

Implementation of Corporate Governance Status in 2021

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” ?	✓		Ablerex has established the “Corporate Governance Best-Practice Principles” and has been approved by the Board of Directors on 2013.3.22 and revised a few times once upon regulation revised to build an effective corporate governance structure, to protect the rights of shareholders, to enhance the power of the Board of Directors, to empower the Supervisors or following Audit Committee, to respect the welfare of the stakeholders, and to improve transparency of information disclosure. It is disclosed annually on annual report and website: http://www.ablerex.com.tw/ch/about_8-2.php .	In compliance with “Corporate Governance Best Practice Principles” Article 1.
2. Shareholding structure & shareholders’ rights				
(1). Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		(1). Ablerex has appointed spokesperson and deputy spokesperson to deal with shareholders’ suggestions, doubts, and disputes. The contact information on web site : http://www.ablerex.com.tw/ch/about_8-7-3.php . Besides that, legal consultant was contracted to provide legal advice.	In compliance with “Corporate Governance Best Practice Principles” Article 13.
(2). Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		(2). Ablerex and the shareholder services agent collect the information of major shareholders and the list of ultimate owners of those shares on the regular basis and report the shares owned by Directors, Supervisors, Managers, and the major shareholders who possess over 10% of Ablerex’s shares.	In compliance with “Corporate Governance Best Practice Principles” Article 19.
(3). Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		(3). The management authorization and obligations are clearly divided between Ablerex and the affiliates. The financial and business relationships within the conglomerate structure follow the regulations and “Business Management Procedures with Specified Stakeholders and Affiliates”. Ablerex also established “Supervision and Management of Subsidiaries” as the management and firewall system.	In compliance with “Corporate Governance Best Practice Principles” Article 14 to Article 17.

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(4). Does the company establish internal rules against insiders trading with undisclosed information?	✓		(4). The Company has formulated the “Procedures for Handling Material Inside Information”, which are disclosed on the corporate governance area of the company's website to establish a good internal major information processing and disclosure mechanism of the Company. Insiders shall not be allowed to buy or sell the company's stocks or other securities of equity nature within 18 hours after the news is unpublished or made public when it is informed that the company has materially affected its stock price. And in order to make insiders follow and refer to, the insider trading of insiders (directors, supervisors, managers, employees etc.), Insider trading, insider equity related laws, regulations, and matters needing attention, etc. are referred to the competent authority's propaganda manual in The company's website is guided by information (path: http://www.ablerex.com.tw/ch/csr_2_1.php).	In compliance with “Corporate Governance Best Practice Principles” Article 10 Paragraph 3.
3. Composition and Responsibilities of the Board of Directors (1). Does the board of directors formulate diversity policies, specific management objectives and implementation?	✓		(1). The "Corporate Governance Best-Practice Principles" of the company clearly stipulates that the board of directors should consider the diversity of membership and should generally possess the knowledge, skills and literacy necessary to perform their duties. And to formulate appropriate diversification policy goals based on its own operation, operation type and development needs. The company currently has setup nine directors, including three employee directors (1/3 of directors' seats) and three independent directors (1/3 of directors' seats). The members have well experience in management, industry knowledge, financial accounting, and environmental protection. With professionalism, it is hoped that in the future, the diversification goal of the board of directors with female directors, law and risk management can be realized. The board of directors formulates diversified policies on membership and exposes them on the company's website http://www.ablerex.com.tw/ch/csr_2_1_5.php in Chinese	In compliance with “Corporate Governance Best Practice Principles” Article 20.

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			language and public information observatories.	
(2). Does the company voluntarily establish other functional committees besides the Remuneration Committee and the Audit Committee?	✓		(2). Ablrex sets up functional committees in accordance with regulations. With a professional and objective status, the Remuneration Committee evaluates the remuneration policies and systems of the company's directors, supervisors and managers, and makes recommendations to the board of directors for its decision-making reference. An audit committee was established on 2020.6.19. The SEC Act, the Company Act, and other laws stipulated that the supervisor should exercise the powers, except for the powers of Article 14-4, Paragraph 4 of the SEC Act. Will disclose the composition, responsibilities and operation of the functional committee in the annual report and company website. (https://www.ablrex.com.tw/ch/csr_2_2.php)	In compliance with “Corporate Governance Best Practice Principles” Article 27, 28 and 28-1.
(3). Does the company establish a standard to measure the performance of the Board, and implement it annually and report the results of the performance evaluation to the board of directors, and use it as a reference for individual directors' salary, remuneration and nominate renewal?	✓		(3). The company formulated the "Self-Evaluation of the Board of Directors" in 2017 to implement corporate governance, give full play to the functions of the board of directors, functional committees and improve the efficiency of board operations. The company shall carry out performance evaluation every year in accordance with the procedures and evaluation indicators of the "Self-Evaluation of the Board of Directors", report the results of the performance evaluation to the board of directors, and take it for reference of individual directors' remuneration and nominate renewal. The company completed the Self-evaluation of the board of directors and Functional Committee in December 2021, and reported the evaluation results and target for continuous strengthening to the board of directors held on January 24, 2022. The evaluation was conducted using an internal questionnaire. Based on the results of the performance evaluation of the board of directors in 2021, the overall operation of the board of directors is excellent and can be used as a reference for	In accordance with “Corporate Governance Best Practice Principles” Article 37.

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			individual directors' compensation, remuneration and nominate renewal. The above disclosure is on the company's website and public information observation station. (Path http://www.ablerex.com.tw/ch/csr_2_1.php)	
(4). Does the company regularly evaluate the independence of CPAs?	✓		(4). The company evaluates the independence and the adequacy of the independent auditors at least once a year. Based on the size and reputation of the accounting firm, it continuously provides the number of years of auditing services, the nature and extent of non-audit services provided, the fee for auditing, peer review, and whether no legal proceedings or cases corrected or investigated by the competent authority, audit service quality, whether there is regular education, and management The indicators such as the interaction of the hierarchy and the internal auditor are requested. The accountant and his firm are required to provide relevant information and declarations. The verification and assessment of the contents of the information conducted by the Administration Office has resulted in the results of the most recent biannual assessment on Jan 20, 2020, and Jan 19, 2021 and Mar 21, 2022. The company's independent CPA has avoided the appointment matters and those who are directly or indirectly interested in the matter, and are not related to the company, the directors and supervisors, and their certification is independent. The company's evaluation results are also disclosed on the company's website and annual report. (Note 2)	In accordance with “Corporate Governance Best Practice Principles” Article 29.
4. Does the company set up a competent and appropriate number of Corporate Governance persons, and designate a Corporate Governance Officer responsible for corporate governance-related matters (including but not limited to providing directors with the information needed to perform business, assisting directors, supervisors to follow Decrees, handling matters related to board and shareholder	✓		(1). The company passed the resolution of the board of directors on August 5, 2019, and appointed Mr. Damon Chao to be the Corporate Governance Officer to strengthen the functions of Corporate Governance and the board of directors. The person has been qualified with he has been in charge of legal affairs and corporate governance for public issue companies for more than five years. (2). The main function of the Corporate Governance Officer is to handle board and shareholder meeting related matters in accordance with the law, assist in preparing records of the board	In compliance with “Corporate Governance Best Practice Principles” Article 3-1.

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meetings in accordance with law, handling company registration and change registration, making minutes of board and shareholder meetings, etc.)			and shareholder meeting, assist directors and supervisors in their appointments and continuing training, provide directors and supervisors with the information needed to perform their business, assist directors, Supervisors to follow laws, etc. (3). The detail information for implementation and training record in 2021 as https://www.ablerex.com.tw/ch/csr_2_7.php (Note.3)	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders includes but not limited shareholders, staffs, customers and suppliers, as well as to handle all the issues they care for in terms of corporate social responsibilities?	✓		The company values the rights and interests of stakeholders, and sets up an area for stakeholders on the company website to disclose the identification and attention of stakeholders to major issues of environmental, social and corporate governance, and the contact channels and communication responses of stakeholders http://www.ablerex.com.tw/ch/csr_3.php) In order to improve the accuracy and timeliness of major information disclosure, spokespersons and deputy spokespersons are set up to speak and communicate on behalf of the company. (https://www.ablerex.com.tw/ch/about_8-7-3.php)	In compliance with "Corporate Governance Best Practice Principles" Article 51 - 52.
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company designates Fubon Securities Corporation Limited to deal with shareholder affairs.	In compliance with "Corporate Governance Best Practice Principles" Article 7 Paragraph 1.
7. Information Disclosure (1). Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		(1). The company's website is http://www.ablerex.com.tw/ch/index.php . It regularly and irregularly exposes the company's financial, corporate social responsibility and business information on the website and introduces the company on the website. Operational status, including products, technical data and certifications, and company profile. You can also query the company's related financial and business-related information through the "public information observation station "Market Observation Post System (MOPS).	In compliance with "Corporate Governance Best Practice Principles" Article 57.
(2). Does the company have other information disclosure channels (e.g. building an English website, appointing	✓		(2). The company has a special person responsible for the disclosure of major information and implements the spokesperson system in accordance with regulations. Stakeholders who invest in the	In compliance with "Corporate Governance Best Practice Principles"

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<p>designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?</p> <p>(3). Does the company announce and report the annual financial report within two months after the end of the fiscal year, and announce and report the first, second and third quarter financial reports and operating conditions of each month as early as possible before the deadline?</p>			<p>public can query the company's relevant financial and business information through the Chinese and English versions of the company's Chinese and English websites or public information observation stations.</p> <p>(3). Although the company did not announce and report the annual financial report within two months after the end of the fiscal year, they all announced and reported the first, second, and third quarter financial reports and the operating conditions of each month within the prescribed period, which is in compliance with the regulations. In addition to the provisions of the decree, will try our best to reduce the operation time and achieve the goals of advance announcement and declaration.</p>	<p>Article 55 to Article 58.</p> <p>In compliance with Article 55, Paragraph 1 of the "Code of Practice for Corporate Governance of TWSE/TPEX".</p>
<p>8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?</p>	✓		<p>(1). Status of employee rights: AblereX has been always honest and trust to employees, and their legal rights are all protected under the Labor Standards Act.</p> <p>(2). Employee wellness: AblereX has established the Employees' Welfare Committee, implemented pension fund and group insurance for employees, and held regular health examination. AblereX also encourages employees to attain all kinds of training and conferences.</p> <p>(3). Investor Relationships: AblereX disclosed information according to the regulations to protect the rights of investors as the responsibilities to shareholders.</p> <p>(4). Supplier Relationships: AblereX has always communicated well with the suppliers.</p> <p>(5). Rights of stakeholders: AblereX set communication channels for stakeholders to make suggestions as protecting the legal right of the stakeholders.</p> <p>(6). Directors' and Supervisors' training records: The Directors and Supervisors all possess of professional background knowledge and also attaining training sessions. Note 4 is the Directors' and supervisors' training records recently.</p> <p>(7). Managers' and Auditors' training records: Note 5.</p> <p>(8). The implementation of risk management policies and risk</p>	<p>In compliance with “Corporate Governance Best Practice Principles” Article 51 to 54 and Article 59.</p>

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			<p>evaluation measures: The company formulates internal control systems and internal regulations in accordance with relevant laws and regulations and conducts various risk management implementation and evaluation reviews. In response to advancing with the times, conducting risk assessment and analysis based on stakeholders' concerns about major environmental, social and corporate governance issues and operational risks of the company's industrial characteristics, and establishing risk management policies or corresponding measures. The "Management policies and procedures" has been approved by Board of Directors on Nov 9, 2020, and it has been disclosed on the company website. (Note 6)</p> <p>(9). The implementation of customer relations policies: Alerex maintains good and stable relationships with the customers to create the profits.</p> <p>(10). Purchasing insurance for directors and supervisors: The proposal of purchasing insurance for directors and supervisors has been discussed and been unanimously approved on the Board meeting of 2021.5.10. The insurance for directors and supervisors was purchased as Note 7.</p> <p>(11) The company has established a Cyber security risk management framework, Cyber security policies and specific management plans to continuously conduct and evaluate it, and report the annual Cyber security risk management situation at the 2021.11.8 board of directors, and disclose it on the company's website and annual report. (Note 8)</p>	
<p>9. Please indicate the improvement of the results of the corporate governance evaluation issued by the Corporate Governance Center in the last year of the Taiwan Stock Exchange Co., Ltd. and provide priority measures and measures for those who have not yet improved.</p> <p>(1). The efforts of Alerex in Corporate Governance have been ranked as TOP 5% company from 2015 to 2018, 6-20% in 2019, Top 5% in 2020 and 6-20% in 2021 of Corporate Governance Evaluation Results in Taiwan.</p> <p>(2). In order to strengthen corporate governance and improve corporate risk control, the company has formulated a "risk management policy and procedure" and passed the 2020.11.9 board of directors, and disclosed the relevant risk management scope, organizational structure and operation status on the company's website.</p> <p>(3). The company strengthened the supervisory function of the board of directors, established an intellectual property management system based on the</p>				

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<p>management cycle of PDCA and reported to the board of directors on the operation of the intellectual property management plan in 2021.11.8 and disclosed it on the company's website.</p> <p>(4). The organization and operation of the company's internal audit are disclosed on the company's website. It is stipulated that the appointment and removal of the internal audit supervisor shall be approved by the board of directors, and the appointment and removal of internal auditors, evaluation, and salary and remuneration should be reported to the board of directors, or the audit supervisor shall be signed by the chairman for approval.</p> <p>(5). The company's board of directors and functional committees' performance evaluation methods are approved by the board of directors, and self-evaluation is conducted annually, and the evaluation results are disclosed on the company's website or annual report.</p> <p>(6). The company formulates energy saving and carbon reduction, greenhouse gas reduction, water reduction or other waste management policies, and evaluates the potential risks and opportunities of climate change to the company now and in the future and takes measures to respond to climate-related issues, and the estimated results are disclosed on the company website.</p>				