

Status of Corporate Governance and Deviations from

Evaluation Item	Abstract Explanation
1. Does the Company establish and disclose its best practice principles of Corporate Governance based on the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	The Company's Corporate Governance Best Practice Principles was established basing on the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" by the Taiwan Stock Exchange and first approved by the Board of Directors at the board meeting held in March 25, 2015. Recently, in April 18, 2023, amendments on partial articles were approved by the Board. The information was disclosed on MOPS and also available to investors on the Company's official website. The Company's corporate governance is established in compliance with the regulations and Articles of Incorporation and at the same time to enable the protection of investors' rights, strengthening the supervising functions of the Board of Directors, respects to stakeholders and enhancing the transparency of information.
2. Shareholding structure & shareholders' rights	
(1) Does the Company have internal operating procedure for handling shareholders' suggestions, concerns, disputes and litigation matters and implement based on the procedure?	(1) The Company's Corporate Governance Best Practice Principles specifies internal control procedures for handling shareholders' suggestions, concerns, and disputes and establishes a spokesperson and deputy spokesperson system as well as a contact window for investor relations. The Company also has a Board Secretariat that fully supports together with the shareholder service agent "Capital Securities Corporation" to handle shareholders' suggestions, concerns, disputes and litigation matters. Shareholders attending the Board of Directors' meeting are all given appropriate time to speak and discuss motions. The Company accepts any undisputed and feasible suggestions and makes improvements accordingly. However, for suggestions with disputes are to be resolved by voting in accordance with the rules and procedure of shareholders' meetings.
(2) Does the Company possess a list of its major shareholders and ultimate beneficial owners of those shares?	(2) The Board Secretariat and the shareholder service agency "Capital Securities Corporation" will monitor and in control the whole time of the directors, managers and major shareholders holding more than 10% of the shares.
(3) Does the Company establish and execute the risk management and firewall system mechanism within its conglomerate structure?	(3) Basically, asset management, finance and accounting operations of the Company's affiliates are conducted independently. However, the Company has a subsidiary supervisory committee (formed by 2 to 4 directors elected by the Board of Directors, and the President) who is responsible to set up task forces including operation management, sales, finance, information system, risk management, Board secretariat, and investment are formed to regularly monitor the operational activities and potential risks of subsidiaries and affiliated enterprises. The interactions with affiliated enterprises are conducted in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies," "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", and "Rules Governing Financial and Business Between this Corporation and its Affiliated Enterprises" These established regulations ensure the proper handling of transactions between entities, and a risk management and firewall mechanism has been adequately established to prevent potential risks to the company arising from affiliated enterprises.
(4) Does the Company establish and implement internal rules against insiders trading with undisclosed information?	(4) To protect the rights and interests of the shareholders and ensure their equal treatment, the Company amended the "Corporate Governance Best Practice Principles" through the board of directors, which prohibits the directors from trading the company's stocks or other securities with equity nature during the closed period of 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report. In addition, in order to improve the timeliness of important information, correctness and completeness, the "Internal Material Information Process and Procedures for Management of the Prevention of Inside Trading" is also established to reaffirm the above-mentioned regulations and the amendment is approved by the Board of Directors at the 449th meeting on December 14, 2011 which clearly prohibits any insiders from using undisclosed information on trading of securities. Such procedures and regulations are dedicated to a special unit composed of finance,

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	<p>legal and other related personnel, designated by the president, responsible for execution. Also, at least once a quarter, the Company will educate current insiders about the pre and post reporting of changes on insider shareholdings and provide educational materials on procedures and related legal regulations on monthly basis by electronic transmission. In order to provide the Company's employees as well as high-level managers of its affiliates to better understand the above-mentioned relevant documentation promoting the prevention of insiders trading, on May 10th, August 25th, and September 15th, 2023., the Company conducted three seminars introducing principles related to prevention of insiders trading and invited new employees to participate in the event. Subsequently, between October and December of the same year, the Company invited professional and experienced instructors from Deloitte Legal to hold 6 online and physical sessions of training course giving lectures on the topic of ethical management. Contents of the lecture covered material information on principles and regulations for Ethic Code of Conduct; including the United Nations Convention against Corruption, Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and legal responsibilities at workplace as well as sharing of some case studies on violating and prevention of insiders trading. A total of 219 participants from the Company's Group attended this course which reached the rate of achievement of 100% (including new employees). Afterwards, all presentations and lesson materials were kept in internal employee education system so that employees can review and refer to at any time.</p>
<p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Does the Company develop and implement a diversified policy, specific management goals and implementation for the Board members?</p> <p>(2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and Audit Committee?</p> <p>(3) Does the Company establish a standard to measure the perfor-</p>	<p>(1) Structure of the Company's Board takes into the consideration based on the needs of business planning and future development. In accordance with the Company's Articles of Incorporation and practices of business, the Company should determine the number, nationality, background, skills and professional experiences of the directors. The Company's board of directors is composed in diversity with expertise and business management experiences in various industries and also with 2 university professors serving as directors and independent directors.</p> <p>In order to achieve target of Corporate Governance Best Practice Principles, the Board of Directors is responsible to perform the following capabilities:</p> <ol style="list-style-type: none"> 1. Business Operation Judgement 2. Accounting and Financial Analysis 3. Business Management 4. Crisis Management 5. Industry Knowledge 6. International market 7. Leadership 8. Decision Making <p>Please see Attachment Table 1 for implementing the directors' diversity policy.</p> <p>(2) In compliance with the legal regulations, in addition to establishing the remuneration committee and audit committee, the Company also has a "Subsidiary Supervisory Committee" established in accordance with the internal control regulations. The Committee consists of 2 – 4 professional directors selected by the Board of Directors; and the President. A convener is elected by a majority vote and assembles task forces by requisitioning members from various departments and business units. The Committee fulfills its duties of supervision and management by reviewing reports or motions periodically or irregularly submitted by the task forces. Moreover, in order to effectively address and strengthen the increasing attention to the ESG-related and sustainable development, at the 441st Board Meeting held on Dec. 14, 2021, the Board of Directors resolved to set up the "Sustainable Development Committee". For the committee's composition, duties and operation, please refer to "3.4.8 Other Important Information to Facilitate Better Understanding of the Company's Corporate Governance.</p> <p>(3) The Board of Director's Meeting has approved the "Board Performance Evaluation Regula-</p>

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<p>mance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?</p> <p>(4) Does the Company regularly evaluate the independence of CPAs?</p>	<p>tions" on May 9, 2019 and will proceed with the performance evaluation on annual basis accordingly. The 2022 performance evaluation of the Board of Directors has been approved at the Board of Directors' Meeting on March 9, 2023; overall performance is better than 2021. The "Board Performance Evaluation Regulation" includes the following five aspects:</p> <ol style="list-style-type: none"> 1. Participation in the operation of the Company 2. Improvement of the quality of the board of directors' decision making 3. Composition and structure of the board of directors 4. Election and continuing education of the directors 5. Internal control <p>The Result of 2022 Performance Evaluation of the Board of Directors Meeting is as below</p> <ol style="list-style-type: none"> 1. Self-evaluation of the Board of Directors: more than 97 % of the evaluation items in the above mentioned five aspects are evaluated "Excellent" 2. Self-evaluation of the Functional Committee: more than 96% of the evaluation items in the above mentioned five aspects are evaluated "Excellent" <p>Performance evaluation procedures and regulations were fully disclosed on the Market Observation Post System (MOPS) and the Company's website.</p> <p>(4) The Company annually evaluates the independence of the CPAs and the results of the evaluation has been reported at the Audit Committee on March 9, 2023 for approval by the board of directors. According to the evaluation, Chiang-Hsun Chen and Sheng-Tai Liang, the CPAs of Deloitte Taiwan, both met the Company's independent evaluation criteria, and were qualified to be the Company's CPAs. For the evaluation standards of CPAs' independence, please refer to Section 3.5 Information of Certified Public Accountants of this Annual Report.</p>									
<p>4. Does the Company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the Board of Directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?</p>	<p>From July 11th, 2019 to April 18th, 2023, the Company had approved to appoint the Company's President, Ms. Li-Hsin Wang as the chief of corporate governance officer. During the 452th board meeting, the appointment of Assistant Manager Ms. Hsiao-Yun Yu as the successor of Ms. Li-Hsin Wang was approved. This decision aims to keep establishing and supervising the operation of the Company's governance unit responsible to handle matters as below:</p> <ol style="list-style-type: none"> (1) Handling of matters relating to board of directors' meetings and shareholders meetings in compliance with law (2) Preparation of minutes of board of directors' meetings and shareholders meetings' (3) Assistance in onboarding and continuing education of the directors and supervisors (including the independent directors) (4) Provision of information required for performance of duties by the directors and supervisors (including the independent directors) (5) Assistance to the directors and supervisors (including the independent directors) in complying with laws and regulations (6) Reporting to the board on the examination results of the qualifications of independent directors during the nomination, appointment, and tenure periods in compliance with relevant legal regulations (7) Handling matters related to changes in the board of directors. (8) Other matters specified by the articles of incorporation or by contract <p>The execution plan for 2023 is as follows:</p> <table border="1" data-bbox="507 1778 1513 2105"> <thead> <tr> <th data-bbox="507 1778 756 1830">Items</th> <th data-bbox="756 1778 951 1830">Time or Period</th> <th data-bbox="951 1778 1513 1830">Description</th> </tr> </thead> <tbody> <tr> <td data-bbox="507 1830 756 1968">Corporate Governance Evaluation</td> <td data-bbox="756 1830 951 1968">2022-2023</td> <td data-bbox="951 1830 1513 1968">The 9th (2022) annual evaluation announced the result on April 4th, 2023 and the Company has maintained the same level for three years with ranking of 6 - 20% (the second level),</td> </tr> <tr> <td data-bbox="507 1968 756 2105">Full-time corporate governance officer</td> <td data-bbox="756 1968 951 2105">04/18/2023 Completed</td> <td data-bbox="951 1968 1513 2105">At the 452nd board meeting, the Board of Directors approved and appointed Assistant Manager Hsiao-Yun Yu as the chief corporate governance officer.</td> </tr> </tbody> </table>	Items	Time or Period	Description	Corporate Governance Evaluation	2022-2023	The 9 th (2022) annual evaluation announced the result on April 4 th , 2023 and the Company has maintained the same level for three years with ranking of 6 - 20% (the second level),	Full-time corporate governance officer	04/18/2023 Completed	At the 452 nd board meeting, the Board of Directors approved and appointed Assistant Manager Hsiao-Yun Yu as the chief corporate governance officer.
Items	Time or Period	Description								
Corporate Governance Evaluation	2022-2023	The 9 th (2022) annual evaluation announced the result on April 4 th , 2023 and the Company has maintained the same level for three years with ranking of 6 - 20% (the second level),								
Full-time corporate governance officer	04/18/2023 Completed	At the 452 nd board meeting, the Board of Directors approved and appointed Assistant Manager Hsiao-Yun Yu as the chief corporate governance officer.								

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Performance of Sustainable Development Implementation	05/03/2022	Reported work plan and schedule of GHG inventory for CHC Group at the 444 th Board Meeting.	
	11/04/2022	Reported Property Right related issues at the 448 th Board Meeting.	
	12/14/2022	Reported the following status at the 449 th Board Meeting: a. Implementation of Sustainable Development Goals (divided into 4 major categories which include responsible operations, sustainable business management, strengthen communications with stakeholders and participate in social welfare activities b. Conduct GHG inventories c. Cyber Security Risk Management Framework d. Cyber Security implementation	
	05/09/2023	Report on the sustainable development blueprint of the corporate group and the progress of the greenhouse gas inventory execution at the 453 rd board meeting.	
	12/15/2023	Report for the 458 th board meeting: a. Risk assessment report for 2024 b. Execution progress of the sustainable development blueprint Part 1: Stakeholder communication - data, results, development, and the main focus on 2024 Part 2: Progress of important projects - responsible business, sustainable operations, strengthening partner relationships, and promoting social inclusion (four major focus areas) c. Progress of the greenhouse gas inventory d. Implementation of information security e. Intellectual property-related matters In addition, the “Sustainable Development Blueprint for Important Operating Subsidiaries” was approved in this board meeting.	
	Board Performance Evaluation	03/09/2023	The performance evaluation of the Board of Directors and functional committees in 2022 (self-evaluation) showing excellent results. This was reported during the 451 st board meeting.
Shareholders' Meeting	05/30/2023	Addressing registration of the shareholders' meeting date and related matters.	
Directors' Liability Insurance	06/30/2023	In accordance with the legal regulation, directors' liability insurance was carried out and reported at the 454 th Board Meeting.	
Continuing education of the directors	Annual and irregular	The Board Secretariat has commissioned Taiwan Corporate Governance Association to arrange director's seminar courses and forwarded information of relevant courses conducted by various organizations for directors' references in 2023	
Other important matters		Notification of the latest laws and regulations or referral of information on policy advocacy for the directors' reference.	
The training situation of Assistant Manager Hsiao-Yun Yu as the chief corporate governance			

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	officer is as follow:			
	Time	Organizer	Course	Hours
	06/05/2023	Chinese National Association of Industry and Commerce (CNAIC)	Corporate information security governance issues in the board of directors– performance and risk agenda	3
	06/06/2023		Corporate legal compliance and directorial responsibilities	3
	07/12/2023		Global trends in nature and biodiversity, along with their challenges and opportunities	3
	07/18/2023		The emerging use of generative artificial intelligence and responsible innovation	3
	07/21/2023		Origins, prevention, and case sharing of management disputes	3
	10/02/2023		Operations of natural carbon sinks and the functioning of carbon trading, including potential business opportunities	3
	10/11/2023		Corporate governance, enterprise fraud, and in-depth analysis of significant cases	3
	07/26/2023	Taiwan Corporate Governance Association (TCGA)	Global Future Risks and Opportunities for Sustainable Transformation	3
	08/16/2023		Comprehensive Intellectual Property Protection Strategies - Utilizing AI to Assist in the Intellectual Property Layout of Innovative Technologies	3
	09/13/2023		How Boards of Directors Formulate ESG Sustainable Governance Strategies	3
	10/18/2023		Common Legal Issues in Corporate Mergers and Acquisitions Contracts	3
	11/01/2023		Information Security Governance Strategies for Listed Companies from the Perspective of ESG Corporate Sustainable Development	3
	09/04/2023	Financial Supervision Commission (FSC)	The 14th Taipei Corporate Governance Forum	6
	11/22/2023	Securities and Futures Institute (SFI)	Legal Compliance Seminar on Internal Person Stock Transactions for the year 2023	3
	In addition, in order to improve the quality of corporate governance, the Company’s governance director and personnel of the Board Secretariat passed the “Corporate Governance Fundamentals Test” conducted by the Securities and Futures Market Development Foundation.			
5. Does the Company establish a communication channel and designate a website section for its stakeholders (including but not limited to shareholders, employees, customers and suppliers), as well as respond to all issues of stakeholders’ concerns in terms of corporate social responsibilities?	<p>The Company’s website has an "ESG / Sustainable Development Stakeholders” area handled by a dedicated person to provide investors as well as other stakeholders a channel to reflect related issues to maintain their rights and interests.</p> <p>The Company Website is as follows: https://www.chcgroup.com.tw/en/%e9%a6%96%e9%a0%81-en/?lang=en</p>			
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	The Company appoints “Capital Securities Corporation” as the share agent to handle the affairs of the Company’s shareholders' meeting.			

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<p>7. Information Disclosure</p> <p>(1) Does the Company have a corporate website to disclose information regarding business, finance and corporate governance?</p> <p>(2) Does the Company have other information disclosure channels (e.g. English website, designated personnel to handle information collection and disclosure, spokesperson system, webcasting investor conferences, etc.)?</p> <p>(3) Does the Company announce and file annual financial report within two months after the end of the fiscal year, and announce and file the first, second and third quarter financial reports, as well as monthly operating results, before the prescribed time limit?</p>	<p>(1) The Company's financial standings and status of corporate governance are disclosed at both websites of the Taiwan Stock Exchange and the Company website www.chcgroup.com.tw</p> <p>(2) The Company has appointed dedicated personnel to handle information collection and disclosure and implemented a spokesperson system. The materials of the annual investor conference will be posted on MOPS and the Company website: http://www.chcgroup.com.tw Language: select English.</p> <p>(3) Due to improvements and adjustments in the workforce's skills and quality, our company now has the capability to internally prepare financial reports within two months after the end of the fiscal year. We anticipate announcing and filing the financial reports for the previous year by the end of February in 2024. The Company has announced and filed the first, second and third quarter financial reports and information on monthly revenues as early as before the prescribed period.</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 assessments, implementation of customer relations policies, and purchasing insurance for directors and supervisors?)</p>	<p>(1) With regards to employee rights and wellness, the Company compiled a comprehensive employee handbook, ethics regulation and employee benefits. Environmental protection is implemented in accordance with laws.</p> <p>(2) The Company has always paid full attention to its stakeholders' interests; including its suppliers, investors and or other interested parties and provided appropriate protection.</p> <p>(3) Training of director and independent directors / supervisors: In addition to the continuous education which directors and independent directors take on their own, the Company arranges for directors and independent directors attending the courses on IFRS, corporate governance, risk management organized by the China Corporate Governance Association, the Republic of China Securities and Futures Development Foundation, the Republic of China Chamber of Commerce and Industry and the Taiwan Institute of Directors. Training records of directors and independent directors have been disclosed on the Taiwan Stock Exchange Market Observation Post System in accordance with regulations.</p> <p>(4) Implementation of risk management policies and risk measurement standards: ① On December 15, 2020, our company first established the Risk Management Policy in our commitment to continuous improvement and the establishment of a robust risk management system. Revisions to the company's Risk Management Policy and procedures were approved during the board meeting on December 15, 2023. ② Following the risk management system and procedures, and with reference to external expert reports and ESG databases, our company identifies significant risks, conducts risk assessments, formulates corresponding response measures, and establishes monitoring indicators. ③ The risk assessment report for the year 2024 was presented to the Audit Committee and the Board of Directors on December 15, 2023. For further details, please visit our official website. https://www.chcgroup.com.tw/en/%e9%a2%a8%e9%9a%aa%e7%ae%a1%e7%90%86-en/?lang=en</p> <p>(5) Liability insurance coverage for directors and independent directors/supervisors: The Company has purchased liability insurance for directors and managers of the Company effective since June 2012. During their term of office, liabilities of directors and managers shall be insured within the scope of their duties.</p> <p>(6) The Rules of procedure for shareholders meetings are disclosed and information are transparent in accordance with the regulations. All shareholders are invited to participate.</p> <p>(7) Succession planning for members of the Board of Directors and key management personnel,</p>

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	<p>which operates as follows:</p> <p>1. Selection of Board Members</p> <p>The Company operates from the perspective of corporate governance and corporate heritage. The Compensation Committee was established in December 2011 and the Audit Committee was established in June 2012, and the process of optimizing the effectiveness of the Board of Directors has been implemented in a gradual manner.</p> <p>In addition to their professional background and skills, the Board members of the Company should also have expertise in the management planning and business operation of the Company. In order to enhance the professionalism and continuous improvement of the Board members, we consider to select courses that cover finance, risk management, business, commerce, legal affairs, accounting, corporate social responsibility or internal control system, and financial reporting related to the nature of the Company's industry in addition to the professional ability of each Board member, and arrange at least 6 hours of refresher courses per year for each Board member to ensure that they have a substantial degree of industry knowledge and acquire new knowledge.</p> <p>The succession plan of the Chairman of the Board of Directors is a continuation of the previous model of nurturing key personnel in the corporate group by assigning reserve personnel to train overseas (e.g., to participate in important projects such as the construction of cement plants).</p> <p>The Company also plans to expand the participation of senior managers in the Group's operations through job rotations and assignments, in order to develop the ability to formulate strategies and macroscopic vision, and to familiarize them with the operations of the Board of Directors. In the midst of the corporate group's transformation, the Company has also assigned executives and reserve talents at various levels to execute overseas new business preparation projects to cultivate their cross-disciplinary functions.</p> <p>2. Key Management Levels</p> <p>The Company attaches importance to the development of human resources at all levels and has established a management succession plan.</p> <p>Our management succession plan (including the development of talent reserves) is based on cross-company "unit rotation/experiential learning" and "project assignment" within the corporate group to strengthen the functions of operational decision-making thinking and development of strategic partnerships.</p> <p>The duration of the program for each key position is divided into three categories: one (inclusive) to three years, three (inclusive) to five years, and five (inclusive) years or more, and personal development plans are promoted according to the nature of their duties, through which trainees are able to integrate and utilize various resources to develop their abilities in line with the management philosophy. At the same time, the Human Resources Division will plan courses to strengthen management functions in order to prepare talents at all levels to assume important management positions in the future. The courses include but are not limited to supervisory roles and team building, goal management and annual planning, efficient communication and teamwork, performance interview and employee motivation, effective communication, teamwork and sensitivity training etc.</p>

Note: State a brief description in the Abstract Explanation column regardless whether yes or no is selected.

Table 1: Diversified Capabilities of the Directors

Title	Name	Nationality	Gender	Seniority as the Director of the Company	Diversified Capabilities							
					Accounting, Finance and Legal Affairs	Risk Management	Business Management	Global Marketing	Investment and M&A	Hospitality Services	Information Technology	Sustainability Management
Chairman	Jason K. L. Chang	ROC	M	23 years	V	V	V	V	V	V	V	V

Title	Name	Nationality	Gender	Seniority as the Director of the Company	Diversified Capabilities							
					Accounting, Finance and Legal Affairs	Risk Management	Business Management	Global Marketing	Investment and M&A	Hospitality Services	Information Technology	Sustainability Management
Director	Chi-Te Chen	ROC	M	36 years	V	V	V	V	V			V
	Pan Howard Wei-Hao	USA	M	11 years	V	V	V	V	V		V	V
	I-Cheng Liu	ROC	M	4 years	V	V	V	V	V		V	V
Independent Director	Robert K. Su	ROC	M	8 years	V	V	V	V	V			V
	Pao-Chu Lin	ROC	F	2 years	V	V	V	V	V			V
	Kevin Kuo-I Chen	ROC	M	2 years	V	V	V	V				V