



## 4.1 Corporate Governance

Brogent follows the Corporate Governance Practice Principles and the Code of Ethical Conduct for Directors and Managerial Officers to establish an effective corporate governance structure and relevant ethical standards and items for healthy corporate governance. Out of respect for the rights and interests of all stakeholders, Brogent identifies all stakeholders and gets to understand their expectations and demands via adequate communication. Then, based on said understanding, Brogent properly responds to important CSR issues of concern to the stakeholders. In addition, Brogent formulated the CSR Practice Principles. The Finance Center was in charge of promoting CSR, as well as implementing and promoting CSR-related policies or systems; it should also report to the Board of Directors.

### Management Approach

Major Issue	Corporate Governance
Material Topic	Nominating and Selecting the Highest Governance Body (GRI 102-24)
Policy/Commitment	<ul style="list-style-type: none"> <li>Honest, law-abiding, and valuing shareholders' rights and interests, Brogent focuses on sustainable management through an excellent and healthy corporate governance system to meet its stakeholders' expectations.</li> </ul>
Goals and Objectives (Short-Term)	<ul style="list-style-type: none"> <li>Strengthen the structure and operation of the Board of Directors, while enhancing its functions.</li> <li>Increase non-financial information disclosure.</li> </ul>
Practical Management Actions	<ul style="list-style-type: none"> <li>Fair, just, and open selection of board members.</li> <li>Conduct yearly board assessment.</li> <li>Arrange relevant training courses for board members according to the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies.</li> <li>Continue to implement CSR and publish CSR reports.</li> </ul>
Goals in 2020 Achievements (Short-Term)	<ul style="list-style-type: none"> <li>The total number of hours of training received by board members is 63.</li> <li>The 2019 CSR report was published.</li> </ul>

## Management Approach

Major Issue	Corporate Governance
Material Topic	Nominating and Selecting the Highest Governance Body (GRI 102-24)
Major Issues Mission and Vision (Long-Term)	<ul style="list-style-type: none"> <li>Strengthen the functions of all functional committees.</li> <li>Improve corporate governance assessment performance.</li> <li>Identify operational risks and formulate adaptive strategies.</li> </ul>
Responsibilities	<ul style="list-style-type: none"> <li>The Board of Directors should supervise the management and operation of the Company.</li> </ul>
Resources Investment	<ul style="list-style-type: none"> <li>Members of the Board directors: seven directors.</li> </ul>
Claim Procedures	<ul style="list-style-type: none"> <li>Internally: Audit Office.</li> <li>Externally: Report through Brogent's website(<a href="https://www.brogent.com/zh-tw/contact-us.html">https://www.brogent.com/zh-tw/contact-us.html</a>)</li> </ul>
Specification Actions	<ul style="list-style-type: none"> <li>At least one board meeting per quarter.</li> </ul>
Evaluation Procedures	<ul style="list-style-type: none"> <li>Conduct inspections on the operation of the Board of Directors through internal audits.</li> <li>Corporate governance accreditation.</li> </ul>
Evaluation Follow-Up	<ul style="list-style-type: none"> <li>In 2020, Brogent's corporate governance accreditation results ranked at the 21%–35% interval of all listed companies in Taiwan.</li> </ul>

## Governance Structure

The highest governance unit of Brogent is the Board of Directors, which, by exercising the powers and responsibilities conferred by the Company Act, the Articles of Incorporation, and resolutions of shareholders' meetings, oversees the Company's operations, formulates the Company's policies, identifies operational risks, and sets forth directions for corporate social responsibility

development. After the re-election of directors at the regular shareholders' meeting on May 28, 2020, the chairman of the Company was served by Mr. Chih-Hung Ouyang (concurrently president), who is responsible for supervising the implementation of internal audit and control, developing the Company's medium and long-term business strategies, setting directions

for business development and market deployment, controlling and evaluating the operational performance of subsidiaries, and making decisions on economic, environmental, and social-related issues. We hold our managerial officers and directors to the highest ethical standards of integrity and have formulated regulations, including the Ethical Corporate Management Best

Practice Principles, the Code of Ethical Conduct for Directors and Managerial Officers, and the Operating Procedure for Prevention of Insider Trading, to guide our managerial officers and directors in exercising the due care of a good administrator when conducting business for the Company.

## Results of Governance

In 2020, Brogent continued to strengthen our board structure and operation, improve our board functions, and enhance

our non-financial information disclosure quality, resulting in the 7th Corporate Governance Accreditation; we ranked at the

21%–35% interval of all listed companies in Taiwan. This achievement fulfilled our goals for corporate governance and

demonstrated our determination to perfect our corporate governance.

## Operation of the Board of Directors

The Board of Directors in 2020 was composed of seven directors (including three independent directors) who possess diverse professional backgrounds and practical and academic experiences in operations, technology, and finance. The Board convenes at least one

regular meeting every quarter; in 2020, ten Board meetings were convened, with an attendance rate of 82.43%.

Under the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies,

the Board regularly engages in continuing education to ensure its understanding of regulatory amendments and emerging issues to enhance the effectiveness of corporate governance. Communicate with independent directors on corporate governance through

accountants and internal audits, including the effectiveness of internal control, risk assessment and key audit matters.



## Members of Board Directors and Courses Taken

Title	Name	Gender	Position	Attendance at the Board Meetings	Courses taken in 2020
Chairman	Chih-Hung Ouyang	Male	Chairman, Brogent Technologies Inc.	100%	<ul style="list-style-type: none"> <li>Corporate Social Responsibility and Sustainable Competitiveness.</li> <li>How should corporations preemptively prepare for the need of compliance management in a world of digital transformation.</li> </ul>
Director	Changchun Investment Co. Ltd. Representative: Chih-Chuan Chen	Male	Vice President, Investment Administration Division, RT-Mart International	67%	<ul style="list-style-type: none"> <li>The current status and future of intellectual property rights protection related to pharmaceuticals in Taiwan.</li> <li>Exploring the responsibility of Directors and Supervisors for illegal cases from securities market.</li> </ul>
Director	Chin-Huo Huang	Male	Chairman, Fu Ying Metal Industrial Co., Ltd.	100%	<ul style="list-style-type: none"> <li>Corporate Social Responsibility and Sustainable Competitiveness.</li> <li>How should corporations preemptively prepare for the need of compliance management in a world of digital transformation.</li> </ul>
Director	Chun-Hao Cheng <sup>1</sup>	Male	Director, Brogent Technologies Inc.	10%	<ul style="list-style-type: none"> <li>Corporate Social Responsibility and Sustainable Competitiveness</li> <li>How should corporations preemptively prepare for the need of compliance management in a world of digital transformation.</li> </ul>
Independent Director	Lewis Lee	Male	Vice director, ZHI CHENG Co- located CPA Firm.	100%	<ul style="list-style-type: none"> <li>Corporate Social Responsibility and Sustainable Competitiveness.</li> <li>How should corporations preemptively prepare for the need of compliance management in a world of digital transformation.</li> </ul>

Note : The term of office is from May 28, 2020 to May 27, 2023.

## Members of Board Directors and Courses Taken

Title	Name	Gender	Position	Attendance at the Board Meetings	Courses taken in 2020
Independent Director	Chih-Poung Liou	Male	Managing Partner, Stellex Law Firm.	100%	<ul style="list-style-type: none"> <li>Practical operation, control mechanism and case sharing of related party transactions.</li> <li>Money laundering regulations, patterns and pre-crimes (such as insider trading).</li> </ul>
Independent Director	Jih-Ching Chiu	Male	Associate Professor, National Sun Yat-sen University	100%	<ul style="list-style-type: none"> <li>Corporate Social Responsibility and Sustainable Competitiveness.</li> <li>How should corporations preemptively prepare for the need of compliance management in a world of digital transformation.</li> <li>2020 Corporate Jurisprudence and Corporate Integrity Directors and Supervisors Promotion Conference.</li> <li>Looking for new growth momentum in the 2020 strategic turning year.</li> </ul>

## Age of Board Members

Board	Age of Members of the Governance				
	Below 30 years	31-40 years	41-50 years	Over 51 years	Average age
Number of People	-	-	-	7	61

Note : The statics are based on ages of board members between May 28, 2020 and May 27, 2023.

## Operation of the Remuneration Committee

To improve the remuneration system for directors, supervisors, and managerial officers, the Remuneration Committee has been set up 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. The Articles of Incorporation have also been

established. The Remuneration Committee faithfully performs its duty of overseeing the remuneration system for directors, supervisors, and managerial officers and submitting its proposals for the deliberation of the Board.

The Remuneration Committee consists of three members, all of whom are assumed by independent directors of the Company. All members elect

the independent directors as the convener and chairman of committee meetings, which are held at least twice a year and at any time as necessary.

The remuneration standard of the board of directors or senior management personnel shall be implemented in accordance with the “Administrative Measures for the Remuneration of Directors and Managers”. Managers' salary adjustments and salary changes

are linked to their performance. The approved benchmarks are financial indicators, quality and risk control, leadership and management performance. Directors and senior remuneration are determined by the remuneration committee and submitted to the board of directors for approval.

## Members of the Remuneration Committee

Name	Number of Expected Attendances	Number of Actual Attendances	Number of Attendances Proxy	Actual Attendance Rate%
Chin-Wen Chuang	2	2	0	100%
Shun-Jen Cheng	2	2	0	100%
Rong-Da Liang	2	2	0	100%
Lewis Lee*	1	1	0	100%
Chih-Poung Liou*	1	1	0	100%
Jih-Ching Chiu*	1	1	0	100%

Note: Elected on, 2020.05.28. \* Newly elected members in 2020.

## Operation of the Audit Committee

To strengthen corporate governance and operation, Brogent established the Audit Committee in 2020 to effectively monitor internal control, examine

financial reports, and evaluate and guide audit-related work in the Company.

Members of the audit committee and internal auditing officer and

CPA hold two communication meetings every year to discuss the appropriate expression of the company's financial statements, the effective implementation of

the company's internal control, the company's compliance with relevant laws and regulations, and the control of the company's existing or potential risks.

## Members of the Audit Committee

Name	Number of Expected Attendances	Number of Actual Attendances	Number of Attendances Proxy	Actual Attendance Rate%
Lewis Lee	5	5	0	100%
Chih-Poung Liou	5	5	0	100%
Jih-Ching Chiu	5	5	0	100%

### » 4.1.1 Operational Integrity

Brogent has formulated the “Ethical Corporate Management Best Practice Principles”, the “Code of Ethical Conduct for Directors and Managerial Officers”, the “Operating Procedure for Prevention of Insider Trading”, and the “Reporting Policy of Unlawful or Unethical Actions” as guidance for our directors, supervisors, managerial officers, and employees to uphold integrity, observe the laws, and fulfill their fiduciary duties in conducting business activities to maintain

operational soundness.

All of Brogent's suppliers are required to sign an “Integrity Pledge”, in which they declare that they will not bribe or promise to reward Brogent employees with whom they have contact as a result of business dealings. In addition, if an employee requests or accepts improper benefits from a third party, or directly or indirectly benefits themselves or other related parties in violation of pertinent integrity provisions, any such violation can be reported through the official reporting

window on our Company's website, as has been set out in the Reporting Policy of Unlawful or Unethical Actions. We maintain strict confidentiality with respect to the source of the report and investigate all information, as well as take special measures to protect whistleblowers, so as to reduce such incidents as corruption and malfeasance.

In 2020, Brogent totally organized three sessions on education and training course of “Information Security Advocacy and Code of Conduct”, which explained

Brogent's integrity regulations and the content focused on making colleagues understand the rules of Brogent Group's foreign business dealings and conflicts of interest avoidance. And it explained the grievance channels and investigation processing procedures to colleagues; Brogent received the investigation processing procedures for reported incidents were also detailed on our Company's website.

To find out more information about Brogent's operational integrity and relevant regulations, please refer to the following links:

Ethical Corporate Management Best Practice Principles	Code of Ethical Conduct for Directors and Managerial Officers	Operating Procedure for Prevention of Insider Trading	Reporting Policy of Unlawful or Unethical Actions
			

## Regulatory Compliance

The basic responsibility of Brogent is to operate in compliance with the law. In the process of corporate governance, product development, manufacturing, installation, testing, and after-sales service, we strictly abide by the regulatory

requirements of competent authorities and have established corresponding standard operating procedures within our Company. In addition, to ensure compliance with laws and regulations globally, our Administration Center has dedicated legal staff

to ensure the compliance of our Company's business with the laws and regulations, and keep track of changes in global laws and regulations, communicate information, and assist in contract management to minimize the risk of regulatory violations.

In 2020, Brogent has not violated any laws or regulations or engaged in any corruption in our corporate governance and integrity operations, and we have not accepted or made any political donation.

## Integrity Management and Legal Compliance Training Course

Item	2020 Training Course	Target	Sessions	Personnel
1	Information Security Advocacy and Code of Conduct	Employees	3	217
2	Regulatory Compliance	Board of Directors	1	5
Total			4	218



## » 4.1.2 Risk Management

### Management Approach

Major Issue	Risk and Crisis Management
Material Topic	Key Impacts, Risks, and Opportunities (GRI 102-15) Effectiveness of Risk Management Processes (GRI 102-30) Financial Implications and Other Risks and Opportunities Due to Climate Change (GRI 201-2)
Policy/Commitment	<ul style="list-style-type: none"> <li>Identify and manage all potential risks that may affect operations according to the risk assessment method, and formulate response strategies in advance to reduce the impact on the sustainable operation of the company.</li> </ul>
Goals and Objectives (Short-Term)	<ul style="list-style-type: none"> <li>Strengthen and modify internal control systems to retain their effectiveness.</li> <li>Each unit conducts economic, environmental and social risk factor identification and impact assessment for the responsible business, and establishes risk management and control strategies to ensure effective response to risks when they occur, so as to maintain normal operations of the company.</li> <li>Ensure that colleagues can safely complete projects and meet customer requirements during the epidemic.</li> </ul>
Practical Management Actions	<ul style="list-style-type: none"> <li>Act according to the principle of risk spreading and ensure that the investment portfolio generates maximum profit.</li> <li>Analyze all operating activities and only take actions after receiving approval from the management.</li> <li>Track and update the epidemic situation of various countries and related epidemic inspection regulations at any time.</li> </ul>
Goals in 2020 Achievements (Short-Term)	<ul style="list-style-type: none"> <li>In response to the effective risk management and control strategies of all units, achieve the normal operation of the company in 2020.</li> <li>Cooperate with the epidemic prevention policies of various countries in the world, and provide colleagues with epidemic prevention materials, arrange return home isolation accommodation and additional allowances.</li> </ul>
Major Issues Mission and Vision (Long-Term)	<ul style="list-style-type: none"> <li>Consider future industrial growth and overall economic changes; adaptive strategies must be adjusted when necessary.</li> </ul>

## Management Approach

Major Issue	Risk and Crisis Management
Material Topic	Key Impacts, Risks, and Opportunities (GRI 102-15) Effectiveness of Risk Management Processes (GRI 102-30) Financial Implications and Other Risks and Opportunities Due to Climate Change (GRI 201-2)
Responsibilities	<ul style="list-style-type: none"> <li>Senior executives of respective centers are responsible for controlling risks.</li> </ul>
Resources Investment	<ul style="list-style-type: none"> <li>The audit office conducts self-assessment of the internal control status of each unit every year.</li> </ul>
Claim Procedures	<ul style="list-style-type: none"> <li>Report upward level by level through direct supervisors.</li> <li>Report grievances through Brogent's email address(<a href="https://www.brogent.com/en/contact-us.html">https://www.brogent.com/en/contact-us.html</a>)</li> </ul>
Specification Actions	<ul style="list-style-type: none"> <li>Regularly / Irregularly convene management meetings.</li> </ul>
Evaluation Procedures	<ul style="list-style-type: none"> <li>Through the effective operation of internal audits, review the precautions for necessary risk management and control.</li> </ul>
Evaluation Follow-Up	<ul style="list-style-type: none"> <li>Ensure the company's information transparency and effective operation of risk control, and maintain the company's industrial competitiveness.</li> </ul>

## Risk Management Mechanism

Brogent has set up an “audit office” under the board of directors directly, which is responsible for internal audit affairs and handling related matters. It has one audit supervisor and one auditor to ensure

operational performance and efficiency (including profitability, performance, and asset safety, etc.), the report is reliable, timely, and transparent, and complies with the compliance status of relevant laws and regulations.

## Internal Audit

The internal audit system of Brogent is self-supervised and amended at any time in response to changes in the environment and conditions. It has five main functions: “Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities” . The audit office draws up an audit plan for the next year based on the results of the risk assessment, and conducts business audits on the company and its subsidiaries' financial, risk management, and compliance with laws and regulations at least once a quarter, and prepares internal audit reports to ensure that the company's operations

comply with the principle of honest operation.

Audit Office is directly accountable to the Board of Directors with the purpose to implement annual audit plans approved by the Board. The audits are done in accordance with the manager performance evaluation and remuneration policies, systems, standards, and structures established in the Remuneration Committee Charter. We prepare audit plans in accordance with relevant regulations of competent authorities, as well as corporate risk assessment results, while assisting the Board and managerial officers in conducting

Brogent's risk management is divided into internal audit, internal control, and risk analysis, each of which implements risk prevention measures per the Company's risk management policies. We have formulated

risk assessment guidelines and management strategies based on risk categories, whereby our Audit Office carries out inspection and evaluation.



project audits, assessing the deficiencies of the internal control system, tracking the status of improvement measures, and reporting the audit results to the Board on a regular basis to

ensure effective and sustained implementation of the internal control system.

## Internal Control

The internal control system has been established on the basis of five interrelated elements: Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities. At the

beginning of each year, our Audit Office review the status of each department's self-assessment of its internal control to serve as the basis for the Board of Directors and President to evaluate the overall efficacy of all internal

control systems and formulate management strategies and to produce "Internal Control System Statements".

The year 2020 is a year with effective implementation of internal control. The audits

revealed no major deficiencies. We will continue to optimize the design of internal control and implement the implementation of internal audits to ensure the effectiveness of organizational operations.

## Risk Analysis

Each functional department of Brogent identify and manage all potential risks that may affect company operation , and carry out risk analysis and

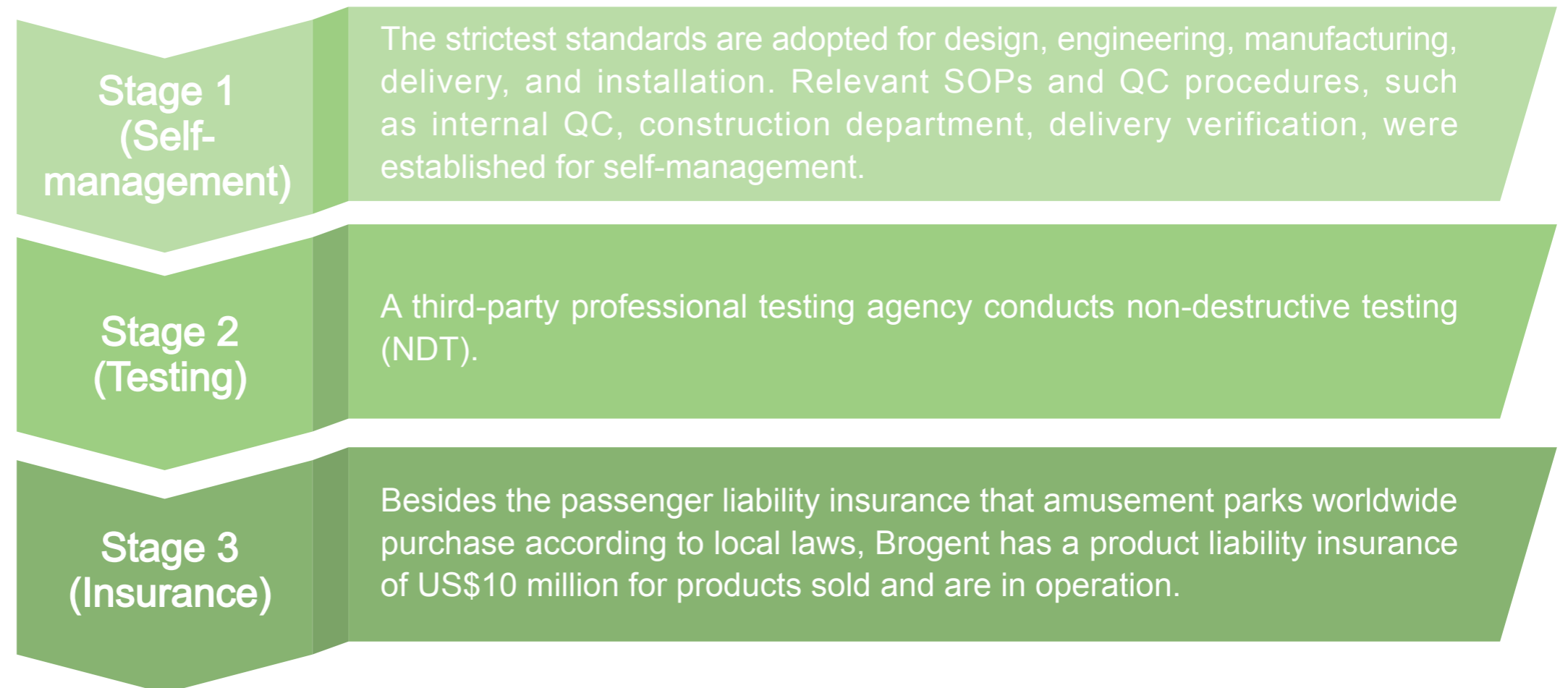
assessment, and understand the impact by analysis of the possibility of risk events and the degree of negative impact once they occur, as a reference for

subsequent formulation of risk control priorities and response measures reference basis, and establishes adaptive strategies early on to minimize their impact

on the Company's sustainable management.

## Product Liability Risk

The Risk Evaluation Guidelines revealed that the greatest potential risk of Brogent's operation is amusement ride accidents. In response to this risk, Brogent established the following risk control strategy:



## Risk Category and Management Strategy in 2020

Risk Category	Risk Description	Control Measures	Management Effectiveness
Pandemic Risk	<ul style="list-style-type: none"> <li>• Pandemic could impact business continuity and employees' health.</li> <li>• Lack of accessibility of pandemic prevention equipment and material.</li> </ul>	<ul style="list-style-type: none"> <li>• Make the "covid-19 prevention measures".</li> <li>• Initiate "Epidemic Prevention Fall Winter Project" to keep social distance.</li> <li>• Provide epidemic prevention allowance for international business trip.</li> <li>• Set the early alert mechanism and report mechanism for those who are in the period of home quarantine.</li> <li>• Enhance personal hygiene promotion and environmental disinfection.</li> <li>• Build up the relationship with epidemic prevention supplier and ensure the basic inventory.</li> </ul>	<ul style="list-style-type: none"> <li>• No one is confirmed case, and ensure business continuity.</li> </ul>
Financial Risks	<ul style="list-style-type: none"> <li>• Investment and Exchange Rate Risks.</li> <li>• Fund Raising Risks.</li> </ul>	<ul style="list-style-type: none"> <li>• Long-term monitoring and evaluation of the international situation and investment market.</li> <li>• Raise and issue corporate bonds.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement investment and exchange rate risks management and control, and conduct investment evaluation and exchange rate hedging under appropriate risk regulations, without causing adverse financial impacts.</li> <li>• Complete the raising of corporate bonds and timely improve the financial structure.</li> </ul>
Environmental Risk	<ul style="list-style-type: none"> <li>• Damage to buildings and materials due to extreme weather.</li> </ul>	<ul style="list-style-type: none"> <li>• Establish a notification mechanism for major events.</li> <li>• Evaluate the environmental risk issues and severity of impact of typhoons and rainstorms caused by extreme weather (increase water damage insurance).</li> <li>• Carry out gutter dredging before typhoon season.</li> </ul>	<ul style="list-style-type: none"> <li>• No environmental disaster occurred.</li> </ul>

## Risk Category and Management Strategy in 2020

Risk Category	Risk Description	Control Measures	Management Effectiveness
Risk of Supply Chain	<ul style="list-style-type: none"> <li>The quality and lead time of supplying materials, risk of pricing change.</li> <li>Possibility of material disruption due to COVID-19 outbreak.</li> </ul>	<ul style="list-style-type: none"> <li>Bring in new business sources to avoid material breakage or shortage of supply from a single source to ensure stable equipment and material procurement.</li> <li>Understand the market environment with suppliers regularly, maintain good relationship with suppliers and grasp the trend of the market.</li> <li>Proactive contact with suppliers to understand the supply situation, timely consideration of forecast demand and advance preparation of materials.</li> </ul>	<ul style="list-style-type: none"> <li>Key components are assembled and manufactured by the newly established manufacturing center to share the risk and improve control.</li> <li>In response to the epidemic, some foreign imported parts may be out of stock for export to Taiwan due to the priority of supply to the local market. Strategic stocking to avoid breakage and price increase.</li> <li>No material breakage.</li> </ul>
Information Security Risk	<ul style="list-style-type: none"> <li>Ransomware invasion.</li> </ul>	<ul style="list-style-type: none"> <li>Real-time monitoring of abnormal behavior.</li> <li>Regularly conduct information security advocacy and implement information security drills to employees.</li> </ul>	<ul style="list-style-type: none"> <li>No information security incidents occurred.</li> </ul>
Internal Control Risk	<ul style="list-style-type: none"> <li>Without identifying the major risk projects that affect the company's sustainable.</li> <li>Failure of internal control system.</li> </ul>	<ul style="list-style-type: none"> <li>The management review its new business, major changes in current business, and reliance on foreign regions and the potential impact of new technologies regularly.</li> <li>Identify the significance of the issue and report to the management and the board of directors.</li> <li>Relevant laws and regulations follow, evaluated regularly and establish a mechanism.</li> <li>Review the company's internal control system regularly.</li> </ul>	<ul style="list-style-type: none"> <li>There is no major risk project beyond Brogent identification and control, which will affect the sustainable development of the company.</li> <li>There are no major abnormalities in the audit results of the internal control system.</li> </ul>

## Risk Category and Management Strategy in 2020

Risk Category	Risk Description	Control Measures	Management Effectiveness
Risk of Legal Compliance	<ul style="list-style-type: none"> <li>Company business operation is not in compliance with the law.</li> <li>Legal Risk generated from signing legal documents.</li> </ul>	<ul style="list-style-type: none"> <li>Risk of signing legal documents are minimized through contract review procedure.</li> <li>Update new information on laws and regulations regularly. Legal department is in charge of supervising all departments to comply with the law under “Regulations on Compliance with Laws and Regulations”.</li> <li>Provide regular courses related to law and order to enhance employees' legal awareness and knowledge.</li> </ul>	<ul style="list-style-type: none"> <li>Offer 3 sessions of “Code of Conduct and Importance of Information Security” courses to enhance employees' legal knowledge on anti-corruption and integrity.</li> </ul>
Risk of the Innovation Technology	<ul style="list-style-type: none"> <li>The bottleneck of innovative technology cannot be broken through.</li> <li>Protect the company's products and prevent products from infringing on the intellectual property rights.</li> <li>Innovative technology R&amp;D results cannot be commercialized.</li> </ul>	<ul style="list-style-type: none"> <li>Introduce the product data management system (PDM), and build a collaboration platform. Improve the integration of new and innovative technologies applications.</li> <li>Externally recruit professional talents from all over the world and develop industry-university cooperation technology, and cultivate diversified learning talents internally.</li> <li>Carry out patent applications to enhance the protection of intellectual property rights in the R&amp;D process.</li> <li>Test results of R&amp;D, and perform market verification, and obtain consumer feedback.</li> </ul>	<ul style="list-style-type: none"> <li>R&amp;D of 8k 3D LED Demo screen.</li> <li>The PDM system has been introduced completed.</li> <li>Digitalization of electronic control system has been introduced completed.</li> <li>Nine patent applications have been completed.</li> <li>Innovative technology continues to maintain a leading position in the somatosensory technology industry.</li> <li>No violation of intellectual property rights.</li> </ul>
Risk of Product Manufacturing	<ul style="list-style-type: none"> <li>Unable to fulfill the customer requirement of product quality, safety, cost and schedule.</li> </ul>	<ul style="list-style-type: none"> <li>Integration of product development, design, and manufacturing to improve production efficiency.</li> <li>Develop small immersive simulation devices to meet different markets and customer needs.</li> <li>Understand the related regulation and standards of small immersive simulation devices and built them in FECs, shopping malls, and indoor and outdoor amusement parks.</li> </ul>	<ul style="list-style-type: none"> <li>Brogent consolidated BROGENT MECHANICAL INC. as the manufacturing Center to improve efficiency of production and manufacturing.</li> <li>The small immersive simulation racing platforms have been sold to the Vietnam market.</li> <li>When planning to produce small immersive simulation devices, its material license is verified for electromagnetic compatibility test (EMC).</li> </ul>

## Risk Category and Management Strategy in 2020

Risk Category	Risk Description	Control Measures	Management Effectiveness
Equipment Malfunction Risk	<ul style="list-style-type: none"> <li>Motion equipment unexpected malfunction.</li> </ul>	<ul style="list-style-type: none"> <li>Perform idling test with the ride before the show.</li> <li>Arrange safety inspection and equipment maintenance regularly.</li> <li>Scheduled internal education training in Taipei and Kaohsiung.</li> </ul>	<ul style="list-style-type: none"> <li>There is no severe malfunction which causing passengers unable to leave the equipment so far.</li> </ul>

## Climate Risk Governance and Strategy

In light of potential financial risks to business operations due to climate change, disclosing information related to climate change has become relevant in sustainability information

disclosure. Following the Task Force on Climate-related Financial Disclosures (TCFD) published by the Financial Stability Board (FSB) and Taiwan Stock Exchange Corporation

Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports, Brogent has identified risks and opportunities related to climate change and included them in

its overall risk management framework. Based on the results, said risks and opportunities subsequently serve as items in our sustainable development strategies.

Governance/ Strategy	<ul style="list-style-type: none"> <li>Evaluate potential financial risks to the Company's operation based on risks and opportunities related to climate change.</li> <li>Set the time needed to achieve short-term goals as less than three years, medium-term goals as between three and five years, long-term goals as more than five years on the basis of the existing internal goal management schedule. Continue to identify and evaluate potential risks and opportunities related to climate change.</li> </ul>
Risk Management	<ul style="list-style-type: none"> <li>Use the TCFD framework to identify risks and opportunities related to climate change. Each department should re-examine the results of identifying risks and opportunities related to climate change annually, while reporting the results to the Board of Directors for them to discuss and determine countermeasures after the results are verified by senior management (Chairman).</li> <li>Continuously improve the company's system and conduct self-examinations to strengthen employees' awareness and management of climate change risks.</li> </ul>



## A. Risks Related to Climate Change

Type	Risk Factor for Climate Change	Potential Financial Impact	Countermeasures
Transition Risks	Costs of greenhouse gas emissions	An increase in operating costs	<ul style="list-style-type: none"> <li>• Continue to promote specific actions, such as saving energy and reducing carbon footprint at the office.</li> <li>• Replace old and broken facilities; prioritize the use of products with an energy efficiency label.</li> <li>• Electric or hybrid cars should be chosen for newly rented company vehicles.</li> <li>• We use ERP and an electronic signature system to handle routine business and reduce the consumption of paper documents.</li> </ul>
	Existing and emerging energy regulations	An increase in operating costs	<ul style="list-style-type: none"> <li>• Each department should continue to pay attention to and track changes in relevant laws and regulations so as to prevent non-compliance with laws and regulations.</li> </ul>
	An increase in raw material costs	An increase in operating costs	<ul style="list-style-type: none"> <li>• Reduce product damage during the R&amp;D or manufacturing process.</li> </ul>
Physical Risks	Climate-related disasters caused by extreme weather	An increase in operating costs	<ul style="list-style-type: none"> <li>• Purchase water damage insurance.</li> </ul>
	Unable to complete work on time due to extreme weather	An increase in operating costs	<ul style="list-style-type: none"> <li>• Establish a mechanism for reporting major events and coordinate with all departments.</li> <li>• Keep the time needed to complete work flexible during contract negotiation.</li> </ul>
	Delay in delivery due to climate-related disasters	An increase in operating costs	<ul style="list-style-type: none"> <li>• Build a database on alternative materials.</li> <li>• Create sources of supply (e.g., second and third suppliers).</li> </ul>

## B. Opportunities Related to Climate Change

Type	Risk Factor for Climate Change	Potential Financial Impact	Countermeasures
Resource Efficiency	High-performance buildings and factories	A decrease in operating costs	<ul style="list-style-type: none"> <li>Plan to obtain the green building label for the third and fourth phases of buildings in more than four categories.</li> </ul>
	Cut down on water use	A decrease in operating costs	<ul style="list-style-type: none"> <li>A rainwater harvesting storage system has been established. Rainwater harvested is used to water plants in daily life.</li> <li>Faucets, urinals, and toilets with water saving labels are adopted to reduce the waste of water resources.</li> </ul>
Energy Resources	Policy on regional energy integration	An increase in revenue	<ul style="list-style-type: none"> <li>Install solar panels on the rooftop to generate power by making use of long sunshine hours and high solar irradiance in southern Taiwan, while selling said power to Taiwan Power Company.</li> <li>Evaluate the feasibility of installing solar panels on the roofs of the Taoyuan plant and the third and fourth phases of the Kaohsiung Software Park, with a view to increasing green energy contributions.</li> </ul>
Products and Services	Develop low-carbon products	An increase in revenue due to more competitive products	<ul style="list-style-type: none"> <li>Local vendors will be given top priority as suppliers for product components.</li> <li>Adopt lighter equipment enclosures to reduce shipping costs.</li> <li>Approaches adopted for the design of product appearance include sustainable design, subtractive design, design with eco-friendly materials, design aiming to enhance efficiency, and design aiming to reduce energy consumption.</li> <li>Energy-intensive design related to oil pressure should be used less, whereas electrical actuation system should be adopted. Use high efficiency and low energy consumption components.</li> </ul>

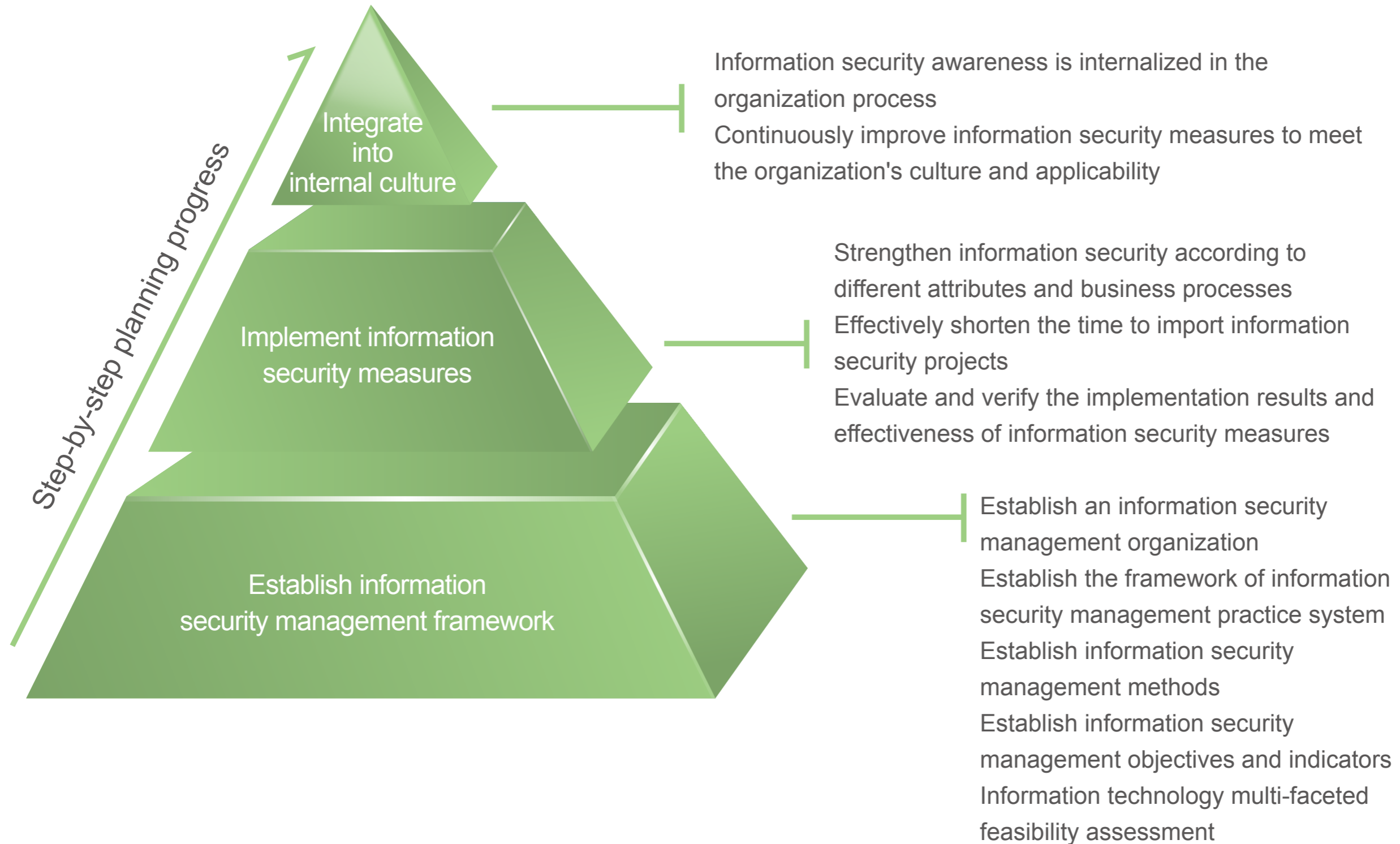
## B. Opportunities Related to Climate Change

Type	Risk Factor for Climate Change	Potential Financial Impact	Countermeasures
Products and Services	Develop energy efficient products	An increase in revenue due to more competitive products	<ul style="list-style-type: none"> <li>• Configure the mainframe based on computation results and use it with lower wattage power supply.</li> <li>• Conduct research on “power system analysis”.</li> <li>• Lightweight, downsizing design for platforms to reduce their energy consumption and thus reducing power consumption of the actuation system.</li> </ul>
	R&D and innovation	Increase business competitiveness and value of industry chain	<ul style="list-style-type: none"> <li>• Collaborated with the Industrial Technology Research Institute at Taiwan Innotech Expo 2019 and Mobile World Congress 2019 to display the integration of e-sports and edge computing; energy consumption of data transmission was reduced when using edge computing.</li> <li>• Implement the forward-looking project: Immersive simulation Technology Base: Immersive simulation Park.</li> <li>• With patent R&amp;D and innovation, Brogent’s immersive simulation equipment can serve multiple purposes. When used with different themes/contents, such as roller coaster, flying, and diving, they can create diverse experiences.</li> <li>• Implement the Taiwan Industry Innovation Platform Program (Innovation Optimization Program): Immersive 8K 3D LED Dome Screen Theater.</li> <li>• Actively develop miniaturized multiple-seater platforms to meet market demand.</li> </ul>
	Changes in customer preferences: From outdoor to indoor amusement parks	An increase in revenue	<ul style="list-style-type: none"> <li>• Develop four types of indoor experience facilities.</li> <li>• Actively participate in amusement park facilities shows, such as IAAPA Expo (the U.S., Europe, and Asia), and promote Brogent’s most recently developed immersive simulation equipment.</li> <li>• When developing product design criteria, clients' indoor space should be taken into consideration to meet actual needs.</li> <li>• In addition to high-end (i-Ride) and mid-end (m-Ride) flying theaters, Brogent continues to design and develop small products, such as the mi-Ride immersive simulation platform, to satisfy clients' needs by providing them with diverse products.</li> </ul>

## » 4.1.3 Information Security Management

### Information Security Strategies

Brogent continues to improve information security management and reinforce information protection abilities to ensure that data, such as confidential information of the company, business secrets, and personal information, are properly protected. Brogent complies with all regulations relating to the Personal Data Protection Act. In addition, all information operations comply with international information security standards and relevant information security regulations in Taiwan and abroad.



Major Issue	Information Security and Customer Privacy
Material Topic	Information Security* Customer Privacy (GRI 418-1)
Policy/Commitment	<ul style="list-style-type: none"> <li>• Protect company and its stakeholders' information and data security.</li> <li>• Establish the company's uninterrupted information operation capability.</li> <li>• Reduce the risk of company information security and customer privacy leakage.</li> </ul>
Goals and Objectives (Short-Term)	<ul style="list-style-type: none"> <li>• Comply with regulations and reduce the legal risks associated with the company signing legal documents (such as contracts).</li> <li>• Continue to enhance employees' information security awareness and construct real-time monitoring mechanisms for various systems.</li> <li>• Maintain that no customer complaints have infringed on customer privacy or been related to leaked confidential incidents.</li> </ul>
Practical Management Actions	<ul style="list-style-type: none"> <li>• Establish an information security committee to increase the attention to important issues of information security and implement continuous improvement measures.</li> <li>• Reduce risk through contract review mechanisms.</li> <li>• Provide regular courses related to laws and regulations to enhance employees' legal awareness and knowledge.</li> <li>• The company first confirms the content of the contract and the scope of disclosure with legal team before marketing and promoting the client project.</li> </ul>
Goals in 2020 Achievements (Short-Term)	<ul style="list-style-type: none"> <li>• Sample more than half of employees for phishing email drills.</li> <li>• Perform system disaster recovery exercises every quarter (times/quarters).</li> <li>• Offer 3 courses on "Information Security Advocacy and Code of Conduct".</li> <li>• Provide advice on legal review before disclosure of client information.</li> </ul>
Major Issues Mission and Vision (Long-Term)	<ul style="list-style-type: none"> <li>• Cloud-based system information security related mechanisms.</li> <li>• The endpoint defense against malicious software and data leakage.</li> <li>• Establish business and marketing teams that protect customer privacy awareness.</li> </ul>

Major Issue	Information Security and Customer Privacy
Material Topic	Information Security* Customer Privacy (GRI 418-1)
Responsibilities	<ul style="list-style-type: none"> <li>Established information security committee as a dedicated organization with general manager as the chairman.</li> <li>Reduce known risks and continue to strengthen information-related security capabilities.</li> <li>Ensure that the company collects, processes and uses personal data in accordance with the law, and protects customer privacy.</li> </ul>
Resources Investment	<ul style="list-style-type: none"> <li>Information security related software, hardware and other resources prepare annual budget execution.</li> <li>Open internal education and training courses.</li> </ul>
Claim Procedures	<ul style="list-style-type: none"> <li>Through the company's official website mailbox (<a href="https://www.brogent.com/zh-tw/contact-us.html">https://www.brogent.com/zh-tw/contact-us.html</a>) report and appeal.</li> </ul>
Specification Actions	<ul style="list-style-type: none"> <li>Conduct information security drills from time to time.</li> <li>Provide regular education and training courses on information security, personal data, and customer privacy protection.</li> <li>Regularly review whether the company's collection, processing, and use of personal and customer information complies with laws and regulations.</li> </ul>
Evaluation Procedures	<ul style="list-style-type: none"> <li>Network behavior and system exercise result report.</li> <li>Cooperate with internal audit to control risks.</li> </ul>
Evaluation Follow-Up	<ul style="list-style-type: none"> <li>Provide feedback on the incident and related issues with the Chairman of the Information Security Committee.</li> <li>No information security incidents lead to leakage of customer information.</li> <li>No customer complaints relating to violations of customer privacy or confidentiality.</li> </ul>

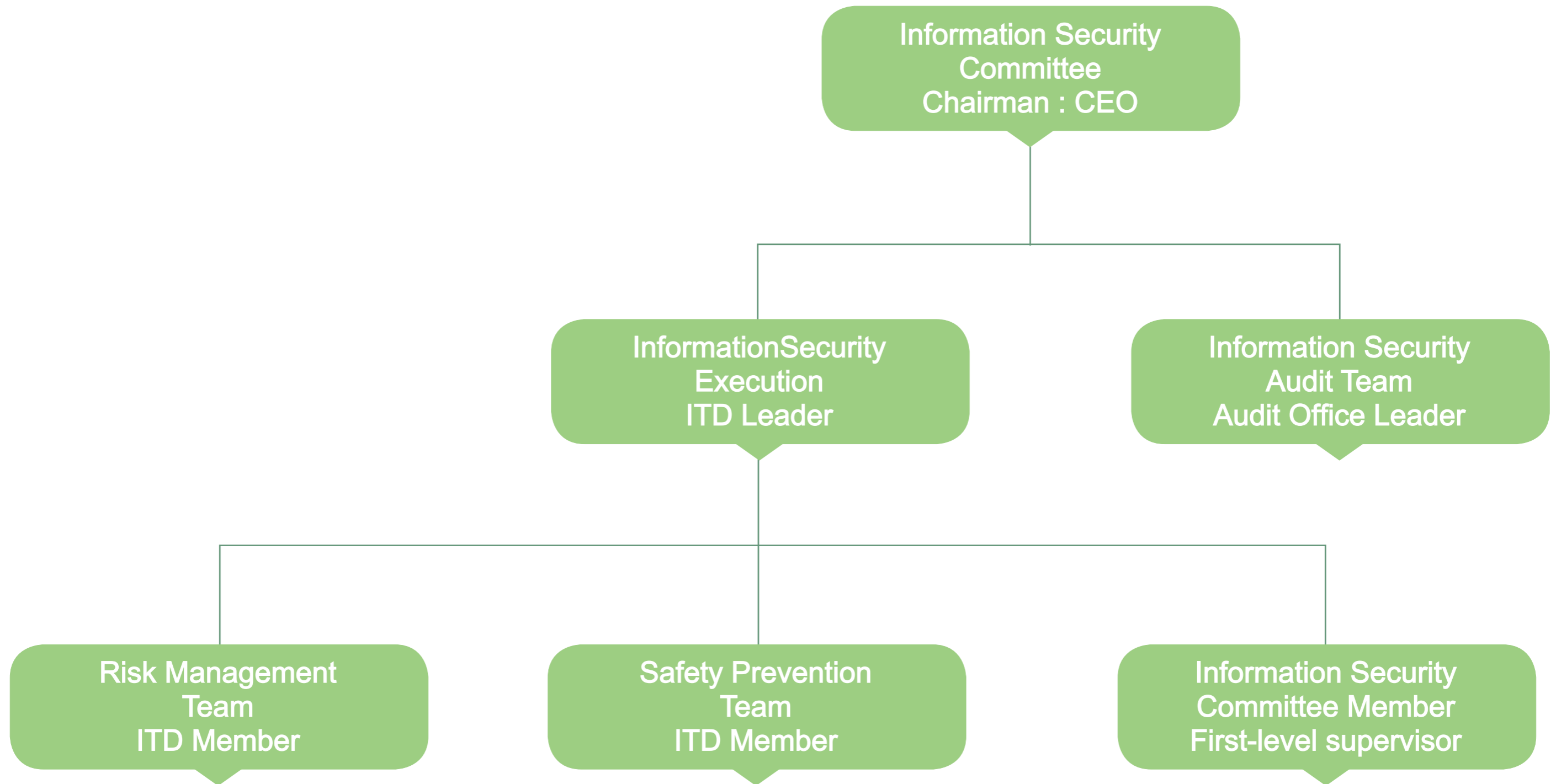
## Information Security Management Structure

In the fourth quarter of 2020, the Information Security Committee was established. It will meet once a year and the general manager will serve as the chairman in

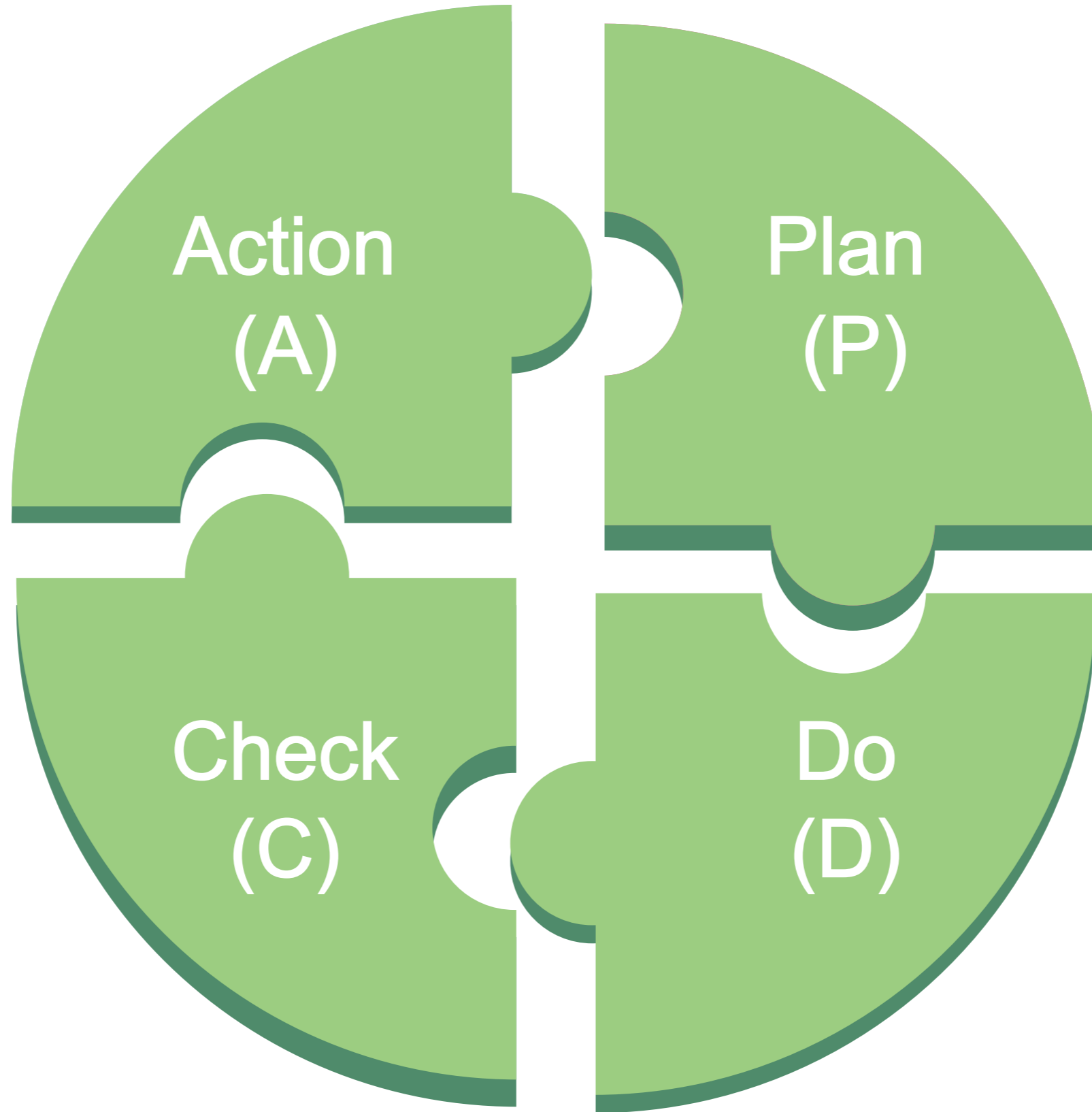
order to minimize information security risks and impacts while improving the Company's ability to continue its operations. The Information Security Committee

convenes once a year and the President shall serve as the chair of the Committee. Referencing the spirit of ISO 27001 information security management standards,

Brogent adopted the PDCA management method to ensure the achievement and continual improvement of information security management goals.



- Adjustments and corrections
- Restart standardization cycle



- Standardize implementation of inspection procedures

- Set information security goals
- Make safety plan
- Choose appropriate plan

- Standardize implementation of operation plan



## Concrete Measures Regarding Information Security

Brogent adopted the incremental strategy for information security and endeavors to make management policies and guidelines consistent with the implementation of information security. In addition, continual

improvements of information security measures and training methods are implemented to increase the frequency of unusual incident reports and enable the incorporation of information security measures and concepts

into the organizational culture. In terms of information security measures, in 2020, Brogent added network abnormal behavior monitoring software, host-based firewalls, and daily activity reports to understand abnormal

conditions. Furthermore, the company strengthened staff information security education and training and implemented a phishing incident information security drill.



## Information Security

Investment	Emergency Drill	Information Security Incident
<ul style="list-style-type: none"> <li>An average investment of more than 2 million per year including the introduction and optimization of information equipment or systems, education and training of information personnel, etc., to enhance the company's overall protection capabilities and information security capabilities.</li> </ul>	<ul style="list-style-type: none"> <li>Information security exercises (fishing letters) were implemented in 2020 the overall information security status of the risk level is medium.</li> <li>Among high-risk security issues, the department supervisor will assist in key counseling to reduce the recurrence rate; and continue to conduct education, training, and information security drills for all personnel to increase alertness.</li> </ul>	<ul style="list-style-type: none"> <li>No related information security incidents occurred in 2020.</li> </ul>

### Personal Data Protection

Brogent has established a process for signing the “Personal Data Security Form”. All employees who may have access to personal data are required to sign the “Personal Data Security Form” and the use the personal data shall be in compliance with relevant laws and regulations.

Paper copies containing personal data collected by the Company are kept by dedicated staff; electronic information is stored on a separate server.

The Legal Department will form a personal data protection management team in 2021 and the Legal Department will be

responsible for coordinating and supervising the personal data protection management team to improve the procedure of collection, use and storage of personal data. Introduction of “Personal Data Protect Act” and Company's personal data protection policy will be included

in the 2021 Code of Conduct training sessions, so that employees can understand and comply with relevant laws and regulations. There is no personal information leakage incident happened in 2020.

### Customer Privacy

Brogent is committed to protecting the privacy and confidential information of our customers. We provide internal training courses to enhance employees' awareness of protecting our customers' privacy

and confidential information. Legal department will confirm the contents of the contract before marketing and announcing information of each project. Legal review and advice will be provided to the marketing team to

make sure that the disclosure of customer information is agreed or allowed by customer. If customer considers that their privacy or confidential information has been leaked, they can file a complaint or report it through Company's

website (<http://www.brogent.com/zh-tw/contact-us.html>). No complaints about breach of privacy or leakage of confidential information are received in 2020.