

(IV) The Company’s implementation of corporate governance and the differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor

Evaluation Items	The State of Operation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
I. Has the Company formulated and disclosed its corporate governance best practice principles in accordance with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?”	✓		To implement corporate governance, the Company has formulated its “Corporate Governance Best Practice Principles” by referencing the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and disclosed the same on its website.	No significant difference
II. The Company’s equity structure and shareholder equity (I) Has the Company established internal operating procedures to handle shareholder recommendations, doubts, disputes and litigations and implemented them in accordance with the procedures? (II) Does the Company have a list of the major shareholders who actually control the Company and those who ultimately have control over the major shareholders? (III) Has the Company established and implemented risk control and firewall mechanisms between affiliated companies?	✓ ✓ ✓		(I) The Company designated a spokesperson and a deputy spokesperson and set up a grievance filing channel for stakeholders; in doing so, the Company is able to properly handle shareholder suggestions, doubts, disputes, and litigations. (II) The Company is able to grasp the list of its major shareholders; it also files any information on changes according to the “Taipei Exchange Rules Governing Information Reporting by Companies with TPEX Listed Securities,” and keeps close contact with major shareholders. (III) The powers for the management of financial and business affairs are properly segregated among the Company and affiliates. The Company has also formulated its “Regulations for Management of Material Investees” and “Regulations for Transactions with Related Parties” to provide a basis for compliance.	No significant difference

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(IV) Has the Company formulated internal regulations to prevent insiders from trading securities using undisclosed information on the market?	✓		(IV) The Company has formulated its “Procedures for Processing Material Inside Information to Prevent Insider Trading” and “Procedures for Ethical Management and Guidelines for Conduct,” which prohibit insiders from using non-public information to trade marketable securities.	
<p>III. Composition and responsibilities of the Board of Directors</p> <p>(I) Has the Board of Directors formulated policy and specific management goals regarding the diversity and implemented the same accordingly?</p> <p>(II) In to the Remuneration Committee and the Audit Committee established in accordance with law, has the company voluntarily set up other functional committees?</p> <p>(III) Has the Company established rules and</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>✓</p>	<p>(I) The Company has formulated its Board of Directors membership diversity policy in its “Corporate Governance Best Practice Principles.” The Company elects to have 8 directors, including 3 independent directors, in consideration of its business development and scale and practical operating needs. All incumbent Board of Directors members possess the knowledge, skills, and literacy required for performing their duties; they have also set concrete management goals to implement the Board of Directors diversity policy. For details, see Diversity and Independence of the Board of Directors on p.19 to p.20 of this annual report.</p> <p>(II) The Company has set up its Remuneration Committee and Audit Committee, which exercise powers by the “Remuneration Committee Charter” and the “Audit Committee Charter,” respectively. Both committees function well. In the future, the Company might set up other functional committees depending on actual operational needs.</p> <p>(III) In order to implement corporate governance, enhance the</p>	No significant difference

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<p>methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as a reference in determining salary/compensation for individual directors and their nomination and additional office terms?</p> <p>(IV) Does the company regularly evaluate the independence of attesting CPAs?</p>	✓		<p>functions of the Company’s Board of Directors, and establish performance targets to enhance the operational efficiency of the Board of Directors, the Company has formulated its “Rules for Performance Evaluation of Board of Directors,” by which the Company internally evaluates the performance of the Board of Directors annually and submits the evaluation results to the Board of Directors. For the status of implementation of Board of Directors performance evaluation, see p.29 to p.30 on this annual report. The 2022 self-evaluation results have been submitted to the Board of Directors meeting dated March 22, 2023.</p> <p>(IV) By referencing the “Certified Public Accountant Act” and Statement No.10 of “The Norm of Professional Ethics for Certified Public Accountant of the Republic of China,” the Company formulates independence evaluation criteria to assess the independence of CPAs every year. In addition, the Company requires attesting CPAs to provide a statement of independence and audit quality indicators, and submits the same to the Audit Committee and Board of Directors for approval. The results of assessment of the 2023 attesting CPAs’ independence were submitted to and approved by the Audit Committee on March 22, 2023, and then by the Board of Directors on March 22, 2023. According to the Company’s assessment, CPA Wang, Hsuan-Hsuan and CPA Zhang, Zhi-Ming from Ernst & Young meet the Company’s</p>	

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			independence criteria, and are therefore qualified to be the Company's attesting CPAs. For the criteria for assessing CPA independence, see the notes.	
IV. Does the Company as a listed company have a suitable and appropriate number of corporate governance personnel and appoint a corporate governance officer to be responsible for corporate governance-related matters (including but not limited to providing information necessary for directors and supervisors to perform their business, assisting directors and supervisors in complying with laws and regulations, conducting board meeting and shareholders' meeting related matters in accordance with the law, handling company registration and alteration registration and preparing minutes of board meetings and shareholders' meetings, etc.)?	✓		To implement corporate governance and make the Board of Directors live up to its occupational functions, to uphold investors' interests, the Company's Board of Directors meeting dated March 22, 2023 resolved to appoint Mr. Chang, Ta-Chien, Vice General Manager and CFO, to be the Chief Governance Officer (CGO), starting from June 1, 2023. Mr. Chang, Ta-Chien meets the criterion of being a managerial officer in charge of financial, stock, or corporate governance affairs at a public company for more than 3 years. The duties of the CGO include handling matters relating to board meetings and shareholders' meetings according to laws; producing minutes of board meetings and shareholders' meetings; assisting in onboarding and continuous development of directors; furnishing information required for business execution by directors; assisting directors with legal compliance; briefing the board of directors on his examination as to whether the independent directors' qualifications comply with regulatory requirements during nomination, selection, and term of office; and taking charge of the matters assigned to him by the Articles of Association or contracts. The CGO completed the 18-hour orientation courses within one year after assuming office and will take continuing education courses for 12 hours every year thereafter.	No significant difference

Evaluation Items	The State of Operation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
V. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholder's section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	✓		The Company maintains a clear communication channel with stakeholders, including customers, shareholders, banks, creditors, and employees, and respects and safeguards their legitimate rights and interests. In addition, the Company has a spokesperson and acting spokesperson, who will serve as the company's communication channel with stakeholders. Stakeholders may contact the Company at any time by telephone, letter, fax, e-mail, etc. if necessary.	No significant difference
VI. Has the company appointed a professional stock affairs agency to handle matters for shareholders' meetings?	✓		The Company appointed the Stock Affairs Department of MasterLink Securities Corp., a professional stock affairs agent, to handle the Company's stock affairs.	No significant difference
VII. Public disclosure of information (I) Has the Company set up a website to disclose finance and business matters and corporate governance information? (II) Has the Company adopted other means of information disclosure (such as setting up an English website, appointing dedicated personnel responsible for the collection and disclosure of Company information, implementing a spokesperson system, posting the Company's earnings calls on its website, etc.)? (III) Does the Company publish and make an	✓ ✓		(I) The Company already set up a website (http://www.howteh.com.tw), where it discloses company information from time to time for reference by investors. (II) The company has set up a Chinese and English website and has a dedicated person responsible for the collection and disclosure of company information. The Company also has a spokesperson and an acting spokesperson, who are responsible for communicating company information to outsiders and holding investors' conferences. (III)The Company files its annual and quarterly financial	No significant difference

Evaluation Items	The State of Operation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
official filing of an annual financial report within two months after the end of an accounting period, and publish/file Q1, Q2 and Q3 financial reports along with the monthly business performance statements before the required due dates?			statements within specified due dates and declares its monthly operating performance every month as required by law.	
VIII. Does the company have other important information that is helpful to understand its implementation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, continuing education of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, the company's purchase of liability insurance for directors and supervisors, and so on)?	✓		<p>1. Employee rights: To safeguard employees' rights, the Company has formulated its "Work Rules" and "Measures of Prevention, Complaint, and Punishment of Sexual Harassment," by which it respects employees' human rights and uphold their legitimate rights. In addition, the Company has also set up an internal website, where employees may submit their opinions and discuss about benefits, and which is a real-time communication channel with employees.</p> <p>2. Employee care: The Company puts people first in that it has formulated comprehensive management system with respect to working environment, benefits, on-the-job training, retirement, and dependent care, so as to enable employees to devote themselves to promoting the various types of business, thereby jointly maximizing profits. Benefits in this regard include group insurance for all employees; childbirth allowance; funeral subsidies; insurance for employees on business travel; parental leave without pay; and various measures for family care.</p>	No significant difference

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	Yes	No	Summary description	
			<p>Since the Company is an agent of other companies, employees work mainly in office buildings; the Company's office is a commercial building guarded by dedicated security guards day and night and regularly maintained, which should be considered a safe workplace for employees. The Company values employees' health, so it offers a complimentary physical checkup for employees every year. More physical checkup items are added year on year at the request of employees. To insure employees against physical injury, the Company purchased an Employer's Liability Insurance, which will entitle employees to insurance benefits if they sustain injury at work during their employment. The Company further purchased a public liability insurance for persons going in and out of the Company's warehouse, and for tally clerks.</p> <p>3. Investor relations: By disclosing its financial, business, and corporate governance information on its website, the Company enhances information transparency and maintains a good interaction with investors. Please visit the Company's website: http://www.howteh.com.tw.</p> <p>4. Supplier relations: The Company has set up its Supplier Management Rules, and designated different departments to be responsible for communication with different suppliers and stakeholders, and to coordinate any related affairs. In doing so, the Company</p>	

Evaluation Items	The State of Operation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
			<p>provides a clear communication channel.</p> <p>5. Stakeholders' rights: The Company has clearly indicated a stakeholder complaint filing channel on its website and annual report, so as to maintain stakeholders' rights.</p> <p>6. Directors' continuing education: The Company provides directors with information on applicable laws and regulations and continuing education courses as required by law. The Company's directors also take continuing education courses that offer professional information with respect to corporate governance, finance, and business. Please see p.31 to p.32 in the annual report.</p> <p>7. Implementation of risk management policies and risk measurement standards: By following its comprehensive internal control system and relevant regulations, the Company prevents the occurrence of fraud and reduces risks. Please see p.111 to p.113 of this annual report.</p> <p>8. Implementation of customer policies: The Company has set up customer complains processing procedures, by which it opens to, and deals with, customer complaints; it also establishes preventive measures accordingly to prevent recurrence.</p> <p>9. The Company's purchase of liability insurance for directors: The Company has purchase directors and officers liability insurance of USD3 million from MSIG Mingtai Insurance</p>	

Evaluation Items	The State of Operation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
			Company, Limited. for directors to cover the period from August 25, 2022 and August 25, 2023. Such purchase has been reported to the Board of Directors on November 11, 2022.	

IX. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement:
The Company's directors have completed the number of hours of continuing education as required by the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies," and will enhance disclosure on its website to improve information transparency.

(Note) Evaluation of the attesting CPAs

Evaluation Items	Evaluation results	Whether the person qualifies for independence
(1) Does the CPA have direct or indirect material financial interests with the Company?	No	Yes
(2) Does the CPA provide/accept endorsement and guarantees or lend or borrow funds from/to the Company or its directors?	No	Yes
(3) Does the CPA have a business relationship with the Company, or have an implicit employment relationship with the Company?	No	Yes
(4) Is/Was the CPA or any member of the engagement team one of the Company's directors, managers, or a person wielding significant influence over the Company's audit work currently or in the past two? years?	No	Yes
(5) Does the CPA simultaneously provide the Company with non-audit service items that will directly impact the audit work?	No	Yes
(6) Does the CPA serve as an agent of the stock or securities issued by the Company?	No	Yes

(7) Does the CPA serve as a defendant for the Company or mediate the disputes with another party on behalf of the Company?	No	Yes
(8) Is the CPA a relative or family member of the Company's directors, managers, or persons wielding significant influence over the audit case?	No	Yes
(9) Is there a partner CPA who has resigned within the past year and used to be the Company's director, manager, or a person wielding significant influence over the audit work?	No	Yes
(10) Did the CPA accept gifts or giveaways of significant value from the Company's director or manager?	No	Yes
(11) Does the CPA provide the Company with audit service for seven years or more in a row?	No	Yes

(V) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Evaluation Items	The State of Operation			Deviation from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons:
	Yes	No	Summary description	
I. Has the Company established a governance structure to promote sustainable development, and designated a full-time (part-time) unit to promote sustainable development, which is to be handled by the senior management with the authorization of the Board of Directors, and the actual supervision of the Board of Directors?	✓		The Company's Board of Directors designated the General Manager Office to be a full-time (part-time) unit, which shall take charge of developing sustainable development policy and system or relevant management approaches, setting feasible goals and implementing the same, and tracking implementation achievements and reporting the same to the Board of Directors.	No significant difference
II. Does the company conduct risk assessments on environmental, social, and corporate governance issues related to the Company's operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?	✓		(I) Environmental protection Being an electronic components distributor, the Company is mainly engaged in trading and R&D of electronic components, and is not involved in any manufacturing activities. Due to the nature of the industry it is in, the Company did not pollute the environment in any way. Nonetheless, being aware of a corporate citizen, the Company profoundly understands the importance of environmental	No significant difference

The continuing education courses taken by the Company's directors in 2022 are as follows:

Title	Name	Course date	Organizer	Course name	Course hours
Chairman	Chen, Kuo-Hung	October 19, 2022	Securities and Futures Institute (SFI)	2022 Awareness Session on Regulations for Insider Equity Trading Compliance	3
		November 14, 2022	TWSE	2022 Cathay Sustainable Finance and Climate Change Summit/Forum	3
Director	Chen, Che-Hung	November 29, 2022	Taiwan Investor Relations Institute	Strategy for Family Enterprise Succession under a Digital Era	3
		December 7, 2022	Taiwan Investor Relations Institute	Financial Statements Responsibility and Risk Management	3
Director	Tsai, Tsai-Tien	November 29, 2022	Taiwan Investor Relations Institute	Strategy for Family Enterprise Succession under a Digital Era	3
		December 7, 2022	Taiwan Investor Relations Institute	Financial Statements Responsibility and Risk Management	3
Director	Chen Chun-Ting	May 27, 2022	Taiwan Institute of Directors	Response Required of Board of Directors in an Era of China-US Wrestling	3
		November 29, 2022	Taiwan Investor Relations Institute	Strategy for Family Enterprise Succession under a Digital Era	3
Director	Hung, Ming-Chi	November 29, 2022	Taiwan Investor Relations Institute	Strategy for Family Enterprise Succession under a Digital Era	3
		December 7, 2022	Taiwan Investor Relations Institute	Financial Statements Responsibility and Risk Management	3

Title	Name	Course date	Organizer	Course name	Course hours
Independent director	Li, Ta-Ching	July 14, 2022	Taiwan Securities Association	The Latest Trends in Anti-money Laundering and Counter-terrorists Financing (Including an Awareness Session on Prevention of Insider Trading)	3
		August 11, 2022	Taiwan Securities Association	On Enhancing Information Security Resilience for the Financial Industry and Regarding Risk Management Trends for the Finance Industry and Common Practices	3
		September 22, 2022	Taiwan Securities Association	The Principle of Fair Hospitality and the Protection and Empowerment of Financial Consumers	3
Independent director	Tseng, Ming-Jen	July 27, 2022	Taiwan Corporate Governance Association	Musts and Must Nots on Succession Mechanism and Tax Issues for Family Enterprise and Wealth Sustainability	3
		July 28, 2022	Taiwan Corporate Governance Association	Exploration of Business Operations and Tax Scheme, and Introduction to Tax Laws Pertaining to Major Shareholders, and Common Practices	3
Independent director	Cheng, Tien-Tsung	September 22, 2022	Securities and Futures Institute (SFI)	Global Economy and Industrial Technology Development Trends	3
		October 20, 2022	Computer Audit Association	2030/2050 Net Zero Emissions - Sustainability Challenges and Opportunities for Global Businesses	3