

2 Corporate Governance

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2.1 Governance Operation

Operation of the board of directors

The Board of Directors of Simplo Technology consists of seven directors, including three directors and four independent directors (more than half of the total number of directors). Directors are nominated through a candidate nomination system, and they are elected by shareholders at the shareholders' meeting through voting according to the Procedures of Director Election.

Simplo Technology respects the diversity policy of directors, and appoints directors based on meritocracy. The Board of Directors comprises individuals with diverse and complementary capabilities across various industries, including professionals with qualifications and work experience in management, legal affairs, industry sectors, and accounting. Each director serves a three-year term.

The Board of Directors convenes at least one meeting every quarter, totaling ten meetings in 2023, with an overall attendance rate of 92.86%. In 2023, the shareholders' meeting conducted a comprehensive election of directors, adding two new independent directors and reducing the number of independent directors serving more than three consecutive terms. This initiative aimed to continually strengthen the structure and operations of the Board of Directors.

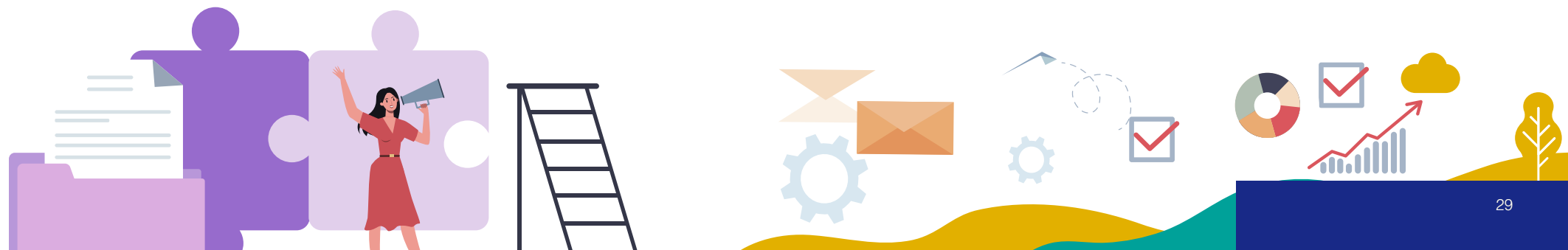
Management objectives	Achievement status
More than half of the total number of independent directors	Achieved
There shall not be less than one director of different gender	Not yet achieved ^{Note}
Directors who also serve as company managers should not exceed one-third of the total board seats	Achieved

Note: Increase the proportion of female directors as term expire

Pursuant to the Rules of Procedure of the Board of Directors and the Audit Committee Charter, directors or committee members who have any interest themselves or on behalf of the corporation they represent in the agenda of the meeting shall explain the important content of their interests on site, recuse themselves from discussion and voting, and may not exercise voting rights on behalf of other directors or committee members.

All four independent directors of Simplo Technology meet the requirements of independence. In addition, one of the directors serves as a manager of the Company to support business development and operational needs. The Company has formulated the Rules Governing the Scope of Powers of Independent Directors, specifying that "when an independent director objects to or expresses reservations about any matters, it shall be recorded in the minutes of the board meeting," "the Company or the board may not obstruct, refuse, or evade the actions of independent directors in business execution," and "where independent directors deem it necessary for business execution, independent directors may request the board to appoint relevant personnel or may themselves hire professionals for assistance." This ensures that independent directors can fulfill their duties and effectively enhance the operation of the board and the Company's operating performance.

Board of Directors	Audit Committee	Remuneration Committee
7 members	4 members	3 members
10 meetings were held	8 meetings were held	4 meetings were held



Diversity of the board of directors

Names of directors	Basic composition							Industry experience				Professional capabilities	
	Nationality	Gender	Holding employee position	Age				Battery module industry	Management and decision-making skills	Marketing and business promotion	Financial management	Lawyer	Accountant
				41 to 50 years old	51 to 60 years old	61 to 70 years old	71 to 80 years old						
Sung, Fu-Hsiang	R.O.C.	Male	V				V	V	V	V			
Bon Shin International Investment Co., Ltd. Representative: Wu, Yi-Zuo	R.O.C.	Male			V			V	V	V	V		
Chen, Tai-Ming	R.O.C.	Male			V			V	V	V	V	V	
Independent Director Wang, Chen-Wei	R.O.C.	Male				V		V	V	V	V		
Independent Director Lin, Pi-Jung	R.O.C.	Male				V		V	V	V	V	V	
Independent Director Chiu, Kuan-Hsun	R.O.C.	Male		V				V	V	V	V		
Independent Director Chu, Chih-Hao	R.O.C.	Male			V			V	V	V	V		



Functional Committees

◎ Remuneration Committee

Simplo Technology has established the "Remuneration Committee" in accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange". Members of the Committee are appointed by the Board of Directors. With Independent Director Chiu Kuan-Hsun as the convener, and independent directors Wang Chen-Wei and Lin Pi-Jung as committee members, four meetings were convened in 2023, with an overall attendance rate of 91.67%.

Members of the Remuneration Committee shall, with a duty of care, faithfully perform the following powers and submit their recommendations to the board for discussion:

1. Regularly review the Remuneration Committee Organizational Charter and propose amendments as necessary.
2. Set and regularly review the annual and long-term performance targets, and the policies, systems, standards and structures of the remuneration of the Company's directors, supervisors and managerial officers.
3. Regularly review the achievement of performance targets of the Company's directors, supervisors and managerial officers and determine the content and amount of their individual remuneration.

◎ Remuneration policy

According to Simplo Technology's "Remuneration Management Regulations", aligning with corporate governance and sustainable business development, a reasonable remuneration framework is established. This includes the "Procedures of Manager Performance Evaluation", which effectively assess the manager performance, enhance operational efficiency, strengthen responsible management, and serve as a basis for remuneration, promotion incentives, and career development.

1. Purpose of the procedures : To incentivize managers to achieve and exceed company goals, create profits, enhance operational performance, and consider the reasonable correlation with future risks. Regular evaluations of manager remuneration are conducted in accordance with these goals.
2. Review process: The management procedures, systems, standards, and structures of remuneration are deliberated by the Remuneration Committee and subsequently submitted to the Board of Directors for approval. The Remuneration Committee consists of three independent directors and does not engage additional remuneration consultants.



3. Salary structure:

- (1) Remuneration includes cash remuneration, stock options, dividends and stock ownership, retirement benefits or severance pay, various allowances, and other substantial incentive measures.
- (2) Year-end bonus: Distributed annually based on the Company's operating performance and with reference to the industry standard.
- (3) Employee remuneration: The manager's remuneration will be paid after a comprehensive evaluation is conducted based on the overall performance within the scope of the manager's duties and the achievement of individual work goals.

Simplo Technology has established the Audit Committee in accordance with the Securities and Exchange Act. The Audit Committee shall consist of all independent directors and shall be responsible for executing the duties specified in the Company Act, the Securities and Exchange Act, and other laws and regulations. With independent Director Chiu Kuan-Hsun as the convener, and independent directors Wang Chen-Wei, Lin Pi-Jung, and Chu Chih-Hao as committee members. All four independent directors meet the qualifications stipulated, including professional qualifications, work experience, independence, and limits on the number of concurrent independent directors' positions. The Committee convenes at least once a quarter and may hold a meeting at any time as needed. A total of eight meetings were convened in 2023, with a total attendance rate of 96.88%.



For relevant information, please refer to the 2023 annual shareholders' report of Simplo Technology

Continuing education for directors

In 2023, Simplo Technology's Board of Directors consisted of seven members, who collectively attended 45 hours of training. The training hours for all directors complied with the requirements of the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies". For further details, please refer to page 32 of the 2023 annual shareholders meeting report.

Performance evaluation

To enhance the functionality and operational efficiency of Simplo Technology's Board of Directors, the "Board of Directors Performance Evaluation Procedures" were established in 2020. Annual performance evaluations are conducted for the entire Board of Directors, individual directors, and each functional committee. The evaluation methods include internal self-assessments by the Board of Directors, directors, and members of functional committees. The results of these evaluations serve as reference for individual director remuneration and reappointment. The "Board of Directors Performance Evaluation Results" are disclosed on the Company's website. The comprehensive performance evaluation results for the Board of Directors in 2023 were all rated as "excellent" and were reported to the Board of Directors on March 13, 2024. For more information and results of the board performance evaluation, please refer to the 2023 shareholders meeting annual report and the Company's website.

2.2 Business Integrity

Simplo adheres to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and related ethical guidelines. The Company has established the "Simplo Technology's Procedures of Ethical Corporate Management Best Practice Principles and Code of Conduct", which employees are required to follow. Every employee of the Company is required to sign a commitment to protect intellectual property rights, maintain business information confidentiality, and adhere to the integrity and honesty policy. This measure aims to prevent dishonest behavior such as bribery, acceptance of bribes, improper political contributions, and inappropriate charitable donations or sponsorships. Regularly reports to the Board of Directors on the implementation of the ethical corporate management policy and the prevention of dishonest behavior. Additionally, it conducts educational training and internal advocacy. In 2023, the Company did not experience any bribery or corruption incidents.

Internal audit system

Simplo Technology conducts internal audits in accordance with the "Internal Control System" and other relevant regulations. In accordance with the annual audit plan approved by the Board of Directors, audits are conducted monthly on various operational aspects of the Company. Audit results are reported monthly to the independent directors (Audit Committee members) and quarterly by the Head of Audit to the Audit Committee and the Board of Directors. If necessary, the audit unit will request relevant departments to propose improvement measures and track their implementation.

Business integrity education and training

Simplo Technology follows the "Ethical Corporate Management Guidelines" and the "Procedures of Ethical Corporate Management Best Practice Principles and Code of Conduct", requiring employees to strictly adhere. The Company maintains zero tolerance for corruption, prohibiting any actions that sacrifice corporate interests for personal gain, as well as the acceptance of bribery, fraud, misuse, waste, or misappropriation of company assets. On the day new employees join the Company, they undergo

education and training that emphasizes the importance of ethical corporate management and integrity in operations. They also sign a "Commitment to Integrity and Honesty Policy" as part of the communication and training on anti-corruption policies and procedures.

In the China plant, annual anti-corruption training is provided to all employees, including "RBA Introduction Training" and "Code of Ethics Training". The "RBA Training" is part of the onboarding training for new employees, while "Code of Ethics Training" is a mandatory annual training for departments, with a training coverage rate of 100%.

© Anti-Corruption training in 2023

Site	Number of trainees	Proportion of trained employees
Simplo (Taiwan)	33	9%
Simplo (Chongqing)	2,263	100%
Simplo (Changshu) (including Huapu)	3,072	100%

Note: Percentage of trained employees = number of trainees ÷ total number of employees at the end of the year

Whistleblowing and appeal channels

Simplo Technology has established a dedicated grievance channels, including grievance hotline, e-mail, official Line@ account, new employee return visit, employee suggestion box, and WeChat public platform. These channels facilitate immediate and convenient communication and complaints, aiming to uphold employee rights and promote harmonious development. In 2023, the Company did not receive any complaints or whistleblowing cases related to business ethics or human rights.

The Company has established a whistleblower protection mechanism aimed at ensuring the confidentiality and anonymity of whistleblowers and their reported information. Employees can anonymously or openly report through various grievance channels. Upon verifying the allegations, if found true, immediate actions will be taken to cease the reported behavior and implement appropriate measures. If necessary, legal procedures may be pursued to seek compensation for damages, with reports also provided to the Board of Directors.

Sexual harassment grievance mechanism

Simplo Technology has established the "Sexual Harassment Prevention Measures and Complaint Disciplinary Measures" to maintain gender equality in the workplace. We take appropriate preventive, corrective, disciplinary, and handling measures to ensure the confidentiality of parties involved. We also provide diverse and smooth grievance channels to establish mechanisms for both prevention and post-incident response, thereby protecting the rights of our employees. After investigation, if the sexual harassment is substantiated, appropriate disciplinary or corrective actions will be taken against the accused, depending on the severity of the incident. If the individuals involved require counseling or medical assistance, the Company will refer them to professional counseling or medical institutions for support. There were no complaints related to sexual harassment in 2023.

Compliance

Simplo Technology complies with the relevant laws and regulations of the local government and regularly identifies and audits regulations every six months to ensure compliance. For updates related to financial or tax regulations, the Company consults with Deloitte Taiwan and participates in regulatory update seminars organized by the TPEX to stay informed about the latest standards.

Simplo Technology has established an environmental, safety, health, and sustainability management system to ensure prevention and control of environmental considerations, impacts, and potential risks associated with the Company's activities, products, and service processes. In 2023, there were no incidents of non-compliance with any environmental or labor-related laws.



2.3 Economic Performance

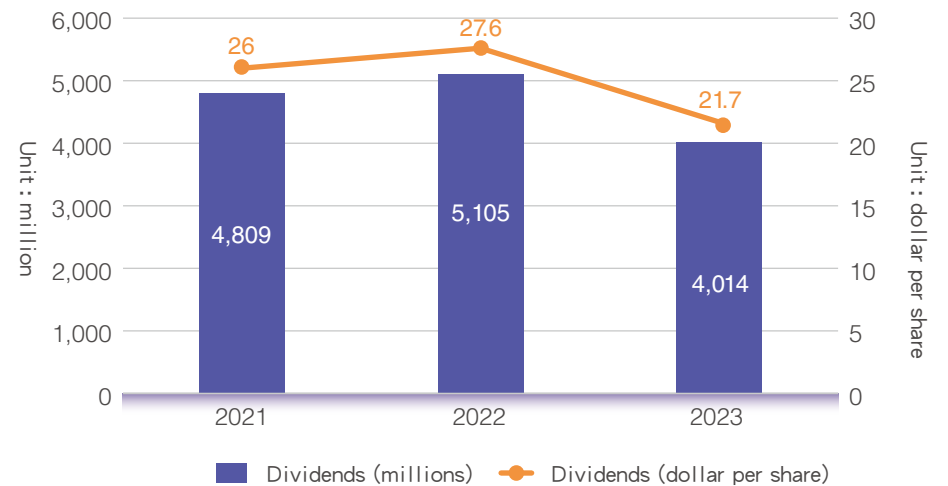
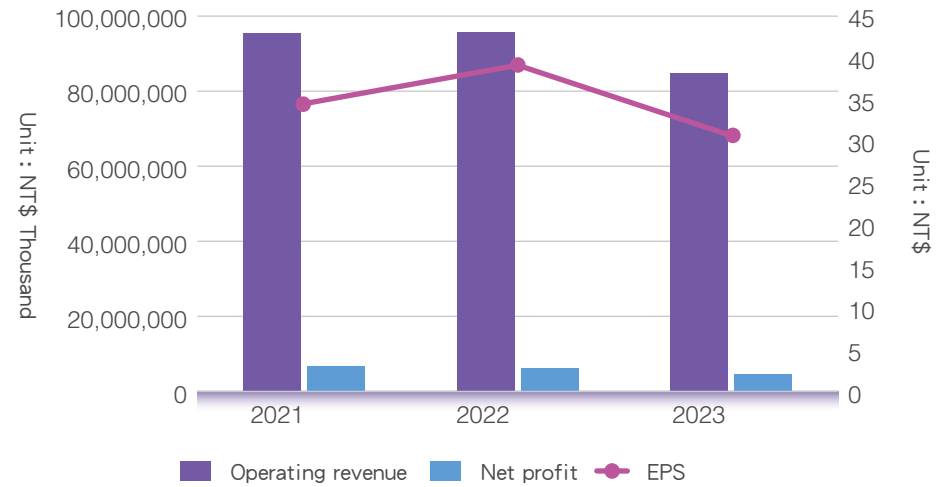
Financial information

Unit: NT\$ Thousand; EPS: NT\$

Year	2021	2022	2023
Operating revenue	95,573,150	95,624,139	84,805,839
Employee salary and benefits	6,675,941	6,152,531	4,670,416
Dividends to shareholders	4,809,233	5,105,187	4,013,860
Government taxes	2,864,706	3,380,576	1,851,182
EPS	34.50	39.12	30.67

Note: 1. The table above is of the data from the consolidated condensed statements of comprehensive income, including subsidiaries of the Group.

2. Source: 2023 Annual Report of Simplo Technology Co., Ltd.

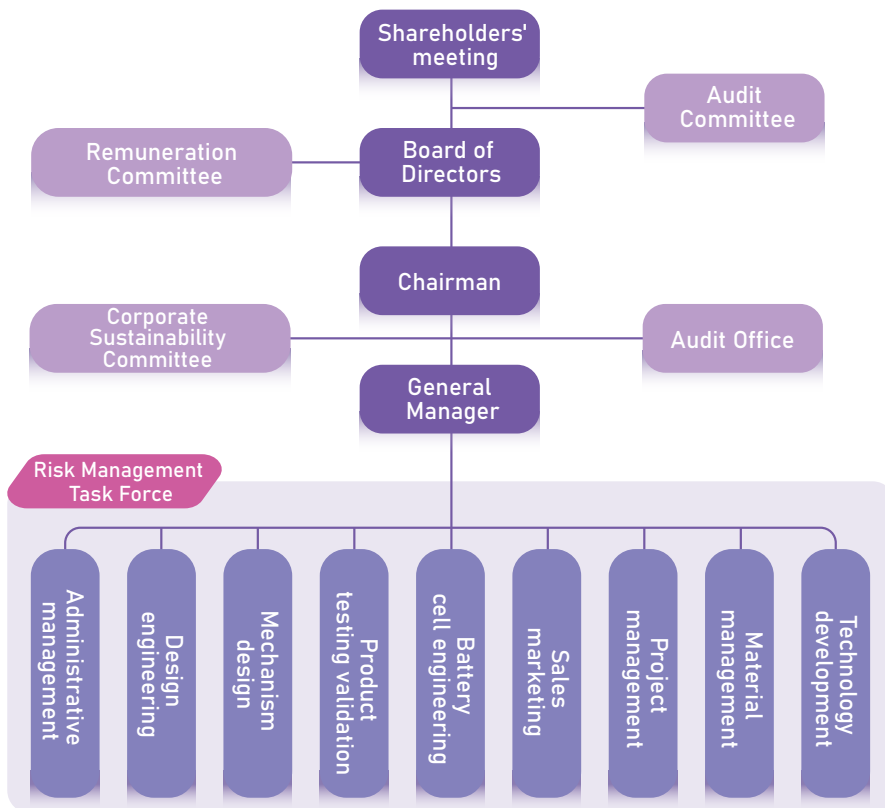


2.4 Risk Management

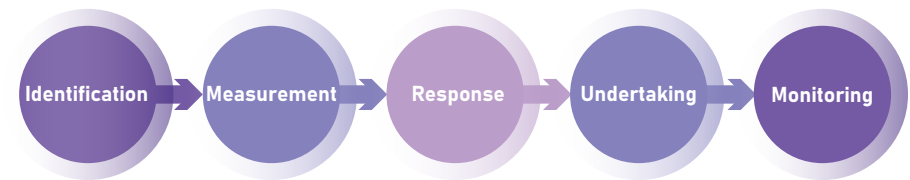
© Risk policy and organization

The risk governance organization of Simplo Technology, with the Board of Directors as the highest management unit, approved the "Risk Management Policy and Procedures" in 2021.

To strengthen corporate risk management capabilities, build corporate resilience, and move towards the goal of sustainable operations, reference ISO 31000 for systematic implementation of risk management, and establish a "Risk Management Task Force" (as shown in the diagram below).



© Risk identification and operation



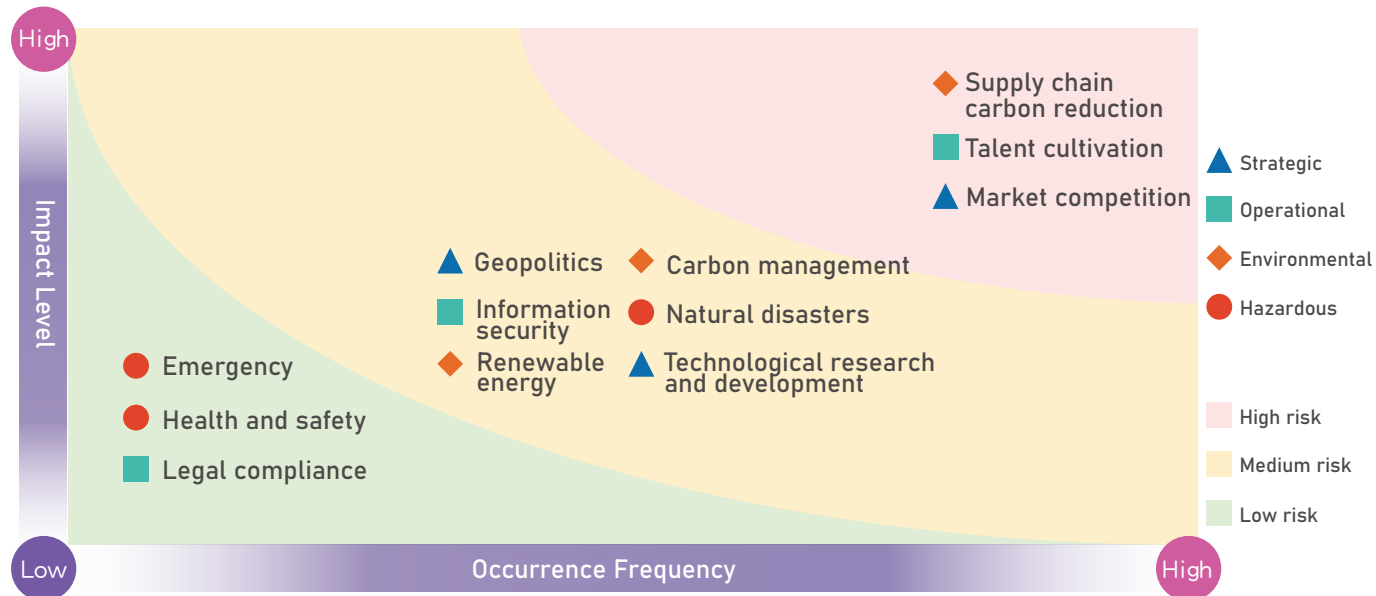
To strengthen the "Risk Management Task Force's" understanding of risk management, a risk management education and training was held in March 2024. Participants included 55 individuals, such as members of the Sustainability Committee and various department heads. The course content includes: Global risk trends, international risk management standards, FSC's guidelines on risk management for listed companies, and practical aspects of corporate risk management. Conduct risk questionnaires after class and develop countermeasures.



The questionnaire content is based on international trends, customer requirements, regulations, and industry information to identify four major categories of risks, including "Strategic", "Operational", "Environmental", and "Hazardous", which further elaborates on 12 specific risk issues within these categories.

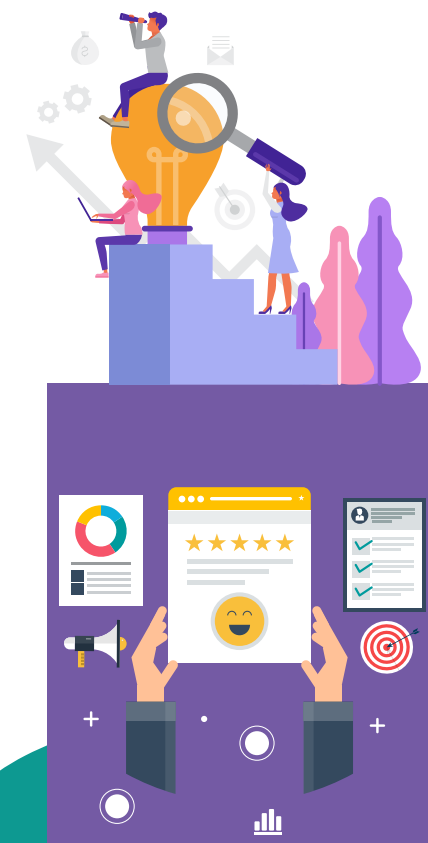
Risk category	Strategic aspect	Operational aspect	Environmental aspect	Hazardous aspect
Issue	Geopolitics	Information security	Carbon management	Emergency
	Market competition	Legal compliance	Renewable energy	Natural disasters
	Technological research and development	Talent cultivation	Supply chain carbon reduction	Health and safety

© Risk Assessment Matrix



Risk response

1. Supply chain carbon reduction (Refer to: 3.1 Supply Chain Management)
2. Talent cultivation (Refer to: 6.4 Talent and Education)
3. Market competition (Refer to: 1.1 Company Profile)



2.5 Information Security

Passed ISO 27001 certification

Simplo (Taiwan) achieved ISO 27001 certification for information security management system in 2023. The scope of certification includes information service infrastructure and information management operational processes. By implementing the information security management system, the Company not only enhances its information security protection but also protects the interests of both the Company and its customers.

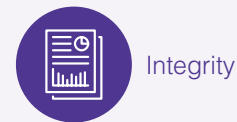


Information security management policy

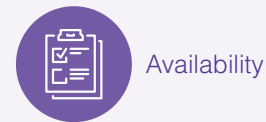
To protect Simplo Technology's information assets from intentional or accidental damage and to ensure the sustainable corporate operation, information security policy has been formulated to confirm the security of the Company's key information assets, including:



Ensuring that only legally authorized users can access information.



Ensuring the correctness and integrity of information and information processing methods.



Ensuring that authorized users have access to information and related assets whenever needed.



All personnel must comply with relevant laws (such as the Trade Secrets Act, Copyright Act, and Personal Data Protection Act).



Information security management framework

Simplo Technology holds monthly information security meetings to review the implementation status of information management plans and regularly discusses information security-related issues. The Audit Office serves as the auditing unit for overseeing information security, conducting annual audits on internal control systems to assess the effectiveness of the Company's information operational control.

Specific management plan for information security

Simplo Technology ensures the confidentiality, integrity, and availability of company information data through the following measures:

Use of computer system resources	Regulate the use of computer system resources required by colleagues for work purposes.
Data backup and disaster recovery	Regulate control requirements for information data backup operations, assign responsibilities to relevant units, and require management personnel to conduct regular (occasionally during a six-month period) disaster recovery tests.
Computer virus management	Regulate the Company's practices for preventing computer viruses.
Email management	Regulate email usage rules.
Internet access management	Regulate internet usage to require application and approval.
Remote access management	Regulate that company employees requiring access to internal services from remote locations due to business trips or other official needs must use VPN for security purposes over external networks.
Data center management	Regulate that the data center must implement access control measures, manage access permissions for personnel without specific data center entry rights, and conduct routine management operations such as monitoring temperature and humidity, UPS uninterruptible power systems, and operational status of data center environment and equipment.

Information security training and promotion

New employees of the Company will receive basic information security education and training upon joining. In addition, the IT Department conducts information security awareness campaigns occasionally for current employees through the Company's internal portal or email. The topics of awareness include information security policies, secure email usage regulations, internet usage safety regulations, remote secure operational procedures, and general information security (including: trends in information security, social engineering awareness, and OA information security management).

