

4.1 Governance Practices

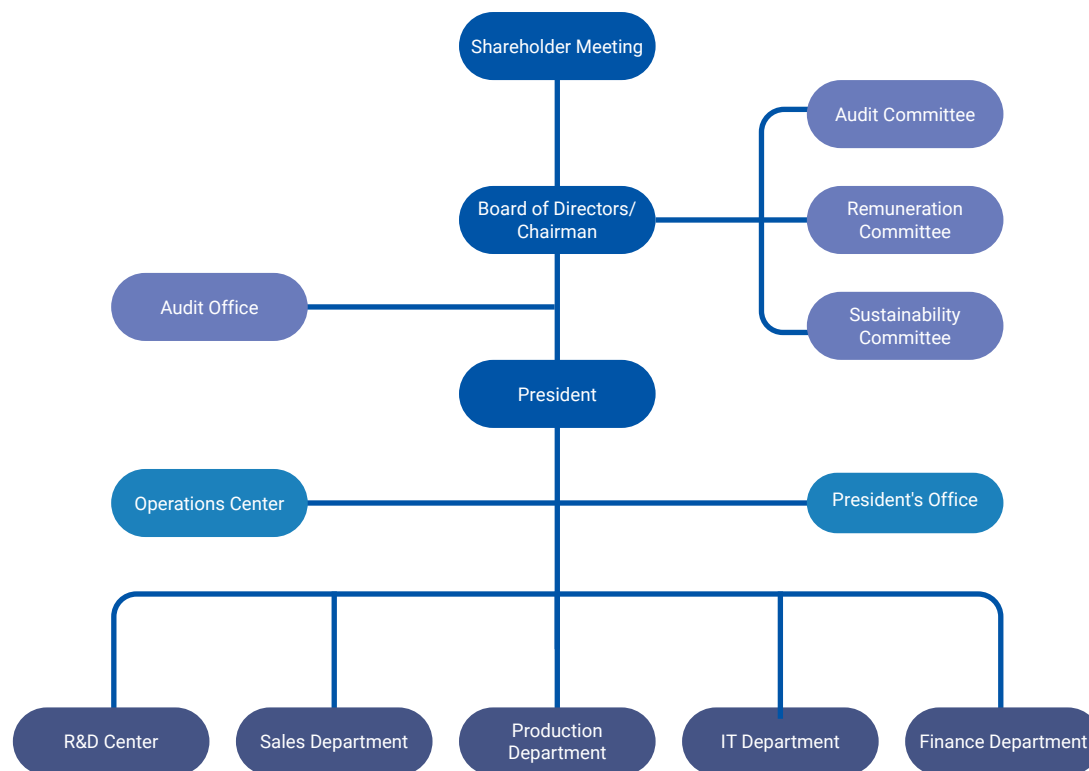
In accordance with the spirit of corporate governance, we protect shareholders' rights and interests, strengthen the competencies of the Board of Directors, enhance information transparency, form an effective internal control system, and respect the rights and interests of stakeholders, while at the same time implementing ethical governance and sustainable management.



The Board of Directors is the highest authority of corporate governance; All directors are responsible for exercising the due care of a good manager in planning the Company's operating policies and reviewing financial performance, as well as ensuring that the Company's operations follow all laws and regulations. The Board of Directors has established the Audit Committee, the Remuneration Committee and the Sustainability Committee to improve corporate governance and strengthen the Company's competitive position. An independent Audit Office has also been set up under the Board of Directors to regularly carry out audits and report the audit results to the Audit Committee and the Board of Directors.

The Assistant Vice President of Finance Department serves as Corporate Governance Officer, responsible for assisting directors to perform their duties, providing required information, arranging for continuing education, handling matters related to Board meetings and shareholders' meetings in accordance with laws, as well as assisting the Company in resolutions of Board meetings and shareholders' meetings and maintaining investor relations.

Corporate Governance Framework



- 1. Sustainability Performance
- 2. ESG Overview
- 3. Health Care
- 4. Corporate Governance
- 5. Safe Workplace
- 6. Social Inclusion
- 7. Environmental Protection



» Governance Practice Results in 2024

In accordance with the "Corporate Governance Blueprint" published by the Financial Supervisory Commission, Microbio actively promotes the four main tasks of "protecting shareholders' rights and interests and treating shareholders equally", "enhancing the structure and operation of the Board of Directors", "improving information transparency", and "promoting sustainable development" to improve corporate governance. To evaluate and measure corporate governance performance, the Company has participated in corporate governance evaluations organized by the Taiwan Stock Exchange and Taipei Exchange for public companies, and aims to continue to be ranked in the top 5% of corporate governance evaluations.

In 2024, Microbio was ranked in the top 5% of TPEX-listed companies in the Corporate Governance Evaluation (highest tier), marking the fourth consecutive year of this achievement and consolidating its benchmark status in governance. The Company was also ranked, for three consecutive years, among the top 10% of non-financial, non-electronics listed companies with a market capitalization above NT\$10 billion, demonstrating the Microbio Group's solid results and strong capabilities in corporate governance and sustainability.

• **Board of Directors**

The Board of Directors plans the Company's management strategies and is responsible for shareholders and other stakeholders. Directors of the Company faithfully carry out their tasks and exercise the due care of a good manager, carrying out duties with a prudent attitude. The Board of Directors makes resolutions on the Company's business execution as well as operations and arrangement of all governance systems, except for matters that shall be resolved by a shareholders' meeting as required by law or the Article of Incorporation. The Article of Incorporation clearly states that the candidate nomination system is adopted for the election of directors. The principle of the election is electing talented directors through regular elections. In accordance with the Corporate Governance Best Practice Principles, the composition of members of the Board of Directors shall take diversity into account. In addition to the fact that the number of directors who also serve as managers of the Company may not exceed one-third of the Board of Directors, appropriate policies for diversity must also be formulated based on the Company's operations, business model and development needs. Aside from taking professional capabilities into consideration, directors must also have extensive practical experience and be familiar with the development of the industry. There are 7 directors on the Board of Microbio (including 4 independent directors) and the term is 3 years. A Board meeting is held at least once per quarter as required by law. In 2024, 8 Board meetings were held.

2024 Board Attendance Rate

Title	Name	Actual Attendance (B)	Proxy Attendance	Actual Attendance Rate (%)	Notes
Chairman	Kuo, Hsien-Shou	3	0	100	Former Appointment ^(Note 1)
Chairman	Chen, Tzen-Wen	5	0	100	New Appointment ^(Note 2)
Director	Yang, Pan Chih	2	1	67	Former Appointment ^(Note 1)
Director	Huang, Cheng Chun	3	0	100	
Director	Lee, Tsu-Der	5	0	100	New Appointment ^(Note 2)
Director	Lu, Ching-Hung	4	0	80	
Independent Director	Lai, Yuan-Ho	3	0	100	Former Appointment ^(Note 1)
Independent Director	Tsai, Kao Chung	3	0	100	
Independent Director	Han, Li Chun	8	0	100	Reappointed ^(Note 3)
Independent Director	Liang, Chi-Ming	8	0	100	
Independent Director	Chang, Chun-Chao	4	1	80	New Appointment ^(Note 2)
Independent Director	Wu, Wen-Mien	5	0	100	

Note 1: Relinquished office after the comprehensive re-election at the Annual General Meeting on May 30, 2024.

Note 2: Newly appointed after the comprehensive re-election at the Annual General Meeting on May 30, 2024.

Note 3: Reappointed after the comprehensive re-election at the Annual General Meeting on May 30, 2024.

Note 4: For information on the educational and professional backgrounds of the directors, please refer to page 17 of Microbio's 2024 Annual Report.

• **Diversification of the Board of Directors**

In accordance with the Company's "Corporate Governance Best Practice Principles", the diversity of the Board members shall be considered, and the number of directors who concurrently serve as the Company's managerial officers should not exceed one-third of the total number of directors. Furthermore, the Board shall establish a diversity policy aligned with its operations, business model, and development needs. Microbio does not impose restrictions on Board member selection based on gender, age, race, or nationality. Independent directors constitute more than half of the Board. Currently, there is one female director, and the Company plans to implement, within the next three to five years, a diversity policy under which at least one gender accounts for at least one-third of Board seats. The nomination and selection of the Company's board members are conducted in accordance with the Company's Articles of Incorporation, and the candidate nomination system is adopted. In addition to assessing the educational background and professional qualifications of each candidate, the Company also complies with the "Procedures for Election of Directors" and the "Corporate Governance Best Practice Principles", to ensure the diversity and independence of its board members. The abilities that the Board of Directors as a whole shall possess include, but are not limited to, the ability to make operational judgments, the ability to perform accounting and financial analysis, the ability to conduct management and administration, the ability to conduct crisis management, knowledge about the industry, an international market perspective, leadership, the ability to make decisions, and the knowledge and ability of risk management. Board diversity implementation status:

		Chen, Tzen-Wen	Lee, Tsu-Der	Lu, Ching-Hung	Han, Li Chun	Liang, Chi-Ming	Chang, Chun-Chao	Wu, Wen-Mien
Nationality		Republic of China						
Gender		Male						Female
Age	60 to 70			●				●
	71 to 80				●		●	
	81 to 90	●	●			●		
Years of service as independent director	Under 10 years					●	●	●
	More than 10 years				●			
Operational Judgment		●	●	●	●	●	●	●
Legal, Accounting and Financial Analysis					●			
Operation Management		●	●	●	●	●	●	●
Risk and Crisis Management		●	●	●	●	●	●	●
Knowledge about the industry		●	●	●	●	●	●	●
International market perspective		●	●	●	●	●	●	●
Leadership		●	●	●	●	●	●	●
Decision-making		●	●	●	●	●	●	●

• **Board Performance Evaluation**

The Company has established the "Rules for Performance Evaluation of the Board of Directors" to evaluate the performance of the Board of Directors as a whole, individual directors, and functional committees. Regular internal and external evaluations are used to improve the functioning of the Board of Directors.

The internal performance evaluation of the Board of Directors is conducted once a year by the Finance Department with internal questionnaires. The evaluation is based on the operation of the Board of Directors, the participation of the directors, the operation of the Remuneration Committee and the Audit Committee, and covers the operation of the Board of Directors by the directors, the evaluation of the participation of the directors by the directors, and the evaluation of the operation of the Audit Committee and the Remuneration Committee by the Company.



In 2024, the self-evaluation of the performance of the Board of Directors was completed, and the evaluation results will be submitted to the Board of Directors in May 2025. The self-assessment results for the Board, Audit Committee, and Remuneration Committee for the fiscal year 2024 were all excellent, indicating overall good operational performance.

According to the "Rules for Performance Evaluation of the Board of Directors" of our company, it is stipulated that an external evaluation shall be conducted at least once every three years by an external professional organization or a team of external experts and scholars. In 2023, Microbio entrusted the independent external experts from the "Taiwan Corporate Governance Association" to evaluate the effectiveness of the Board of Directors. The evaluation results were submitted to the Board meeting held on November 10, 2023. For the complete evaluation report, please visit the "Investors" section on the Company website.

The performance evaluation results of the Board of Directors are used as a reference for the future selection or nomination of directors; the performance of individual directors are used as a reference for determining their respective compensation.

In consideration of various regulatory compliance and governance practices that directors may face during management, we proactively encourage directors to take on continuing education. In 2024, the Board of directors had a total of 66 hours of continuing education. Depending on the overall situation of continuing education in the future, professional courses related to corporate social responsibility may be arranged for directors. Under the leadership of the Board of Directors, who are dedicated to ethical governance and have extensive industry experience, we believe that the Company's business will thrive and continue to march forward towards sustainability.

Note: For details regarding the operations of the Board of Directors, please refer to p. 25-26 of Microbio 2024 Annual Report

» Functional Committees

With the aim of improving the supervisory function and reinforcing the management function, Microbio has established the Audit Committee, the Remuneration Committee and the Sustainability Committee. In addition to independently exercising powers as in accordance with the law, the functional committees are also responsible for the Board of Directors and submit proposals to the Board of Directors for resolution.

• Audit Committee

Microbio has established an Audit Committee under the Board of Directors. All independent directors serve as Audit Committee members. The Audit Committee operates to supervise the fair presentation of the Company's financial statements; the election (dismissal), independence, and performance of CPAs; the effective implementation of the Company's internal controls; the Company's compliance with applicable laws and regulations; and the control of existing or potential risks as its purposes. The evaluation results are submitted to the Board of Directors for discussion.

Independent Director Han, Li-Chun has served as the convener of the Audit Committee of Microbio since the re-election at the Annual General Meeting on May 30, 2024. The convener has accounting and financial expertise, and a meeting is convened at least once a quarter. A total of 7 meetings were held in 2024.

Member of the Microbio Audit Committee

Title	Name	Attendance Rate in 2024(%)	Remark
Independent Director (Convener)	Han,Li-Chun	100	Reappointed ^(Note 1)
Independent Director (Member)	Liang,Chi-Ming	100	Reappointed ^(Note 1)
Independent Director (Member)	Chang,Chun-Chao	75	New Appointment ^(Note 2)
Independent Director (Member)	Wu, Wen-Mien	100	New Appointment ^(Note 2)
Independent Director (Member)	Lai, Yuan-Ho	100	Former Appointment ^(Note 3)
Independent Director (Member)	Tsai, Kao-Chung	100	Former Appointment ^(Note 3)

Note 1: Reappointed office after the comprehensive re-election at the Annual General Meeting on May 30, 2024.

Note 2: Newly appointed after the comprehensive re-election at the Annual General Meeting on May 30, 2024.

Note 3: Relinquished after the comprehensive re-election at the Annual General Meeting on May 30, 2024.

Microbio has established communication channels between the Audit Committee, accountants and the Chief of Internal Auditor. Among them, the Chief Internal Auditor prepares a report every month of the deficiencies from the audit carried out in the previous month and the follow-up situation for improvement, and submits the report to the independent directors for review. The Chief Internal Auditor attends the Audit Committee meeting held every quarter, and reports the audit operations, results and follow-up situation to the independent directors. At the same time, the Chief Internal Auditor also attends the Board meeting held every quarter, and reports the quarterly internal audit operations. In the Audit Committee meeting held on a quarterly basis, the CPAs explain the process of auditing or reviewing the Company's financial statements, their scopes and relevant regulatory updates, as well as have mutual discussions with independent directors. Finally, the independent directors may contact the Chief Internal Auditor and accountants via email, meeting arrangement and telephone if necessary. The overall communication practices are good.

• Remuneration Committee

To strengthen the compensation system for directors and managerial officers, we evaluate whether the management performance and the compensation received by the directors and managerial officers are fair and reasonable. Moreover, the Board of Directors approved the "Remuneration Committee Charter" and established the Remuneration Committee under the Board. All 3 members of the Remuneration Committee are independent directors and they meet at least twice a year. In 2024, 2 Remuneration Committee meetings were held.

Title	Name	Attendance Rate in 2024 (%)
Independent Director (Convener)	Han, Li-Chun	100
Independent Director (Member)	Liang, Chi-Ming	100
Independent Director (Member)	Chang,Chun-Chao	100

For detailed information about the operation of Remuneration Committee, please refer to p.36-37 of Microbio 2024 Annual Report.

The Remuneration Committee shall take the following principles into consideration when conducting an evaluation:

- The remuneration of the Company is in compliance with relevant laws and regulations and is sufficient to attract talent.
- The performance evaluation and compensation for directors and managerial officers shall be determined with reference to the standard levels of peers. Moreover, the time devoted by the directors and managerial officers, the duties, achievement of personal goals, performance in other positions, the remuneration received by other employees with the same positions in recent years, as well as the achievement of the Company's short-term and long-term business objectives and the Company's financial conditions, will be taken into account. The reasonableness of personal performance, the Company's business performance and future risks will also be evaluated.
- Directors and managerial officers shall not be led to engage in behavior beyond the Company's risk appetite in the pursuit of Compensation.
- The proportion of remuneration for the short-term performance of directors and senior managerial officers and payment time of variable compensation shall be determined with reference to the characteristics of the industry and the nature of the Company's business.

In practice, the Remuneration Committee abides by the obligation of the due care of a good manager and regularly reviews the policy, system, standards and framework of the performance evaluation of directors and managerial officers. The Committee also periodically evaluates and determines the Compensation of directors and managerial officers and proposes recommendations at the Board meeting for discussion.



• **Sustainability Committee**

To implement corporate sustainability and strengthen the Board's functions, the Board of Directors resolved on November 10, 2022 to establish the Sustainability Committee. From a company-wide perspective, the Committee supervises the implementation of the following: practicing corporate governance, promoting environmental protection, safeguarding social welfare, and enhancing disclosure of corporate sustainability information.

The second term of the Committee was appointed by the Board of Directors on May 30, 2024, and consists of three members, including Independent Director Mr. Liang, Chi-Ming, Independent Director Mr. Han, Li-Chun, and Advisor, Ms. Lin, Chieh-Chen. The three members have experience and knowledge of sustainable development required by the committee, including organizational management, risk management, corporate governance, and finance and accounting specialties. Independent Director Liang, Chi-Ming was re-elected as the convener and chair of the meetings. In 2024, the Sustainable Development Committee convened two meetings, during which the Company's "2024 Sustainable Development Plan," "2024 Sustainable Development Implementation Report," and "2025 Sustainable Development Plan" were discussed, to supervise the Company's Corporate Governance, Environmental Sustainability, and Social Inclusion and the effectiveness of their implementation.

Member of the Microbio Sustainability Committee

Title	Name	Attendance Rate in 2024 (%)
Independent Director (Convener)	Liang, Chi-Ming	100
Independent Director (Member)	Han, Li-Chun	100
Advisor (Member)	Lin, Chieh-Chen	100

For detailed information about the operation of Sustainability Committee, please refer to p.30 of Microbio 2024 Annual Report.

Duties of the Sustainability Committee

The Sustainability Committee shall exercise the care of a good administrator to fulfill the following authorities with feasibility and risk reduction as the top priority and submit proposals to the board of directors for discussion:

1. Supervise the implementation of sustainability development plans such as strengthening corporate governance, promoting sustainable environment, advancing social integration, driving supplier sustainability management, and improving information disclosure, along with evaluating execution outcomes.
2. Review the Company's sustainable development policy, code of practice, strategic direction, and annual plan formulation and revision.
3. Supervise matters related to other sustainable development resolutions passed by the board of directors.
4. Supervise the Sustainability Executive Committee (hereafter "Executive Committee"). The Executive Committee is responsible for planning and implementing sustainable development-related matters; the general manager shall serve as the chair of the Executive Committee and regularly report the sustainable development results to the Sustainability Committee.