

## Implementation of Corporate Governance Practices

Assessment Item	Status			Non-compliance and Reasons
	Yes	No	Description	
1. Does the Company follow “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” to establish and disclose its corporate governance practices?	V		The Company has established “Code of Practice for Corporate Governance” in order to enhance its performance in corporate governance, secure shareholders’ rights, improve the functionality of the Board, respect stakeholder’s rights and enhance information transparency.	None
2. Ownership structure and shareholders’ rights (1) Does the Company have internal operation procedures to handle shareholders’ suggestions, concerns, disputes and litigations? If yes, has these procedures been implemented accordingly? (2) Does the Company possess a list of major shareholders and ultimate owners of these major shareholders?  (3) Does the Company establish and execute risk management and firewall mechanism between itself and affiliates?  (4) Does the Company have internal rules to prevent insiders from using undisclosed information to trade securities?	V  V  V  V		(1) The Company has spokesperson, deputy spokesperson and departments such as investor relations, shareholder service and legal to handle shareholders’ suggestions or complaints.  (2) Pursuant to Article 25 of the Securities and Exchange Act, the Company has monthly updated the changes in shareholdings of internal parties, including Directors, Supervisors, managers and shareholders with more than 10% shareholdings, at MOPS website designated by the Securities and Futures Bureau.  (3) In addition to various risk management mechanisms already in place, there are Procedures to be followed for operational, business and financial transactions between the Company and its affiliates, for instance, the rules for reinvestments. These Procedures provide guidance for the subsidiaries to establish internal controls in writing, set authorization levels and formulate Procedures for Acquisition or Disposal of Assets, Endorsement and Guarantee, and Lending Funds to Other Parties based on the Company’s corresponding Procedures in order to enforce risk management mechanism on subsidiaries.  (4) The Company has established “Code of Ethical Conduct” and “Procedures for Prevention of Insider Trading” prohibiting insiders from using undisclosed information to trade securities. The Company also holds sessions to inform all relevant personnel of the Procedures to avoid any violations.	None
3. Composition and duties of the Board of Directors (1) Has the Board established a diversification policy and specific management goals and have them been implemented accordingly? (2) Other than Compensation and Audit Committees which are required by laws, does the Company plan to set up other functional committees?	V  V		(1) Please refer to page 22 to 24.  (2) In addition to the Compensation Committee and the Audit Committee, the Company plans to establish the ESG Committee to assist the Board in managing the Company this year.	

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(3) Has the Company formulated rules and methods for the performance assessment of the Board of Directors and evaluate the Board performance every year? Is the outcome of performance assessment submitted to the Board of Directors and used as reference for the remuneration and re-election nomination of individual Director?	V		(3) The Board had approved the amended “Methods for Evaluating Board of Directors’ Performance” on October 27, 2021. Internal assessments on the Board shall be conducted at least annually and assessments by external institutions shall be carried out at a minimum of every three years. Please refer to page 33 to 34 for assessment details. The outcome of 2021 assessment was submitted to the Board meeting on January 19, 2022 and in compliance with the spirit of corporate governance. It also was used as reference for the remuneration and re-election nomination of individual Director.	None																							
(4) Has the Company periodically evaluated the independence of its CPAs?	V		<p>(4) The Board annually evaluates the independence of CPAs and obtains the Declaration of Independence. Once it is confirmed that other than audit and tax fees, there is no financial interests nor business between the Company and the CPAs, and the family members of CPAs do not violate the requirements for independence, the Company would report to the Board. When discussing the independence and engagement of CPAs in the Board meeting, the resume (detailing the CPA’s past and current clients) and independence declaration (that he/she did not violate Article 10 of the Bulletins of Professional Ethics Code for CPAs) of each CPA shall be submitted for evaluation.</p> <p>Standards for CPA independence evaluation:</p> <table border="1"> <thead> <tr> <th>Evaluation Item</th> <th>Evaluation Result</th> <th>Independence Status</th> </tr> </thead> <tbody> <tr> <td>1. Whether the CPAs have remained unchanged for seven years, up till the latest audit?</td> <td>N</td> <td>Y</td> </tr> <tr> <td>2. Whether the CPAs have significant financial interests in the Company?</td> <td>N</td> <td>Y</td> </tr> <tr> <td>3. Whether the CPAs have improper relationships with the Company?</td> <td>N</td> <td>Y</td> </tr> <tr> <td>4. Whether the assistants of CPAs have failed to be honest, fair and independent?</td> <td>N</td> <td>Y</td> </tr> <tr> <td>5. Whether the CPAs have audited the financial statements of companies where they have served during the previous two years?</td> <td>N</td> <td>Y</td> </tr> <tr> <td>6. Whether the CPAs allow others to use their credentials?</td> <td>N</td> <td>Y</td> </tr> <tr> <td>7. Whether the CPAs own shares of the Company or its associates?</td> <td>N</td> <td>Y</td> </tr> </tbody> </table>		Evaluation Item	Evaluation Result	Independence Status	1. Whether the CPAs have remained unchanged for seven years, up till the latest audit?	N	Y	2. Whether the CPAs have significant financial interests in the Company?	N	Y	3. Whether the CPAs have improper relationships with the Company?	N	Y	4. Whether the assistants of CPAs have failed to be honest, fair and independent?	N	Y	5. Whether the CPAs have audited the financial statements of companies where they have served during the previous two years?	N	Y	6. Whether the CPAs allow others to use their credentials?	N	Y	7. Whether the CPAs own shares of the Company or its associates?	N
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4. Does the Company have an adequate number of qualified corporate governance personnel and appoint a chief corporate governance officer to handle matters pertaining to corporate governance (including but not limited to provide information required for business execution by directors and supervisors, assist directors and supervisors with regulatory compliance, handle matters pertaining to board meetings and shareholders' meetings according to laws and regulations, produce minutes of board meetings and shareholders meetings, etc.)?	V		<p>The Company resolved in the Board meeting on July 30, 2020 to appoint Mr. Chi-Yuan Pan, the Assistant Vice President of Finance and Accounting Division, as the Corporate Governance Officer to safeguard shareholders' rights and interests and strengthen the Board's functions. Mr. Chi-Yuan Pan has served in the financial managerial position of a public company for over three years. The main duties of a Corporate Governance Officer are to handle matters relating to Board meetings and shareholders' meetings pursuant to laws and regulations, prepare minutes of Board meetings and shareholders' meetings, assist Directors with assuming office and continuing education, provide information required for business execution of Directors, and assist Directors with regulatory compliances.</p>	None																								

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5. Has the Company established a communication channel for its stakeholders (including but not limited to shareholders, employees, customers and suppliers) and created a stakeholder section at the Company's website to address their concerns on major corporate social responsibility issues?	V		The Company has spokesperson and deputy spokesperson. Depending on the circumstances, investor relations, shareholder service and legal units would also communicate with stakeholders (including but not limited to shareholders, employees, customers and suppliers). In addition, the contact information of spokesperson and relevant departments can be found on the corporate website and a stakeholder section has been created to address stakeholders' issues of concerns, including corporate social responsibilities. To facilitate effective communications with different stakeholders and report the performance to the Board, matters were addressed in the Board meeting on January 19, 2022.	None
6. Has the Company appointed a professional registrar to organize the shareholders' meetings?	V		To service our shareholders, the Company has appointed the stock management service department of Yuanta Securities to manage issues related to shareholders and organize the shareholders' meetings.	None
7. Information disclosure (1) Has the Company established a corporate website to disclose information regarding the Company's financials, business and corporate governance status?  (2) Does the Company have other information disclosure channels (e.g., maintaining an English-language website, designating people to handle information collection and disclosure, appointing spokesperson, and webcasting investor conference on the corporate website)?  (3) Does the Company publicly announce and file its annual financial report within two months after the end of financial year, and its financial reports of the first three quarters as well as operational status of each month prior to the prescribed deadlines?	V  V  V		(1) The Company discloses financial and business information through the corporate website at <a href="https://www.taiflex.com.tw">https://www.taiflex.com.tw</a> , which is maintained by designated staff members. Information is available in both Traditional and Simplified Chinese as well as English. Material information, financial status, internal audit organization and operation, significant laws and regulations, corporate governance information and major resolutions of the Boards are available on the Company's official website for foreign and domestic investors to access.  (2) The Company would hold investor conferences when deemed necessary. The video or audio recording of such event would be available in the investors section on the website while relevant information would be filed on the MOPS website. The Company has set up both Traditional and Simplified Chinese as well as English corporate websites and appointed dedicated personnel to collect relevant data and disclose material information. The spokesperson or deputy spokesperson is responsible for communications with external parties.  (3) The Company has publicly announced and filed its annual financial report within two months after the end of financial year, and its financial reports of the first three quarters as well as operational status of each month prior to the prescribed deadlines. Information is available on the corporate website at <a href="https://www.taiflex.com.tw">https://www.taiflex.com.tw</a> and MOPS website at <a href="http://mops.twse.com.tw">http://mops.twse.com.tw</a> .	None
8. Does the Company have other important information	V		(1) Employees' rights and welfare: An Employee Welfare Committee is	

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to facilitate a better understanding of the Company's corporate governance practices (including but not limited to rights and welfare of employees, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation standards, the implementation of customer policies, and liability insurance purchased by the Company for directors and supervisors) ?			<p>formed by employees of the Company to undertake various welfare projects and activities. Please refer to "5. Employment Relations" (Page 114 to 119) for details.</p> <p>(2) Investor relations: The Company values investors' rights. Relevant information is disclosed timely on the MOPS website pursuant to laws and regulations and on the Company's official website simultaneously.</p> <p>(3) Supplier relations: The Company maintains good relationship with suppliers. There has been neither complaint regarding the quality and delivery schedule of purchases nor shortage or interruption of supplies.</p> <p>(4) Stakeholder' rights: The Company's official website has included a stakeholder section, serving as a communication channel to protect the legal rights of both parties.</p> <p>(5) Continuing education of Directors and Supervisors: Please refer to the table of "Continuing Education of Directors in 2021" (page 45 to 46) for details.</p> <p>(6) The implementation of risk management policies and risk evaluation standards: Please refer to "Risks" (page 135 to 139) for details.</p> <p>(7) The implementation of customer policies: The Company follows ethical guidelines and maintains good relationship with customers. Quality policies include R&amp;D innovation, continuous improvement, responsiveness, customer satisfaction, environmental protection and green environment. The Company provides on-time delivery and there are technical personnel involved in after-sale services.</p> <p>(8) Liability insurance for Directors and Supervisors: The Company purchases liability insurance for Directors in every May.</p> <p>(9) The Company has adopted electronic voting in shareholders' meetings since 2016, ahead of the schedule announced by the Financial Supervisory Commission.</p>	None
<p>9. The improvement status for the outcome of Corporate Governance Evaluation announced by Taiwan Stock Exchange Corporate Governance Center and the priority of pending issues. (Companies not included in the Evaluation are exempted.)</p> <p>(1) The Company ranked in the top 21% to 35% in the 7<sup>th</sup> Corporate Governance Evaluation of Taiwan Stock Exchange Corporate, which was a recognition to the Company's outstanding performance in various management aspects, including corporate governance, corporate social responsibility, protection of shareholders' rights, information transparency and timely disclosure of information.</p> <p>(2) Improvements completed in 2021 for the 7<sup>th</sup> Corporate Governance Evaluation: Information including the succession plan of Board members and key executives, the prohibition on insiders such as Directors or employees using information not available to the market for personal gains, the disclosures on operations of the Audit Committee and Compensation Committee, and the performance in communications with stakeholders was disclosed on the corporate website.</p> <p>(3) Pending issues with high priority</p> <p>A. To strengthen the structure and operation of the Board</p>				

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<ul style="list-style-type: none"> <li>(a) To establish functional committees other than the ones required by laws.</li> <li>(b) To formulate risk management policies and procedures and disclose the scope, organizational structure and operation thereof.</li> <li>(c) To obtain certifications for intellectual property management system.</li> </ul>				
<ul style="list-style-type: none"> <li>B. To fulfill corporate social responsibilities               <ul style="list-style-type: none"> <li>(a) To disclose the supplier management policy, where suppliers are required to comply with standards of environmental protection, occupational safety and health, and labor rights, and the implementation status in the sustainability report.</li> </ul> </li> </ul>				
<ul style="list-style-type: none"> <li>(4) The Company performed self-assessment pursuant to the 8<sup>th</sup> Corporate Governance Evaluation in January 2022. The outcome will be reviewed to determine the improvement plans.</li> </ul>				