2 Corporate Governance

Performance Results

4 Independent Directors	11th Corporate Governance Evaluation 6~20%
Average attendance rate of the Remuneration Committee 100%	No major information security incidents

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 four meetings in 2024, with an overall attendance rate of 96.43%.

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: The proportion of female directors will be increased the expiration of the term (2026).

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
Seven members	Four members	Three members
4 meetings were held	4 meetings were held	2 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	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, two meetings were convened in 2024, with an overall attendance rate of 100%.

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 four meetings were convened in 2024, with a total attendance rate of 93.75%.

For relevant information, please refer to the 2024 annual shareholders' report of Simplo Technology

Directors training

Simplo Technology has seven directors in 2024, who have participated in 45 hours of advanced training. All directors' advanced training hours meet the requirements of the "Key Points for Implementation of Advanced Training for Directors of Listed and OTC Companies." Please refer to page 29 of the 2024 Annual Report for details.

Title	Name	Training date	Organizer	Course name	Training hours
Director	Sung, Fu-Hsiang	2024/07/03	Taiwan Stock Exchange Corporation	2024 Cathay Sustainable Finance and Climate Change Summit Forum	6
Director	Chen, Tai-Ming	2024/09/12	Taiwan Project Management Association	The Continuing Education Program for Listed and Public Company Directors - ESG Project Management and Sustainable Development	3
		2024/09/12	Taiwan Project Management Association	The Continuing Education Program for Listed and Public Company Directors - From Digital Transformation to AI Empowerment	3
Independent Director	Chu, Chih-Hao	2024/08/07	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3
		2024/11/13	Taiwan Institute of Directors	Economic Trends for Business Executives: What You Need to Know for the Short and Long Term	3
Independent Director	Chiu, Kuan-Hsun	2024/07/03	Taiwan Stock Exchange Corporation	2024 Cathay Sustainable Finance and Climate Change Summit Forum	6
		2024/07/09	Taipei Exchange	AI Strategy and Governance	3
Independent Director	Wang, Chen-Wei	2024/10/28	Independent Director Association Taiwan	AI for All Industries - From Trends to Practical Implementation and Challenges	3
		2024/11/08	Taiwan Corporate Governance Association	Insider Trading Prevention: Updates on Compliance and Enforcement	3
		2024/11/08	Taiwan Corporate Governance Association	Fair Trade Act and Reporting Integration - Recent Case Updates	3
		2024/11/13	Taiwan Corporate Governance Association	Trends in Digital Technology and Artificial Intelligence and Risk Management	3
Independent Director	Lin, Pi-Jung	2024/04/17	Corporate Operation and Sustainable Development Association	Corporate Sustainability and Net-Zero Strategies in the Era of Climate Change	3
		2024/04/19	Corporate Operation and Sustainable Development Association	Independent Directors and Functional Committees	3

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 2024 were all rated as "excellent" and were reported to the Board of Directors on March 5, 2025. For more information and results of the board performance evaluation, please refer to the 2024 shareholders meeting annual report and the Company's website.

2.2 Business Integrity

Simplo Technology 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. 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 2024, 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 adhere strictly. 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 zones, annual anti-corruption training is provided to all employees, including two courses of "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 99.5%. Learning effectiveness is assessed by tests, and the training is completed when the employees reach the score of each factory.

▪ Anti-corruption training in 2024

Site	Number of trainees	Proportion of trained employees
Simplo (Taiwan)	356	100%
Simplo (Chongqing)	2,254	100%
Simplo (Changshu) (including Huapu)	2,260	99%

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.

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", and has released the "Implementation Plan for Preventing Unlawful Workplace Infringement" (including a statement), announcing the grievance hotline and email address internally.

Legal compliance

Simplo Technology emphasizes integrity, fairness, and compliance with the law. It strictly prohibits employees from engaging in bribery, corruption, or giving or receiving gifts or hospitality from suppliers, customers, and stakeholders that are not in line with commercial etiquette. Regarding labor, labor safety, information security, environmental protection, finance, intellectual property rights, trade secrets, and various commercial regulations, aside from complying with the government regulations of the headquarters in Taiwan, the same standards are also followed for the regulations of local governments where the Company's overseas branches are established.

The Company has set up legal specialists responsible for legal compliance and legal consultation. They regularly conduct identification and audits of regulations every six months to reduce and control business risks, safeguarding the rights of the Company's employees and shareholders. 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.

In 2024, the Ministry of Labor's inspection found that an employee who transitioned from an intern to a permanent position had the salary adjusted due to the change in status. However, as a result of an operational oversight, the labor insurance premium category was not adjusted, resulting in the discovery during the inspection that the labor insurance premium category did not match the current salary. Consequently, a fine of NT$25,000 was imposed by the Ministry of Labor's Bureau of Labor Insurance and the labor pension contribution unit.

2.3 Economic Performance

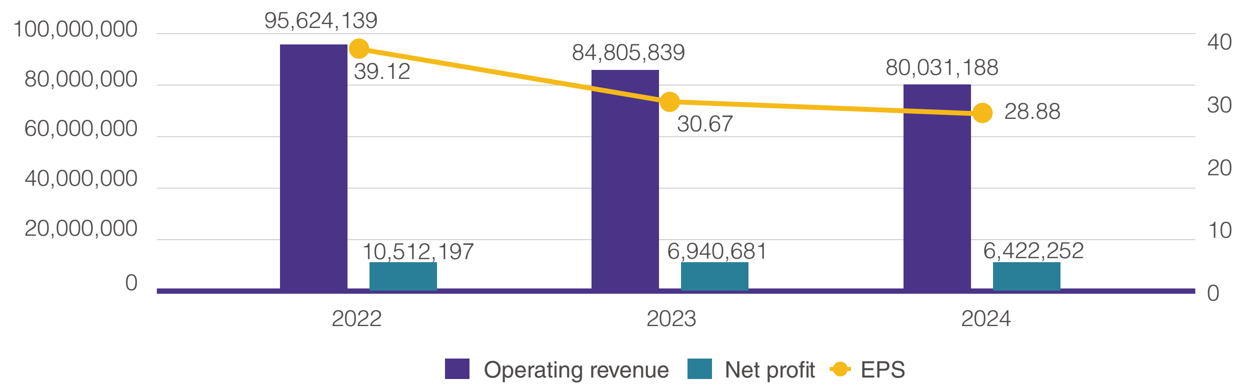
Financial information

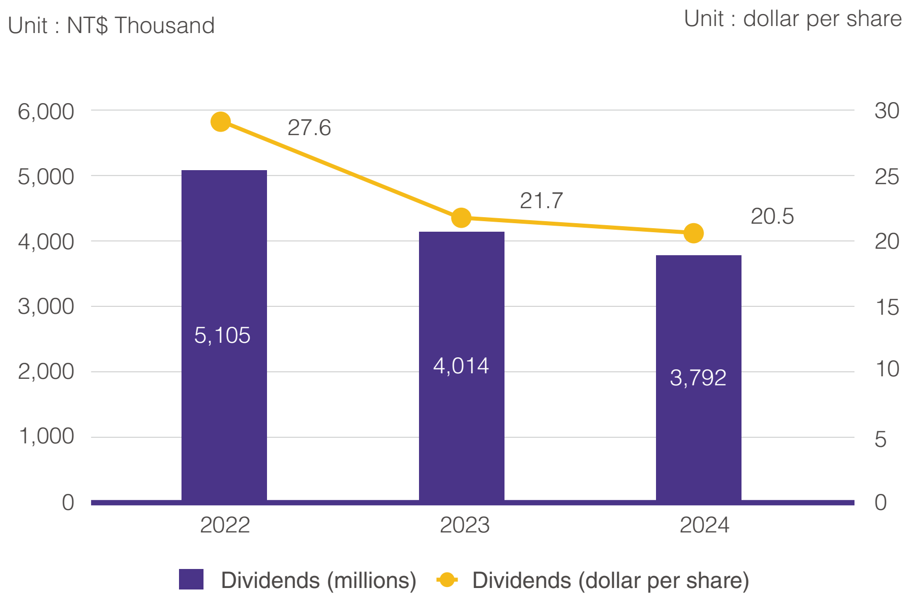
Unit: NT$ Thousand; EPS: NT$

Item	Detail	2022	2023	2024
Direct economic value generated	Operating revenue	95,624,139	84,805,839	80,031,188
Economic Value of Distribution	Operating costs	80,297,761	73,138,812	68,695,725
	Employee salary and benefits	6,152,531	4,670,416	4,324,004
	Dividends to shareholders	5,105,186	4,013,860	3,791,896
	Income tax expenses	3,380,576	1,851,182	1,783,285
	EPS	39.12	30.67	28.88

Note:
1. The table above is of the data from the consolidated condensed statements of comprehensive income, including subsidiaries of the Group.
2. Source: 2024 Annual Report of Simplo Technology Co., Ltd.

Unit : NT$ Thousand





Source: 2024 Annual Report of Simplo Technology Co., Ltd.

▪ Tax information

Item	Unit	2022	2023	2024
Net income before tax for the period	NT$ Thousand	12,073,485	8,414,464	8,105,840
Income tax expenses	NT$ Thousand	3,380,576	1,851,182	1,783,285
Effective tax rate	%	28%	22%	22%
Payment of income tax	NT$ Thousand	2,646,882	2,673,425	3,237,982
Cash tax rate	%	22%	32%	40%

Source: 2024 Annual Report of Simplo Technology Co., Ltd.

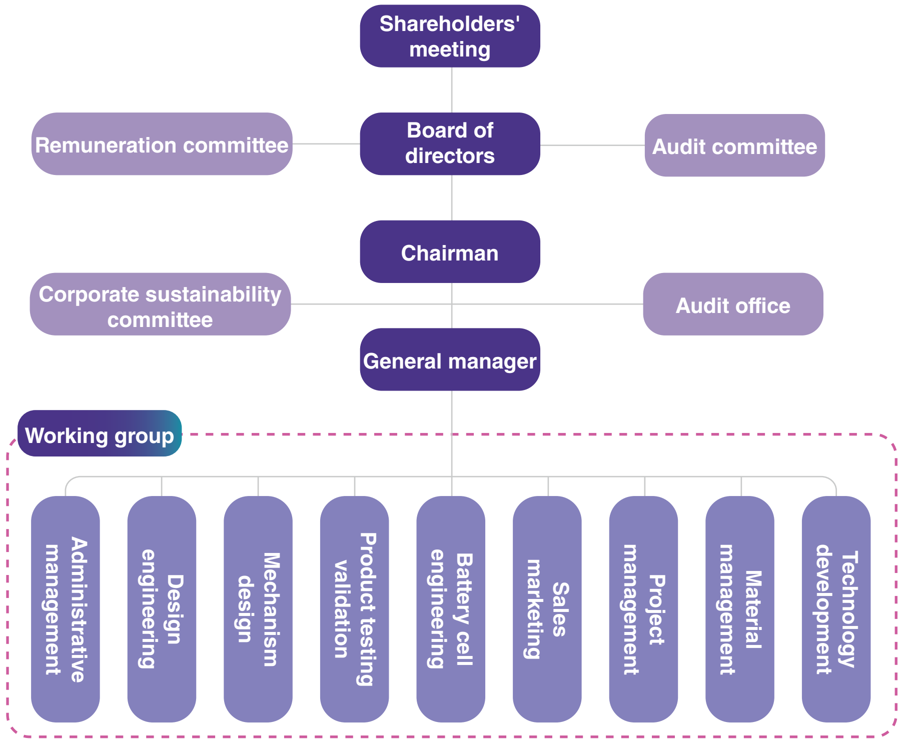
2.4 Risk Management

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.

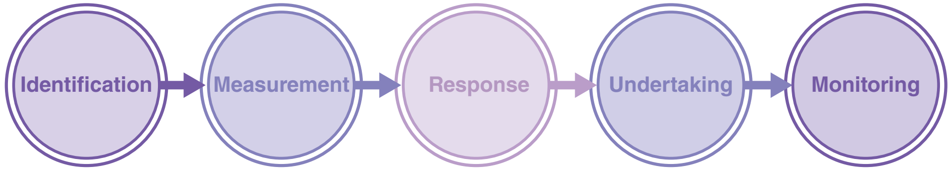
To strengthen corporate risk management capabilities, build corporate resilience, and move towards the goal of sustainable operations, reference ISO 31000 for systematic implementation of risk management, and establish a "Risk Management Task Force" (as shown in the diagram below).

▪ Risk management task force



Risk category	Responsibilities
Operational risk	Pay attention to contingency handling for market competition, and analyze market trends and business models.
Financial risk	Regularly evaluated by a certified accounting firm
Information security risk	Stability of IT equipment and data backup management to prevent system operation interruptions, affecting production and operations.
Compliance risk	The responsible unit fully understands and executes the regulations in its field and keeps up-to-date with new trend and knowledge in a timely manner.
Climate-related risk	Establish backup energy and equipment defense mechanisms to maintain uninterrupted factory operations.
Human rights risk	Abide by labor-related regulations and RBA standards to reduce the risk of labor disputes.
Safety risk	Regularly track relevant international regulations, collect customer requirements for product environmental sustainability, and carry out development in advance.

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.

Score = [Frequency of occurrence (A) x Degree of impact (B)] x Degree of control (C)

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 response

1. Supply chain carbon reduction (Refer to: 3.1 Supply Chain Management Strategy)
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

In 2023, Simplo (Taiwan) introduced the Information Security Management System (ISMS) and obtained third-party ISO/IEC 27001 information security management system certification. The scope of certification includes information service infrastructure and information management operational processes. By introducing 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. We passed the third-party ISO 27001 review audit in 2024, continuously adhering to information security management regulations.


Certificate TW23/00000992

SGS

SIMPLO TECHNOLOGY CO., LTD.
新普科技股份有限公司

ISO/IEC 27001:2022

IAF

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:

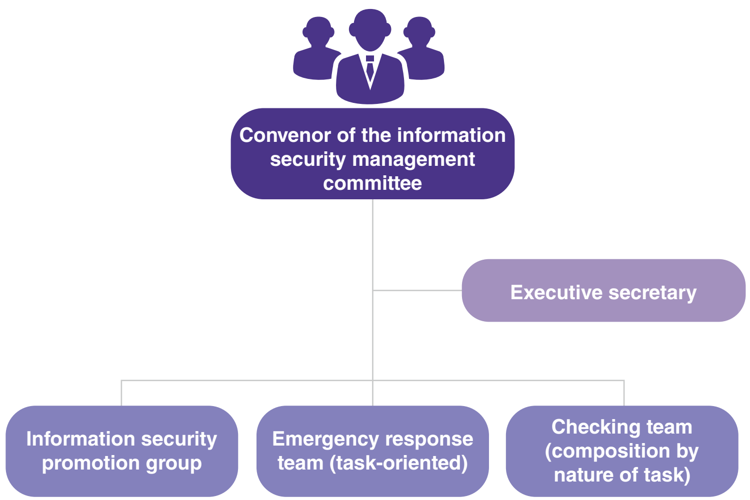
- Confidentiality: Ensuring that only legally authorized users can access information.
- Integrity: Ensuring the correctness and integrity of information and information processing methods.
- Availability: Ensuring that authorized users have access to information and related assets whenever needed.
- Compliance: All personnel must comply with relevant laws (such as the Trade Secrets Act, Copyright Act, and Personal Data Protection Act).

Through the management of this policy, Simplo Technology clearly declares the information security objectives, ensuring that relevant personnel adhere to the information security requirements and related legal regulations. This approach reduces the impact of any information security incidents, continuously operates and improves the information security management system, and protects the interests of the Company and its customers.

Organization and operation of information security management

Simplo Technology has established an Information Security Committee responsible for implementing information security-related regulations. Simplo Technology holds monthly information security meetings to review the implementation status of information management plans and keep abreast of emerging information security issues.

The information department regularly participates in internal corporate information security-related meetings to ensure the implementation of the information security management policy; the Audit Office serves as the auditing unit for overseeing information security, conducting annual information security audits on the electronic data processing cycle of the internal control system to assess the effectiveness of the Company's information operational control, and reports the results regularly to the Board of Directors.



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 managemen).

- Information Security General Knowledge - (Information Security Threat Trends, Social Engineering Promotion, OA Information Security Management)
- Legal software usage promotion
- SMP - Information Security Policy and Information Security Statement
- SMP - Appointment Letter of Representative of the Top Management of the Information Security Management System

Evaluation and response measures for information security risk

- Simplo Technology has established Risk Evaluation Guidelines in response to information and communications security risks.
- Manage risks for critical information assets and core systems based on the level of impact from factors such as value, vulnerabilities, and threats.
- Establish a data backup mechanism: Formulate standard operating procedures such as backup and disaster recovery control methods, and conduct irregular disaster recovery tests every year to ensure the normal recovery of information systems and lower the risk of system interruption caused by unforeseen natural disasters or human errors.
  ✓ In 2024, there were zero major information security incidents leading to business damage.
- Deployment of technology-related information security functions: Including network firewalls, email security systems, antivirus systems, operating system updates, and system vulnerability scanning to control and reduce information security risks.
- Users' computer information security management
  ✓ Establish security policies for employees' email management, Internet usage management, computer system resources management, computer antivirus management, file access control, and remote access management to ensure the confidentiality, completeness, and availability of Company information.

✓ The control includes the following items:

- 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.