

The Company's implementation of corporate governance

Evaluation Items	The State of Operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
I. Has the Company formulated and disclosed its corporate governance practice principles according to the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has formulated a set of "Corporate Governance Best Practice Principles" and disclosed it on the Market Observation Post System and the Company website.	In compliance with the Corporate Governance Best Practice Principles
<p>II. The Equity Structure and Shareholders' Equity of the Company</p> <p>(I) Has the Company established internal operating procedures to handle shareholder recommendations, doubts, disputes, litigations, and implemented them according to the procedures?</p> <p>(II) Does the Company have a list of the major shareholders who actually control the Company and those who ultimately have control over the major shareholders?</p> <p>(III) Has the Company established and implemented risk control and firewall mechanisms between affiliated companies?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The Company has a spokesperson system formulated to collect relevant questions raised by shareholders. The shareholder's suggestions and doubts are to be handled and responded to by the spokesperson. The disputes and litigation matter with the shareholders shall be handled by the legal department. However, the relationship between the Company and its shareholders is harmonious and no dispute or litigation has occurred.</p> <p>(II) The Company maintains good relations and contacts with its major shareholders, directors, employees and corporate shareholders, and is able to keep track of their shareholdings.</p> <p>(III) The Company has established an "Internal Control System-Subsidiary Supervision and Management Practices" and "Operating Procedures Related to Financial Operations between Related Parties" to standardize the relevant matters.</p>	In compliance with the Corporate Governance Best Practice Principles

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(IV) Has the Company formulated internal regulations to prevent insiders from trading securities using undisclosed information on the market?	✓		(IV)The Company has established the “Procedures for Handling Material Insider Information” and required those with access to material insider information to refrain from disclosing it to others or using the information not publicly available to trade in marketable securities by requiring employees to sign a non-disclosure agreement or provide training to employees and directors at least once a year (the 2022 training day was December 19, 2022).	
<p>III. Composition and Responsibilities of the Board of Directors</p> <p>(I) Does the board of directors formulate diversified policies, and specific management objectives and implementation?</p> <p>(II) Does the Company voluntarily establish functional committees other than the Remuneration Committee and the Audit Committee?</p> <p>(III) Does the Company formulate a performance evaluation method for the Board of Directors, conduct performance evaluation annually and regularly, and report the performance evaluation results to the Board of Directors and apply it as a reference for the consideration of remuneration and nomination of each director?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The Company has established a diversity policy in the “Corporate Governance Best-Practice Principles” and “Procedure for Election of Directors” and has them disclosed on the Company’s website and on P.15 of the annual report.</p> <p>(II) The Company currently has only a Remuneration Committee and an Audit Committee. Other functional committees will be established in the future depending on the legal requirements or practical needs.</p> <p>(III) The Company has established the “Board of Directors’ Performance Evaluation Measures.” Please refer to official website. Listed companies should disclose information on the periodicity and duration, scope, method and content of the self-evaluation (or peer evaluation) by the board of directors and other information] for the evaluation items and</p>	In compliance with the Corporate Governance Best Practice Principles

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(IV) Does the Company regularly evaluate the independence of the attesting CPAs?	✓		<p>results, which together with the directors' self-assessment are used as a reference for nominating directors and determining their salary and remuneration; also, it was reported to the Board of Directors on February 23, 2023.</p> <p>(IV) The Company's Audit Committee and the Board of Directors independently assessed the CPAs on 01/13/2023, and the qualifications included 13 audit quality indicators (AQIs). The goal was to require the CPAs to issue an independent statement. The Company confirmed that the CPAs and the Company have no other financial interests and business relationships except for certification and tax cases. The CPA's family members do not violate the independence requirements before the appointment of the CPAs. Please refer to (Note 1) for the evaluation of the independence and competency of the CPAs.</p>	
IV. Does the Company as a listed company have a suitable and appropriate number of corporate governance personnel and appoint a corporate governance officer to be responsible for corporate governance related matters (including but not limited to providing information necessary for directors and supervisors to perform their business, assisting directors and supervisors in complying with laws and regulations, conducting board meeting and shareholder meeting related matters in accordance with law, handling company registration and alteration registration, and preparing	✓		<p>On May 7, 2021, the Board of Directors approved the establishment of a dedicated corporate governance unit, with the Vice President of Finance Division/Administration Division of the Company, who has the qualification, as the corporate governance officer. The main duties of the unit are to administer matters related to Board of Directors meetings and shareholders' meetings, prepare minutes of the Board of Directors and shareholders' meetings, assist directors in their appointment and continuing education, provide information necessary for directors to carry out their business, and</p>	In compliance with the Corporate Governance Best Practice Principles

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minutes of board meetings and shareholder meetings, etc.)?			assist directors in complying with laws and regulations. Please refer to (Note 2) for the continuing education of the corporate governance officer.	
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.) and a special section for stakeholders on the Company's website, and responded appropriately to important corporate social responsibility issues that are of concern to stakeholders?	✓		The Company has a spokesperson and an acting spokesperson. It has identified and set up a stakeholder area on the Company's official website to respond to important CSR issues of concern to stakeholders through various communication channels.	In compliance with the Corporate Governance Best Practice Principles
VI. Has the Company appointed a professional stock affairs agency to handle matters for shareholder meetings?	✓		The Company's stock affairs agency is KGI Securities Co., Ltd.	In compliance with the Corporate Governance Best Practice Principles
VII. Information Disclosure (I) Has the Company set up a website to disclose finance and business matters and corporate governance information? (II) Has the Company adopted other means of information disclosure (such as setting up an English website, appointing dedicated personnel responsible for the collection and disclosure of Company information, implementing a spokesperson system, posting the Company's earnings calls on its website, etc.)?	✓ ✓		(I) The Company has set up an investor section on its official website with links to the Public Information Observation Post System to facilitate investors' access. (II) The Company has designated personnel to be responsible for the collection and disclosure of corporate information. It has also appointed a spokesperson to make external statements and implement the spokesperson system. In addition, information and presentation materials for the Company's earnings calls or corporate briefings have been compiled and posted on the Company's website for public reference.	In compliance with the Corporate Governance Best Practice Principles

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(III) Does the Company publicly announce and file annual financial statements within two months after the end of the fiscal year? The financial statements for the first, second and third quarters and the monthly operating status before the prescribed deadline?	✓		(III) The Company had the 2022 financial statements announced and reported on February 23, 2023, including financial statements for the first, second, and third quarters and the monthly operating status before the prescribed deadline.	
VIII. Is there any further information that may help to understand the Company's corporate governance status better (including but not limited to employees' rights, employee care, investor relation, supplier relation, stakeholders' rights, the continuing education of the directors and supervisors, risk management policy and risk assessment in action, the pursuit of customer policy, and the protection of the directors and supervisors via professional liability insurance)?	✓		<p>(I) Employee rights and benefits: The Company protects the basic rights and benefits of employees (work rules) in accordance with the Labor Standards Act and related laws and regulations, such as establishing an employee welfare committee, encouraging employees to participate in various training courses and technical seminars and planning both domestically and internationally, arranging employee group insurance and regular health checkups, etc., emphasizing labor relations and providing equal employment opportunities.</p> <p>(II) Employee Care: The Company has established an "Occupational Safety and Health Committee" in accordance with the "Occupational Safety and Health Act" to formulate employee emergency care measures, employee maternity subsidies, and employee child scholarship measures. The Administration Division arranges employee satisfaction survey periodically and hosting employee luncheon meeting to understand employees in-depth; also, the Employee Benefits Committee provides subsidies and organizes travel activities to care for the physical and mental health of</p>	In compliance with the Corporate Governance Best Practice Principles

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	Yes	No		
			<p>employees.</p> <p>(III) Investor relations: The Company has information disclosure made honestly according to the governing laws and regulations to protect investors' basic rights and interests. Investors may acquire the Company's information on the Market Observation Post System or the "Investor Relations" section on the Company's website, including financial, business, and corporate governance information. The Company also has a spokesperson appointed to serve the investors or to handle the suggestions proposed by the investors at any time.</p> <p>(IV) Supplier relations: Through our green product management platform, we have smooth communication channels with our suppliers, maintain good relations, and uphold the principle of honesty and reciprocity in dealing with them.</p> <p>(V) Stakeholders' rights: Maintain smooth communication channels with stakeholders and fully respect and protect their legitimate rights and interests. Please refer to (Note 3) for issues of concern to the Company's stakeholders and the channels of communication and response.</p> <p>(VI) Advanced study of directors and supervisors: The Company's directors (including independent directors) completed 6 hours of advanced study in 2022. Please see (Note 4) for details.</p>	

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			<p>(VII) Implementation of risk management policies and risk measurement standards: The Company focuses on its own business and has established various operating rules and internal control systems to reduce risks in accordance with various laws and regulations and business activities.</p> <p>(VIII) Implementation of customer policy: The company upholds high quality and high efficiency to serve customers and create maximum benefits for customers.</p> <p>(IX) The Company is a computer peripheral manufacturer and is engaged in downstream assembly, which is a non-polluting industry and has not polluted the environment and has fulfilled its corporate social responsibility.</p> <p>(X) The Company's acquisition of liability insurance for directors is stipulated in the Company's Articles of Incorporation. Also, the Company acquired the said liability insurance for the first time in December 2018 and had the insurance renewed successfully, and reported to the Board of Directors in November 2022.</p>	
<p>IX. Please describe the improvements that have been made in response to the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent year, and propose priorities and measures for those not yet improved:</p> <p>The Company has prepared improvement plans for each indicator of the results of the past corporate governance evaluations and has implemented the following improvement plans:</p> <p>(I) Enhance the disclosure of corporate governance matters in the annual report and official website.</p> <p>(II) Strengthen the disclosure of ESG-related issues in the annual report.</p> <p>The Company intends to continue to improve and propose the following:</p> <p>(I) Enhance the comprehensiveness of the disclosure of corporate governance matters in English on the official website.</p>				

Note 1: Evaluation of the independence of the CPAs:

Evaluation Items	Evaluation result	Status of independence
Has the CPAs recused themselves from the assignment if they have a direct or material indirect interest that would affect their impartiality and independence?	Yes	Yes
Do CPAs maintain formal independence in addition to substantive independence when they perform audits, reviews, verification or project examination of financial statements and render an opinion?	Yes	Yes
Do members of the audit services, other CPAs or corporate accounting firm shareholders, CPA firms, their affiliates, and alliances maintain independence from the Company?	Yes	Yes
Do the CPAs perform professional services with integrity and rigor?	Yes	Yes
Do the CPAs maintain an impartial and objective position in performing professional services and have they avoided bias, conflict of interest or interest that would affect professional judgment?	Yes	Yes
Do the CPAs have a disciplinary record with the CPA Disciplinary Board for the last two years? Has the CPA firm been involved in any significant litigation in the last two years or currently?	Yes	Yes
Does the CPA firm have sufficient scale, resources and regional coverage to handle corporate audit services?	Yes	Yes
Does the CPA firm have a clear quality control process? Does the coverage include the level and key points of the audit process, the manner in which audit issues and judgments are handled, independent quality control reviews, and management of risk?	Yes	Yes
Has the CPA firm notified the Board of any significant issues and developments in risk management, corporate governance, financial accounting and related risk controls in a timely manner?	Yes	Yes

Note 2: The advanced study of the corporate governance officer:

Name	Advanced study date	Course organizer	Course name	Training hours
Wang, Li-Cheng	03/11/2022	Securities and Futures Institute	Protection of business secrets	3
	03/15/2022		How should directors and supervisors supervise corporate risk management and crisis management?	3
	04/24/2022	Republic of China Accounting Research and Development Institute	Read the TCFD Report: Grasp the Key Information	3
	04/29/2022	Taiwan Corporate Governance Association	Behind the Scenes of Corporate Governance: Corporate Governance Personnel's Operational Practices	3
	05/06/2022	Securities and Futures Institute	Global Risk Perception - Opportunities and Challenges in the Next Decade	3

Note 3: issues of concern to stakeholders and the channels of communication and response.

Stakeholder	Issues of concern	Channels of communication and response.	The 2022 Stakeholder Communication Performance
Customer	<ul style="list-style-type: none"> Completed annual satisfaction surveys in response to customer requests Completed the annual conflict mineral source survey and complied with the customer's requirement to declare that no mineral from the conflict area will be used. Implemented confidential information protection measures as required by customers Made Declaration of Prohibition of Child Labor and Declaration of Product Origin as requested by the customer 	<ul style="list-style-type: none"> Google questionnaire annual customer satisfaction survey Impromptu meetings for unexpected issues Conference calls for specific issues External communication mailbox Regular customer visits every year Computex VIP conference Customer field audits/visits <p>Contact Information: sales@innodisk.com Foreign Sales Department / Manager Kao</p>	<ul style="list-style-type: none"> Visiting customers from time to time Accepted 4 customer on-site factory audits so far Completed communication questionnaire survey in March 2022

Stakeholder	Issues of concern	Channels of communication and response.	The 2022 Stakeholder Communication Performance
	<ul style="list-style-type: none"> Conducted Audits of suppliers as requested by customers Customer factory production flow guide 		
Employees	<ul style="list-style-type: none"> Set up staff suggestion boxes in the cafeteria for staff to provide feedback at any time Organized labor-management meetings 	<ul style="list-style-type: none"> Recurring settings Quarterly meetings with representatives from both management and employees Contact Information: inno_members@innodisk.com Administration Division / Senior Manager Lo	<ul style="list-style-type: none"> Held 8 labor-management meetings (Taipei + Yilan), on a quarterly basis Employee satisfaction statistics of all anonymous employees Promoted employee health promotion program and shared and interacted with employees through the company intranet platform
Investors/ Shareholders	<ul style="list-style-type: none"> Convened the shareholders' meeting, in which the chairman, directors and senior management reported the financial statements and operations of the Company to all shareholders. At the meeting, the earnings distribution proposal was adopted and important resolutions were approved. Financial statements and significant financial business information of the Company announced and disclosed on the Market Observation Post System 	<ul style="list-style-type: none"> Convene regular shareholders' meetings every year Regular disclosure of finance and business information Disclosure of significant information on the "Market Observation Post System" from time to time Established a spokesperson system to answer shareholders' questions Contact Information: inno_shareholders@innodisk.com Stock affairs/Miss Yang	<ul style="list-style-type: none"> Held 1 shareholders' meeting Invited to participate in two corporate presentations Completed communication questionnaire survey in March 2022
Suppliers	<ul style="list-style-type: none"> Qualified supplier certification Green Supply Chain GPM IQC inspection status 	<ul style="list-style-type: none"> New product acknowledgement Related quality document updates Occasional phone and email communication Field audits/year Audit of questionnaires/semi-annually Contact Information: inno_vendor@innodisk.com Purchasing / Miss Kao	<ul style="list-style-type: none"> Completed communication questionnaire survey in March 2022 10 on-site audits of suppliers (including online audits)
Outsourcers	<ul style="list-style-type: none"> Quality control of outsourced products Trial production of new models Output confirmation Technical Exchange 	<ul style="list-style-type: none"> Quality meeting/month Factory on-site audits/year Occasional phone and email communication Contact Information: inno_vendor@innodisk.com Purchasing / Miss Gao	<ul style="list-style-type: none"> Occasional phone and email communication
Government agencies	<ul style="list-style-type: none"> Filed work safety practices and occupational safety and health personnel Reporting of waste cleanup plans 	<ul style="list-style-type: none"> Environmental Protection Bureau/Labor Inspection Department Occasional Official Documents Contact Information: inno_members@innodisk.com Administration Division / Senior Manager Lo	<ul style="list-style-type: none"> Environmental Protection Bureau/Labor Inspection Department Occasional Official Documents and communications
Local area Building	<ul style="list-style-type: none"> Power outage. Construction. Machinery room. Notification of specific conditions such as fire drills Participated in community affairs as a member of the management committee 	<ul style="list-style-type: none"> Occasional phone and email communication Regular participation in meetings and events Contact Information: walker_chiu@innodisk.com Admin. Dept. / Manager Chiu	<ul style="list-style-type: none"> Attended 6 Management Committee meetings Attended 1 owner meetings Held 2 blood donations in the park Completed the communication questionnaire in February 2022
Media	<ul style="list-style-type: none"> Product information release (including new products and technologies) Release of company information (relocation, awards, social welfare, etc.) 	<ul style="list-style-type: none"> From time to time, interview and have dinner with the media. On average, a press release is issued once a month to the relevant media. Contact Information: andy_chen@innodisk.com Marketing Division / Division Chief Chen	<ul style="list-style-type: none"> Issued 13 press releases

Note 4: The advanced study of directors (including independent directors) in 2022:

Title	Name	Advanced study date	Course organizer	Course name	Training hours
Chairman	Chien, Chuan-Sheng	10/20/2022	Securities and Futures Institute	The value of information security in the post-pandemic era and under the Sino-US trade war	3
		12/20/2022		Corporate tax governance and tax technology solutions according to the ESG trends and the epidemic environment	3
Director	Lee, Chung-Liang	12/23/2022	The Institute of Internal Auditors	How to face legal investigation procedures	6
Director	Jhu, Cing-Jhong	08/25/2022	Securities and Futures Institute	Company insider short-term trading introduction and case analysis	3
		09/06/2022		Global Risk Perception - Opportunities and Challenges in the Next Decade	3
Director	Hsu, Shan-Ke	07/14/2022	Securities and Futures Institute	Risks and Opportunities of Climate Change and Net-Zero Policies to Business Operations	3
		09/02/2022	Taiwan Corporate Governance Association	Form Deep Learning to practical AI application	3
		10/13/2022	Securities and Futures Institute	Company management right dispute and introduction to Commercial Case Adjudication Act	3
Director	Rui Ding Investment Co., Ltd. Representative: Wu, Hsi-Hsi	11/16/2022	Securities and Futures Institute	Technology development and business opportunities for electric and smart vehicles	3
		11/22/2022		How to improve the credibility of corporate sustainability reports	3
Independent Director	Wang, Yin-Tien	08/10/2022	Securities and Futures Institute	How do non-accounting specialists, directors, and supervisors review financial reports	3
		10/04/2022		How should directors and supervisors supervise corporate risk management and crisis management?	3
Independent Director	Lin, Wei-Li	09/16/2022	Securities and Futures Institute	Financial information that directors most often overlook	3
		10/04/2022		How should directors and supervisors supervise corporate risk management and crisis management?	3
Independent Director	Young, Kai-Charn	05/10/2022	Taiwan Institute Of Directors	Green transformation-sustainable supply chain management and green operations	3
		05/30/2022	Accounting Research and Development Foundation	How the Board of Directors and Senior Executives Review ESG Sustainability Reports	3
		08/09/2022	Taiwan Institute Of Directors	How Businesses Cope with U.S.–China Trade and Geopolitical Conflicts	3
Independent Director	Lo, Su-Shun	08/19/2022	Securities and Futures Institute	Early Warning of Enterprise Financial Crisis and Classification Analysis	3
		09/16/2022		Financial information that directors most often overlook	3