

## Corporate Governance Operating Status

Evaluation Item	Operation Status			Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Summary Statement	
1.Does the Company establish and disclose the Corporate Governance Practice Principals in accordance with the Corporate Governance Best Practice Principles for the TWSE/GTSM Listed Companies?	V		In the 10 <sup>th</sup> meeting of the 10 <sup>th</sup> term board of directors, the establishment of the Corporate Governance Practice Principals was decided on Jul. 24, 2006, which had been modified in accordance with the regulations and real practice in these years. The latest revision was made in the 14 <sup>th</sup> meeting of the 15 <sup>th</sup> term board of directors on Aug. 3, 2022 and was published in the Market Observatory Post System (MOPS) and CTCL's website.	None.
2.Ownership structure and shareholder's equity (1)Does the Company set up the internal standard operation procedure to handle issues such as shareholder's advices, questions, disputes and accusations for implementation accordingly?	V		(1) The Company has set up spokesman as the liaison channel to handle issues like the shareholders' advices or disputes.	None.
(2)Does the Company have control over the major shareholders, who control the Company and have the name list of the major shareholders who have the ultimate control over the Company?	V		(2)The Company has been submitting monthly report to the Market Observatory Post System, assigned by the Securities and Futures Bureau about the change of the shareholding of the insiders (directors, managers and shareholders who have more than 10% of the total shares) in accordance with the 25 <sup>th</sup> article of the Securities and Exchange Act.	None.



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(3) Does the Company set up and implement the risk control and firewall mechanism with the subsidiaries and affiliates?	V		(3) In addition to establishing the “Supervision and Management of Subsidiaries” based on the “Regulations Governing Establishment of Internal Control System by Public Companies” set by the Financial Supervisory Committee, the Company also stipulated the internal basic principles for cooperation of CTCI Group like “Group Authorization Regulations”, “Group Project Cooperation Regulations”, etc., which are inspected by departments like the Audit Department and Quality Management Department to ensure the thorough implementation of the system and good mechanism of the risk-control for the subsidiaries and affiliates.	None.
(4) Does the Company stipulate internal regulation, prohibiting the insiders of the Company to make use of the unpublished information for the trading of securities?	V		(4) The Company has set up the “Measures to Prevent Insider Trading” and “CTCI Group Code of Ethics Conduct”, prohibiting use of the unpublished information for the trading of securities.	None.
3. Composition and Responsibilities of Board of Directors (1) Is there establishment of the diversity policy, specific management goals and thorough implementation about the composition of board of directors?	V		(1) A. The diversity policy of the board of directors, specific management goals and executive implementation, please refer to 2.1.1 Board \ B. The diversity and independence of the Board of Directors \ (1) Diversity. B. The implementation about diversity policy of Board members has disclosed on the Company website ( <a href="https://www.ctci.com">https://www.ctci.com</a> ) and the Market Observation Post System.	None.

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(2) In addition to the establishment of the Remuneration Committee and Audit Committee, does the Company have other functional committees?	V		<p>(2) In addition to the establishment of the Remuneration Committee and Audit Committee regulated by law, the Company newly established the ESG Committee in 2020 (renamed “ESG &amp; Net Zero Committee on December 15, 2021). The major jobs of ESG &amp; Net Zero Committee include Formulating the sustainability &amp; net zero policy; setting sustainability governance, ethical management, environmental and social aspect, strategies, and execution plans; reviewing, tracking, and modifying progress and results of sustainability &amp; net zero emissions activities, reporting regularly to the board of directors; following issues of interest to stakeholders and overseeing communications programs, etc.</p> <p>The committee is composed of 1 independent director and 2 directors and has held 2 meeting during the most recent fiscal year and current fiscal year up to the date of publication of the annual report.</p> <p>Moreover, the Company established the Nominating Committee on Dec. 13, 2016. The 4<sup>th</sup> term Nominating Committee is composed of 3 independent directors and 1 director, whose major jobs include the programming of the composition of board of directors/ functional committees, the qualification assessment of the directors, the programming of the succession of the managing echelon, conducting performance evaluation of the board of directors, etc. The meeting was held 3 times during the most recent fiscal year and current fiscal year up to the date of publication of the annual report.</p>	None.



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(3) Is there performance appraisal of the board of directors, which is carried out annually, the performance evaluation results shall be reported to the board of directors and shall base its determination of an individual director's remuneration and nomination?	V		<p>(3) The Company has set up the “Regulations Governing the board Performance Evaluation” by the resolution of the Boards on Dec. 13, 2016 which has been revised successively according to law or actual situations. According to the revised version by the resolution of 11<sup>th</sup> meeting of the 14<sup>th</sup> term of the Boards on Nov. 2, 2018, the board performance evaluation shall be conducted by an external independent professional institution or a panel of external experts and scholars at least once every three years. The latest version is revised by the resolution of the 4<sup>th</sup> meeting of the 16<sup>th</sup> term of the Boards on Dec. 15, 2023. According to the latest regulation, the board of directors of the Company shall perform the performance evaluation of the internal board of directors each year according to the evaluation procedures and the evaluation indexes of the regulations. The results of the internal and external performance evaluation of the board of directors should be completed before the end of the first quarter of the following year.</p> <p>The Company considers the Company's situation and needs to determine the performance evaluation of the board of directors, including the following aspects:</p> <ul style="list-style-type: none"> <li>a. Participation in the operation of the Company;</li> <li>b. Improvement of the quality of the board of directors' decision making;</li> <li>c. Composition and structure of the board of directors;</li> <li>d. Election and continuing education of the directors;</li> <li>e. Internal control;</li> </ul>	None.

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			<p>f. Participation in ESG of sustainable management; and</p> <p>g. Others.</p> <p>The criteria for performance evaluation of Board members include the following aspects:</p> <p>a. Alignment of the goals and missions of the Company;</p> <p>b. Awareness of the duties of a director;</p> <p>c. Participation in the operation of the Company;</p> <p>d. Management of internal relationship and communication;</p> <p>e. The director's professionalism and continuing education;</p> <p>f. Internal control; and</p> <p>g. Others.</p> <p>The criteria for evaluating the performance of functional committees include the following five aspects:</p> <p>a. Participation in the operation of the Company;</p> <p>b. Awareness of the duties of the functional committee;</p> <p>c. Improvement of quality of decisions made by the functional committee;</p> <p>d. Makeup of the functional committee and election of its members;</p> <p>e. Internal control; and</p> <p>f. Others.</p> <p>The 2024 board performance evaluation is carried out by the Secretariat of the Board (STB) in early 2025. STB collect related information about activities of the Board of Directors and distribute “the Questionnaire of</p>	



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			<p>Self-Evaluation of Performance of the Board” to Board members for self-evaluation. The evaluation period is from Jan. 1 to Dec. 31, 2024, the evaluation scope includes whole board of directors, individual board members, and 4 functional committees: Audit Committee, Remuneration Committee, Nominating Committee and ESG &amp; Net Zero Committee. When nominating members of the board of directors, the Company will base its election on the evaluation results of individual Board member. The result has been reported to the 4<sup>th</sup> meeting of the 4<sup>th</sup> term Nominating Committee and the 10<sup>th</sup> meeting of the 16<sup>th</sup> term Board of Directors on Feb. 27, 2025. The operation of CTCI’s Board of Directors is evaluated well base on the result of the 2024 board performance evaluation.</p> <p>The Company had commissioned the 2024 external board performance evaluation by KPMG Advisory Services Co., Ltd(“KPMG”). The evaluation period is from Jun. 1<sup>st</sup> 2023 to May 31<sup>st</sup> 2024 and report to the 3<sup>rd</sup> meeting of the 4<sup>th</sup> term Nominating Committee and the 9<sup>th</sup> meeting of the 16<sup>th</sup> term Board of directors on Dec.13, 2024. After evaluation, KPMG believes that the Board of the Company has formulated relevant policies and procedures in accordance with relevant laws and domestic corporate governance indicators. The board of the Company is composed of directors with relevant expertise and capabilities, and appropriate work is allocated based on their experience to effectively operate the relevant functions of the Board of Directors and functional committees. The overall evaluation results are excellent. The report result has been disclosed on official website.</p>	

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(4)Is there regular assessment of the independence of the certified public accountant every year?	V		<p>(4) To fulfill Corporate Governance, the Company has established “Evaluation of engaged Certified Public Accountant Regulation” in the 11<sup>th</sup> meeting of the 12<sup>th</sup> term board of director on Dec. 20, 2012. According to this regulation, and also refer to Audit Quality Indicators(AQI), the Company exams and evaluates CPA’s independence and competency annually, and submit a report to the Audit Committee and Board meeting. The report was acknowledged by the 9<sup>th</sup> meeting of the 4<sup>th</sup> term Audit Committee on Feb. 27, 2025 and the 10<sup>th</sup> meeting of the 16<sup>th</sup> term Board of Directors on Feb. 27, 2025, the evaluation items please refer to the 【Note 1】 .</p> <p>After assessed, CPAs Fu-Ming, Liao and Chin-Chang Chen from PricewaterhouseCoopers were qualified. Both CPAs do not have any direct or indirect interest relationship with either Board of Directors or the Company, and believed to have more than sufficient capabilities on auditing, taxation and time cost efficiency.</p>	None.
4.Does the Company set up an adequate number of personnel with appropriate qualifications and appoint a chief corporate governance officer who are responsible for matters related corporate governance? (including but not limited to providing the business-required information to the directors and supervisor,	V		<p>The corporate governance of the Company is taken charge by 3 full-time colleagues of Secretariat of the Board (STB). On Dec. 20, 2022, Mr. Vincent Liu is appointed as the chief corporation governance officer. He has been in a managerial position for at least three years in a public company handling legal affairs.</p> <p>The chief corporate governance officer is the chief for matters related to corporate governance. His major job includes as following: Handling matters relating to board meetings and shareholders’ meetings according to laws; Producing minutes of board meetings and shareholders’</p>	None.



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furnishing information required for business execution by directors and supervisors, handling the matters related to the meetings of the Board and the shareholders' meeting and producing the minutes of the Board and the shareholders' meeting)			<p>meetings; Assisting in onboarding and continuous development of directors; Furnishing information required for business execution by directors; Assisting directors with legal compliance; Report to the board of directors on the results of the qualifications of independent directors comply with relevant laws and regulations at the time of nomination, election and during their term of office; Handling matters relating to changes in directors.</p> <p>The business developments in 2024 are as following:</p> <p>A. Handling matters relating to board meetings and shareholders' meetings according to laws, producing minutes of board meetings and shareholders' meetings and assisting directors with legal compliance.</p> <p>(a) Draw up the meeting schedule for functional committees' meetings and Board meetings; consolidate proposals from related divisions and provide the notice, agenda and related information to each director no later than 7 days prior to the scheduled meeting date; convene the said meetings and provide meeting materials; remind directors who have conflicts of interest of recusing themselves; and complete meeting minutes within 20 days after the functional committees' meetings and board meetings.</p> <p>(b) Draw up and have prior booking for the date of Shareholders' meeting; process the stock affairs; prepare meeting notice, handbook, annual report and minutes within statutory period; and report to MOPS and apply the certificate from Ministry of Economic Affairs after shareholders' meeting.</p>	



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			<p>(c) Ensuring directors’ affair and the process of board resolution are in compliance with regulations.</p> <p>(d) Inspecting material information about major resolutions of Shareholders’ meeting and the board of the directors; making sure lawfulness and correctness in order to have information asymmetry with investors.</p> <p>B. Assist directors to carry out their duties, provide related information in need and arrange training program for them.</p> <p>(a) Plan the 3 hours of on-site course and AI rist course for directors of CTCI group’s listed company in May, August and November respectively and assist new Director join public training course. Moreover, the Group plans the training course for the directors, supervisors and management officers of the non-public company on an irregular basis.</p> <p>(b) The Company held “Case Analysis of Securities Market Operation Rights in the Recent Year” for Group’s Directors, Supervisors and management officers on Dec. 25, 2024. This is helpful about realizing the importance of management right and fulfilling corporate governance.</p> <p>(c) Inform the related information of laws or announcements to insiders on irregular basis.</p> <p>C. Renew the Directors’ and Officers’ Liability Insurance in September, and report the insured amount, coverage, premium rate, and other major contents of the liability insurance at the board meeting in November.</p>	



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			<p>D. Prepare the Self-evaluation of Corporate Governance Evaluation and assist related divisions to follow up Corporate Governance Evaluation Indicators and related regulations by the Competent Authority published.</p> <p>E. Report to the nomination committee and board of directors on the results of the qualifications of independent directors comply with relevant laws and regulations at the time of nomination, election and during their term of office in March.</p> <p>F. The training program of the chief corporate governance officer from these years to the report printed date is as 【Note 2】 .</p>	
5.Does the Company establish communication channel for stakeholders which including but not limited to shareholders, employees, customers and suppliers, set up a dedicated section in its corporate website for stakeholders, and properly respond to CSR-related issues concerned by stakeholders?	V		<p>The Company establishes "Sustainable Management" and "Investor Relations" sections in its corporate website to explain to stakeholders the conducts for fulfilling sustainability development &amp; net zero emission may be contacted via its corporate website when needed.</p> <p>According to the GRI Standards and the AA 1000 Stakeholder Engagement Standard (SES), CTCI follows the four principles of identification, analysis, confirmation and impact to develop a materiality analysis framework, and identifies the material sustainable issues of CTCI, and incorporate relevant standards such as SASB, TCFD and TNFD for disclosure.</p> <p>The Company will give proper feedback to any reasonable concerns raised by the stakeholders.</p>	None.
6.Does the Company entrust the professional stock affair agency for the shareholder affairs?	V		The Company has entrusted the department of the stock affair agency of the KGI Securities Co. Ltd. to assist the Company in the stock affairs.	None.

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7.Information Disclosure				
(1)Does the Company set up a website to disclose information regarding the Company’s finance, business and corporate governance status?	V		<p>(1)</p> <p>A. The Company has set up a Chinese/English website (<a href="https://www.ctci.com">https://www.ctci.com</a>) to disclose information regarding the Company’s finance and business status and update information regularly.</p> <p>B. The Company has disclosed information regarding the organization and function of Internal Audit Dept., “Rules Governing Procedure for Making of Endorsements or Guarantees”, “Rules Governing Acquisition and Disposal of Assets” and “Rules Governing Procedure for Loaning of Funds” on the Company website.</p>	None.
(2)Is there any other information disclosure channels (e.g., maintaining an English-language website, appointing responsible people to handle information collection and disclosure, appointing spokespersons, webcasting investors conference)?	V		<p>(2)</p> <p>A. The Company has set up a Chinese/English website and has appointed Brand Management Dept. to handle information collection and disclosure.</p> <p>B. The Company has appointed the President as the spokesperson, the Head of Executive Management Office as deputy spokesperson and they are responsible for speaking to the public. The Company will hold investors conference presentation according to practical needs.</p> <p>C. The audio-visual record of investor conference has been posted on the Company website. The Company has disclosed finance and business information revealed in inventor conference on the Company website and the Market Observation Post System pursuant to regulations of Taiwan Stock Exchange.</p>	None.



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(3) Does the Company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	V		(3) The Company announces annual financial statements, Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit.	None.
8. Is there other important information, which helps to understand the governance and operation of the Company, which includes but not limited to the rights and interest of the staff, cares for the employees, investor relations, relation with the suppliers, rights of the stakeholders, trainings received by the directors and supervisors, the implementation of the risk management policy and risk assessment criteria, the liability insurance policies taken out for the directors and supervisors, etc.?	V		Please refer to the 【Note 3】.	None.

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9. According to the last Corporate Governance Evaluation by TWSE, please indicate the situation has been improved and the priority and measures for the non-improved ones.	√		<p>Improved items:</p> <p>1. The ESG report has been submitted to the Board for approval.</p> <p>2. The shareholders' meeting has been held by hybrid meeting (physical meeting with online system).</p> <p>3. The Company has implemented the Taiwan Intellectual Property Management System (Tips) and has been verified by neutral third party.</p>	None.

【Note 1】 Assessment of the CPA's independence and competency

No.	Audit Quality Indicators(AQI)	Meet the indicators
1	Audit Quality Indicator dimension (1) Profession	Yes
2	Audit Quality Indicator dimension (2) Quality Control	Yes
3	Audit Quality Indicator dimension (3) Independence	Yes
4	Audit Quality Indicator dimension (4) Monitoring	Yes
5	Audit Quality Indicator dimension (5) Innovation	Yes

No.	Evaluation Item	Qualify for independence	Remarks
1	The engaged auditors should not accept the engagement when they may have involved in any direct or material indirect interests which may impair their impartiality and independence.	Yes	
2	An audit or review of financial statements delivers high or medium (but not absolute) assurance to potential users of financial statements. In addition to the maintenance of independence in appearance, the maintenance of independence in mind is more important for an independent auditor. Therefore, the members of audit engagement team, the partners of the accounting firm, and accounting firm and its affiliates must be independent to us.	Yes	



No.	Evaluation Item	Qualify for Independence	Remarks
3	If the engaged auditor fulfills any of the below requirements: (1) Integrity: an independent auditor shall be straightforward and honest during his/her provision of professional services. (2) Objectivity: During his/her provision of professional services, an independent auditor shall be objective and avoid any conflict of interests to override his/her independence. (3) Independence: an independent auditor shall have independence in mind and in appearance on an audit or review of financial statements.	Yes	
4	Independence is related to the integrity and objectivity. During the engagement, if an independent auditor isn't in the lack/impairment of independence and thus affects his/her integrity and objectivity.	Yes	
5	If the independence of an auditor isn't impaired by self-interest, self-review advocacy, familiarity, and intimidation.	Yes	
6	Self-interest could impair an auditor's independence. Self-interest means acquiring a financial interest in an audit client (i.e. CTCI Corporation) or having another conflict of interests created by other interests or relationships with us. If our engaged independent auditor isn't in any of the below situations: (1) Having a direct or material indirect financial interest from us. (2) Having financing or guarantee relationship with us or our directors. (3) Concerned about the possibility of losing CTCI Corporation as a client. (4) Having a significant and close business relationship with us. (5) Entering into a potential employment negotiations with us. (6) Entering into a contingent fee arrangement relating to our audit engagement.	Yes	
7	Independence influenced by self-review means an independent auditor uses a report or judgment resulting from a non-audit service as an important factor to conclude the result in an audit or review of financial information, or a member of the audit engagement team is our former director, or is in our key position with significant influence over the subject matter of the audit engagement. If the engaged auditor isn't in any of the below situations: (1) A member of the audit engagement team is/was our director, supervisor, manager, or employed by us in a position with significant influence over the subject matter of the audit engagement within last two years. (2) The accounting firm of the audit engagement team provides us non-audit services which would directly affect a material item of the audit engagement.	Yes	
8	Independence influenced by advocacy means that a member of the audit team acting as an advocate of our position so the objectivity of the independent auditor could be challenged. If the engaged auditor isn't in any of the below situations: (1) Promoting or brokering shares or other securities issued by us. (2) Acting as an advocate on behalf of us in litigation or disputes with third parties.	Yes	

No.	Evaluation Item	Qualify for Independence	Remarks
9	<p>The effects of familiarity to independence means a close relationship with our directors, supervisors, and/or managers will cause an independent auditor to excessively concern or sympathize about our interest. If the engaged auditor isn't in any of the below situations:</p> <p>(1) Having a family relationship with our directors, supervisors, managers, or employees in a position with significant influence over the subject matter of the audit engagement.</p> <p>(2) A former partner, who was disassociated with the engaged accounting firm within a year, joins us as a director, supervisor, manager, or employee in a key position with significant influence over the subject matter of the audit engagement.</p> <p>(3) Accepting gifts or preferential treatment from our directors, managers, or us.</p>	Yes	
10	<p>Independence influenced by intimidation means an independent auditor is deterred from being objective due to actual or perceived pressures, including the attempts to exercise undue influences. If engaged auditor isn't in any of the below situations:</p> <p>(1) Requesting an independent auditor to agree with our inappropriate accounting treatments and disclosures.</p> <p>(2) Compelling an independent auditor to reduce the extent of work performed in order to lower the audit fee.</p>	Yes	
11	An accounting firm and the members of the audit team have a responsibility to maintain independence. When maintaining independence, it should be considered whether the content of the work performed has an impact on independence, and measures should be taken to eliminate the aforementioned impact or reduce it to an acceptable level.	Yes	
12	If the impact on independence is determined to be material, the Company, accounting firm, and members of the audit team should adopt appropriate measures to eliminate the effect or reduce it to an acceptable level, and record their conclusion.		Matters independent of any influence
13	If the Company, accounting firm, and members of the audit team have not taken any measures, or if the measures adopted cannot effectively eliminate the impact on independence or reduce it to an acceptable level, the auditor should be changed to maintain their independence.		Matters independent of any influence

**【Note 2】** Training program of Corporate Governance Officer

Name	Date	Sponsoring Organization	Course	Hours
Vincent Liu	2024/03/12	Taiwan Corporate Governance Association	International Trends and Experience Sharing in Corporate Integrity Management and Management Officers' Accountability Systems	3.0
	2024/05/03	Independent Director Association Taiwan	World Economic Trends, Risk Indicators and Response Strategies in 2024	3.0
	2024/05/17	Taiwan Corporate Governance Association	Oversight Strategy of the Board of Directors' Cyber Security Governance	3.0
	2024/08/02	Independent Director Association Taiwan	The Application and Challenges of Generative AI by ChatGPT Views	3.0
	2024/08/23	Taiwan Corporate Governance Association	The Prevention of Labor Dispute and Corporate Governance	3.0
	2025/01/09	Taiwan Corporate Governance Association	Everything is connected, everything is hackable - IoT information security starts from you and me	3.0

**【Note 3】**

1. The system about employee rights and interests and the care for the employees adopted by the Company is implemented in accordance with the related regulations and specified clearly in the working regulations of the employee manual, which include the gender equality at work, sexual harassment prevention and treatment, the compensation and pension for the disaster, injury and disease, subsidy principals the for weddings /funerals, etc. The labor management meeting is held as well to communicate with each other for issues concerned by the labor regularly each quarter. There are other measurements like the mail box for the employee opinion and special line against the sexual harassment to give trust to the employees thoroughly and to carry out the self- governance of the employee.
2. The first principle for the sound corporate administration is to protect the shareholder rights and interests and to treat all shareholders fairly. To encourage the investors to participate in the corporate governance and to implement the shareholder activism, the Company has not only published the minutes of the shareholder meeting on the Taiwan Stock Exchange and the Company's website, but also takes the initiative to release matrial information in a timely manner when events that have a significant impact on shareholders' rights and interests occur in the Company; Moreover, the Company holds the investor conference regularly and uploads the video of the conference to the Taiwan Stock Exchange and the Company's website to enhance investors' understanding of the Company's status and further implement the protection of shareholders' rights and interests accordingly. All public information is



released simultaneously in Chinese and English, in order to ensure the fairness of the information disclosure and take into account the rights and interests of domestic and foreign investors.

3. The Company offers the relevant laws and regulations requiring attention and seminar information for further study to directors and make presentation about the business regularly in the meeting of board of directors. (For detailed information, please refer to 2.3.7 - The important information concerning the corporate governance and operation.)
4. All directors will attend the meeting of board of directors except for special situation and their attendance of the meeting will be reported in the Market Observatory Post System.
5. The Directors of the Company will recuse themselves to avoid conflicts of interests in the Board Meeting.
6. The Company purchased D&O insurance for its directors and supervisors.
7. CTCI has always been committed to sustainable business development, and we expect suppliers to share these values. Therefore, we have established the CTCI Vendor Code of Conduct. We not only require all vendors (including new suppliers) to follow the aforementioned Code, but also encourage our suppliers to ask their own suppliers to follow the same standards. We look forward to enhancing the sustainable development of the overall value chain through these successive influence. We strictly conduct supplier management. Only those qualified and registered in the CTCI Group PSSCM(Project Service Supply Chain Management) System have the chance for quote and to be contracted for plant construction. Issues regarding the scope of the integration work, the work regulation, the project schedule, the quality inspection, QHSE Management, supplier ESG assessment criteria that touch on employees' working conditions, human rights, and societal impacts are well- explained to the contractors during the inquiry and quote for them to understand completely the content of work, responsibilities and obligations in the contract. The total amount of the contract, the payment term, the responsibilities, obligations and penalties for the mutual parties are specified in the contract as base for the implementation of the contract of the corporative contractor. Upon the delivered equipment, materials or services, project team will evaluate vendor performance, including quality, HSE and schedule. The performance evaluation will be referred to future vendor selection for inquiry. In case of any inappropriate-issue caused by vendor during on-going contraction, project team also could propose the request to negotiate with the vendor by official hierarchy. With the sound finance of the Company, all contractors get paid in due course and according to the payment term. Besides, the function to check the payment is established for the contractors to know the review procedure of the invoice. The Company treats all contracted contractors fairly and honestly and negotiates with them for cooperation, mutual harmony and prosperity.

8. “Implementation of risk management policies and risk measuring criteria”

Risk management policies:

Declarations: CTCI Corporation has established a sound risk management and control system to systematically respond, treat and control various risks, and continue to review and revise the risk management mechanism to improve the effectiveness of risk management and control so as to achieve the goal of continuous and stable growth and sustainable operation.

Descriptions: Through constructing proper risk management procedure, the risk management of the Company will integrate into the daily operating activities to manage the operating risks effectively. For this purpose, the Company will:

- Establish enterprise risk management system consistent with company strategy;
- Define the roles and responsibilities of all employees in enterprise risk management, and communicate with all employees;
- Prepare systematized enterprise risk assessment method to ensure that risks significantly affecting the Company can be identified effectively;
- Ensure that information related to enterprise risk can be passed through explicit and effective channel;
- Integrate enterprise risk management mechanism into daily operating activities.

Enterprise risk management is a continuous activity; all employees of the Company are responsible for understanding and carrying out risk management system of the Company. All colleagues shall properly perform the duty of risk management; each management level shall also comply with relevant requirements of this risk management system.

CTCI follows the “Risk Management Regulations” which defines the risk management process and risk measuring criteria to perform the risk management tasks. Each risk management unit regularly performs risk identification and risk evaluation and proposes the improvement plan. The report is submitted to the Risk Management Executive Committee. The Risk Management Executive Committee review, supervise and control accordingly, as well as submits a risk management report to the Board of Directors every year, and when discovering the risk to have significant impact on Company’s operation and compliance, it needs to take an appropriate measure promptly.

9. “To Satisfy Our Customers with Optimized Engineering Services” is CTCI’s corporate mission, and we stress customers’ feedback highly. For years, we have been collecting customers’ feedback based on “Customer Service Enhancement Regulations” in a timely fashion and proactively conducting customer satisfaction survey twice a year. Besides, a cross-departmental “Customers Services Feedback Group” coordinated by the President was established. The Group would review the customer feedback raised in the questionnaire survey, proposed correction actions, and instructed the departments concerned to fulfill their tasks accordingly to make sure our customers’ trust and expectations are met.

10. Our company places strong emphasis on talent development. In addition to establishing CTCI University for position-specific knowledge learning, we have established a Talent Development Committee to build talent pipelines for critical positions. The Committee regularly reviews the development progress of high-potential talents to ensure that successors are well prepared to assume key roles.

We identify and develop potential talents across all critical roles, from department heads to the CEO. Through comprehensive evaluations, we assess their personality traits and capabilities, and design personalized development plans to address identified gaps. These plans include training courses, job rotation across key positions, and mentorship by senior executives. Mentors provide guidance and share their experience to broaden the perspectives and strategic thinking of high-potential talents.

Before promotion to managerial roles, potential successors must undergo formal review and assessment by the Board of Directors. Therefore, succession planning for senior executives, including the CEO, is a long-term, structured plan covering talent identification, development, and selection. The readiness level of each identified successor is reviewed and adjusted annually to ensure that candidates possess the necessary experience, capabilities, integrity, and personal traits to lead the company effectively.

Successor readiness is classified into ready now, ready within 1–3 years, ready within 3-5 years, and ready in over 5 years. There must be at least one designated candidate for different readiness. For the CEO position in particular, successor candidates are selected from one or two levels below based on evaluation results and are classified accordingly, including those ready for immediate transition.

The CEO typically serves a three-year term. According to the performance management results and financial reports, the leadership performance of senior executives is reviewed annually. In addition, qualified successor candidates are already in place, supported by a designated interim succession mechanism. Should the incumbent become unable to fulfill their duties due to performance issues or unforeseen circumstances such as health reasons, the first-choice successor will immediately assume the role to ensure business continuity and leadership stability.