committee and approved the combination of the Audit Committee and the Risk Committee to be the Audit and Risk Committee.