

Corporate Governance Operations and Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation Items	Operations
<p>Has the company established and disclosed its corporate governance best practice principles based on the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?</p>	<p>The company has established its corporate governance best practice principles based on the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and disclosed them on the Market Observation Post System.</p>
<p>Shareholding Structure and Shareholders' Rights</p> <p>(1) Has the company established internal procedures to handle shareholders' suggestions, doubts, disputes, and litigation matters, and implemented them according to the procedures?</p> <p>(2) Does the company identify the major shareholders who actually control the company and the ultimate controllers of those major shareholders?</p> <p>(3) Does the company establish and implement risk control and firewall mechanisms with affiliated enterprises?</p> <p>(4) Does the company establish internal regulations to prohibit insiders from trading securities using undisclosed information?</p>	<p>The company has a spokesperson and dedicated personnel to handle shareholders' suggestions or disputes.</p> <p>Major shareholders disclose their shareholding and pledge changes monthly as required.</p> <p>The company conducts financial and business transactions with affiliated enterprises in accordance with relevant laws and internal control systems and supervises subsidiaries.</p> <p>The company has established "Procedures for Handling Material Inside Information" to prohibit insiders from trading securities using undisclosed information.</p>

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<p>Composition and Responsibilities of the Board of Directors</p> <p>(1) Does the board of directors formulate a diversity policy, specific management objectives, and implement them?</p> <p>(2) Besides the legally required Remuneration Committee and Audit Committee, does the company voluntarily establish other functional committees?</p> <p>(3) Does the company establish a performance evaluation method for the board of directors and conduct evaluations annually, using the results for individual directors' remuneration and re-nomination?</p> <p>(4) Does the company regularly evaluate the independence of the certified public accountants?</p>	<p>The company has a diversity policy for board members, including professional knowledge and skills in finance, management, law, IT, and electronics. The board consists of 8 directors (including 3 independent directors), with diverse age and gender representation.</p> <p>To enhance the board's functions, the company established a Nomination Committee consisting of four independent directors. The committee performs duties such as setting standards for board member qualifications and evaluating board performance.</p> <p>The company has established "Board Performance Evaluation Procedures" and conducts evaluations annually. The results are reported to the board and used for remuneration and re-nomination considerations.</p> <p>The board evaluates the independence and suitability of the certified public accountants annually, ensuring no conflicts of interest.</p>
<p>Does the company appoint an appropriate number of corporate governance personnel and designate a corporate governance officer responsible for governance-related affairs?</p>	<p>The company has designated the Finance Department as the corporate governance unit, with the General Manager serving as the corporate governance officer.</p>
<p>Does the company establish communication channels</p>	<p>The company values stakeholders' rights and has set up a stakeholder section on the</p>

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with stakeholders and set up a stakeholder section on the company website to address important CSR issues?	website to address their concerns.
Does the company appoint a professional stock affairs agency to handle shareholders' meeting matters?	The company has appointed CTBC Bank Co., Ltd. to handle shareholders' meeting matters.
<p>Information Disclosure</p> <p>(1) Does the company have a website to disclose financial, business, and corporate governance information?</p> <p>(2) Does the company adopt other information disclosure methods (e.g., setting up an English website, appointing personnel to collect and disclose company information, implementing a spokesperson system, updating shareholders' meeting and investor conference information on the website)?</p> <p>(3) Does the company announce and report annual financial reports within two months after the end of the fiscal year, and announce and report Q1, Q2, and Q3 financial reports and monthly operating results before the deadlines?</p>	<p>The company discloses financial, business, and corporate governance information on its website (http://www.phihong.com.tw).</p> <p>The company has set up an English website and established a spokesperson system. Shareholders' meeting and investor conference information is updated on the website.</p> <p>The company announces and reports financial reports and monthly operating results within the required deadlines.</p>
Does the company have other important information to help understand its corporate governance operations (e.g., employee rights, care for employees,	The company provides information on employee rights, care for employees, investor relations, supplier relations, stakeholder rights, directors' and supervisors' training, risk management policies, customer policies, and liability insurance in the annual

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investor relations, supplier relations, stakeholder rights, directors' and supervisors' training, risk management policies and implementation, customer policies, directors' and supervisors' liability insurance)?	report.
Please explain the improvements made based on the latest corporate governance evaluation results released by the Taiwan Stock Exchange Corporation's Corporate Governance Center, and propose priority enhancement measures for areas not yet improved.	<p>The company was ranked in the 51%-65% range in the 10th (2023) Corporate Governance Evaluation.</p> <p>Improvement measures include:</p> <ul style="list-style-type: none"> (1) To diversify the board, a female independent director will be elected at the 2024 shareholders' meeting. (2) To improve board and shareholders' meeting attendance, meeting times will be notified and scheduled in advance. (3) Starting in 2024, the board will annually evaluate the independence and suitability of the certified public accountants using Audit Quality Indicators (AQIs). (4) The board performance evaluation procedures have been revised to include external evaluations at least once every three years.