

## Corporate Governance Best Practice Principles

### Chapter 1 General Provisions

#### Article 1

The Company enacted the Company's Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies jointly established by Taiwan Stock Exchange Corporation (hereinafter referred to as TWSE) and Taipei Exchange (hereinafter referred to as TPEX) to establish an effective corporate governance framework and promote sound development of the securities market. The Principles are disclosed on the Market Observation Post System (MOPS).

#### Article 2

The Company has established a corporate governance system. In addition to compliance with regulations, the Articles of Incorporation, contracts signed with TWSE, and related regulations, corporate governance shall be implemented based on the following principles:

- (1) Protect the rights and interests of shareholders.
- (2) Strengthen the function of the board of directors.
- (3) Fulfill the function of supervisors.
- (4) Respect the rights and interests of stakeholders.
- (5) Enhance information transparency.

#### Article 3

The Company shall follow the Regulations Governing Establishment of Internal Control Systems by Public Companies and take the overall operational activities of itself and its subsidiaries into account to design and fully implement an internal control system, and shall conduct continuing reviews of the system in order to ensure the continued effectiveness of its design and implementation in light of changes in the Company's internal and external environment.

Unless approved by the competent authorities, the establishment or amendment of the internal control system shall be submitted to the Board of Directors for resolution and approval. If an Independent Director has dissenting or qualified opinions, they shall be specified in the meeting minutes of the Board of Directors. The amendment shall be approved with the consent of one-half or more of the entire membership of the Audit Committee and proposed to the Board of Directors meeting for a resolution.

The Company shall perform self-assessments of the internal control system. The Board of Directors and management shall review the results of self-assessments performed by each department at least annually and the reports of the internal audit department on a quarterly basis. The Audit Committee shall also attend to and supervise these matters.

The Company is advised to establish channels and mechanisms of communication between its independent directors, the Audit Committee, and chief internal auditors.

The management of the Company shall pay special attention to the internal audit department and its personnel, fully empower them and urge them to conduct audits effectively, to evaluate problems of the internal control system and assess the efficiency of its operations to ensure that the system can operate effectively on an on-going basis, and to assist the Board of Directors and the management to perform their duties effectively to ensure a sound corporate governance system.

TWSE/TPEX-listed companies are encouraged to submit the appointment, evaluation and remuneration of internal auditors to the board of directors for approval, or require the report of the chief auditor and the approval of the chairman.

#### Article 3-1

The Company shall set up full-time (or part-time) units or personnel for matters related to corporate governance, and senior executives for supervision, whose work experience in the legal, financial or stock management field in a public offering company is more than three years or they are qualified as a lawyer or an accountant.

The relevant affairs of corporate governance in the preceding company should at least include the following:

- (1) Company registration and change registration.
- (2) Handle matters relating to board meetings and shareholders meetings according to laws, and assist the Company with compliance with laws and regulations governing such meetings.
- (3) Produce meeting minutes for the meetings of the Board of Directors and shareholders' meetings.
- (4) Provide directors (including independent directors) with the information required for the execution of businesses and the latest regulatory development for the operations of the Company to help directors (including independent directors) with regulatory compliance.
- (5) Matters related to investor relations.
- (6) Other matters set forth in the Company's Articles of Incorporation or contracts.

### Chapter 2 Protection of Shareholders' Rights and Interests

#### Section 1 Encouraging Shareholders to Participate in Corporate Governance

##### Article 4

The corporate governance system of the Company shall protect shareholders' rights and interests and treat all shareholders equitably. The Company shall establish a corporate governance system which ensures shareholders' rights of being fully informed of, participating in and making decisions over important matters of the Company.

##### Article 5

The Company shall convene shareholders' meetings in accordance with the Company Act and relevant local laws and regulations, and provide comprehensive rules for such

meetings. The Company shall faithfully implement resolutions adopted by shareholders' meetings in accordance with the rules for the meetings.

Resolutions adopted by shareholders meetings of the Company shall comply with laws, regulations and articles of incorporation.

#### Article 6

The Board of Directors of the Company shall properly arrange the agenda items and procedures for shareholders' meetings, and formulate the principles and procedures for shareholders' nominations of directors and members of the Audit Committee and submissions of shareholder proposals. The Board of Directors shall also properly handle the proposals duly submitted by shareholders. Arrangements shall be made to hold shareholders' meetings at a convenient location, with sufficient time allowed and sufficient numbers of suitable employees assigned to handle attendance registrations. No arbitrary requirements shall be imposed on shareholders to provide additional evidentiary documents beyond those showing eligibility to attend. Shareholders shall be granted reasonable time to deliberate each proposal and an appropriate opportunity to make statements.

For a shareholders' meeting called by the Board of Directors, it is advisable that the chairman hold the meeting, that a majority of the directors and at least one supervisor attend in person, and that at least one member of each functional committee attends as representative. Attendance details should be recorded in the shareholders' meeting minutes.

#### Article 7

The Company shall encourage shareholders to participate in corporate governance, and shall appoint a professional stock agency to handle the affairs of the shareholders meeting to ensure it is convened under legal, effective and safe premises. The Company shall use various methods, including utilizing technically advanced information disclosure and voting methods, and submit meeting notice, meeting handbook and supplement materials in both Chinese and English to improve the attendance rate of shareholders to the shareholders meetings. This also ensures that shareholders can implement their rights at the shareholder meetings according to law.

When the Company adopts electronic voting at the shareholders meeting, it should avoid revision of the provisional motion and the original motion on the day of the shareholders' meeting. The Company shall adopt a candidate nomination system for the election of directors (including independent directors) if an election is organized in the current year.

The Company shall allow shareholders to vote on each separate proposal in the shareholders meeting agenda, and following the conclusion of the meeting, to enter the voting results the same day, namely the numbers of votes cast for and against and the number of abstentions, on the Market Observation Post System.

If the Company distributes souvenirs at its shareholders' meeting, it shall not practice differential treatment or discrimination.

#### Article 8

The Company shall keep a record of shareholder meetings according to the Company Act and relevant local regulations. If there are no objections from shareholders for a proposal, a "proposal passed with no objections from attending shareholders after the chair's inquiry" shall be noted. If there are objections from shareholders toward a proposal and the proposal was put to a vote, the decision method and result shall be clearly noted. For elections of director and independent directors, the voting method and the number of votes that each elected director and supervisor received shall be clearly noted.

#### Article 9

The chairperson of the shareholders' meetings shall be fully familiar and comply with the rules governing the proceedings of the shareholders' meetings established by the Company. The chairperson shall ensure the proper progress of the proceedings of the meetings and may not adjourn the meetings at will.

To protect the interests of most shareholders, if the chairperson declares the adjournment of the meeting in a manner in violation of the Rules and Procedures of Shareholders Meeting, it is advisable for the members of the Board of Directors other than the chairperson of the shareholders' meeting to promptly assist the attending shareholders at the shareholders' meeting in electing a new chairman of the shareholders' meeting to continue the proceedings of the meeting, by a resolution to be adopted by a majority of the votes represented by the shareholders attending the said meeting in accordance with the legal procedures.

#### Article 10

The Company shall place high importance on the shareholder's right to know, and shall faithfully comply with applicable regulations regarding information disclosure in order to provide shareholders regular and timely information on the Company's financial conditions and operations, insider shareholdings, and corporate governance status through the MOPS or the website established by the Company.

To treat all shareholders equally, it is advisable that the Company concurrently disclose the information under the preceding paragraph in English.

To protect its shareholders' rights and interests and ensure their equal treatment, the Company shall adopt internal rules prohibiting the Company's insiders from trading securities using information not disclosed to the market.

#### Article 11

Shareholders shall be entitled to profit distributions by the Company. To protect the investment rights of shareholders, the shareholder meetings may, pursuant to the regulations of the place the Company is listed, examine the records and books prepared and submitted by the Board of Directors and the reports and decide profit distributions and loss makeup plans by resolution. To proceed with the above examination, the shareholders' meeting may appoint an inspector.

The shareholders may, pursuant to the regulations of the place the Company is listed, apply with the court to select an inspector in examining the accounting records and assets of the company.

The Board of Directors, Audit Committee, and managerial officers of the Company shall fully cooperate in the examination conducted by the inspectors in the aforesaid two paragraphs without any obstruction, rejection or circumvention.

#### Article 12

In entering into material financial and business transactions such as acquisition or disposal of assets, lending funds, and making endorsements or providing guarantees, the Company shall proceed in accordance with the applicable laws and/or regulations and establish operating procedures in relation to these material financial and business transactions which shall be reported to and approved by the shareholders meeting to protect the interests of the shareholders.

When the Company is engaged in a merger or public acquisition, it shall comply with related laws and regulations and pay attention to the fairness and reasonableness of the merger or public acquisition plan and transaction. It shall also pay attention to information disclosure and the comprehensiveness of the Company's financial structure after the merger or acquisition.

#### Article 13

To protect the rights of shareholders, the Company has assigned dedicated personnel to respond appropriately to suggestions, questions and complaints raised by shareholders. The Company shall properly deal with any legal action duly instituted by shareholders in which it is claimed that shareholders' rights and interests were damaged by a resolution adopted at a shareholders' meeting or a Board of Director meeting in violation of applicable laws, regulations, or the Company's articles of incorporation, or that such damage was caused by a breach of applicable laws, regulations or the Company's articles of incorporation by any directors, supervisors or managers in performing their duties.

The Company should adopt internal procedures for appropriate handling of matters referred to in the preceding two paragraphs, keep relevant written records for future reference, and incorporate the procedures in its internal control system for management purposes.

### Section 2 Establishing a Mechanism for Interaction with Shareholders

#### Article 13-1

The Board of Directors of the Company is responsible for establishing an interaction mechanism with the shareholders to enhance the mutual understandings of the Company's development objectives.

#### Article 13-2

In addition to communicating with shareholders through shareholders' meetings and encouraging shareholders to participate in such meetings, the Board of Directors of the Company together with managers and independent directors shall engage with shareholders in an efficient manner to ascertain shareholders' views and concerns, and expound the Company's policies explicitly, in order to gain shareholders' support.

### Section 3 Corporate Governance Relationships between the Company and Its Affiliated Enterprises

#### Article 14

The Company shall clearly identify the objectives and the division of authority and responsibility between it and its affiliated enterprises with respect to management of personnel, assets, and financial matters, and shall properly carry out risk assessments and establish appropriate firewalls.

#### Article 15

Unless otherwise provided by the law and regulations, a managerial officer of the Company may not serve as a managerial officer of its affiliated enterprises. A Director who engages in any transaction for himself or on behalf of another person that is within the scope of the Company's operations shall explain the major content of such actions to the shareholders' meeting and obtain its consent.

#### Article 16

The Company shall establish sound objectives and systems for the management of finance, operations, and accounting in accordance with applicable laws and regulations. It shall further, together with its affiliated enterprises, properly conduct an overall risk assessment of major banks, customers and suppliers, and implement the necessary control mechanisms to reduce credit risk.

#### Article 17

When the Company and its affiliated enterprises enter into inter-company business transactions, a written agreement governing the relevant financial and business operations between them shall be made in accordance with the principle of fair dealing and reasonableness. Price and payment terms shall be definitively stipulated when contracts are signed, and non-arm's length transactions shall be prohibited.

All transactions or contracts made by and between the Company and its related parties and shareholders shall follow the principles set forth in the preceding paragraph, and improper channeling of profits is strictly prohibited.

#### Article 18

A corporate shareholder having controlling power over the Company shall comply with the following provisions:

They are bound by the principle of good faith in their relations with other shareholders and they may not directly or indirectly influence the Company to engage in irregular practices or other unprofitable businesses.

(1) The representatives shall abide by the Company's related regulations for the exercise of rights and participation in resolutions. When participating in shareholders' meetings, they shall exercise their voting rights based on the principle of good faith and maximize benefits for all shareholders. They shall also perform fiduciary duties as directors and independent directors.

(2) The nomination of the Company's directors and independent directors shall proceed in accordance with related regulations and the Company's Articles of Incorporation. They may not exceed the scope of authority of the shareholders' meeting or the Board of Directors.

- (3) They may not Intervene with the Company's decisions or business activities in an improper manner.
- (4) They may not obstruct the Company's business activities through unfair means of competition such as monopolized procurement or closed distribution.
- (5) A representative designated when a corporate shareholder has been elected as a director or independent director shall fulfill the Company's requirements for professional qualifications. Arbitrary replacement of the corporate shareholder's representative is considered inappropriate.

## Article 19

The Company shall retain at any time a register of major shareholders who own a relatively high percentage of shares and have controlling power, and of the persons with ultimate control over those major shareholders.

The Company shall disclose periodically important information about its shareholders holding more than 10 percent of the outstanding shares of the Company relating to the pledge, increase or decrease of share ownership, or other matters that may possibly trigger a change in the ownership of their shares.

The primary shareholder stated in item one refers to shareholders who hold over 5% of company stocks or the top 10 shareholders with the most company stocks. However, the Company can set a lower stock ratio based on actual company controlling stock.

## Chapter 3 Strengthening the Function of Board Meetings

### Section 1 Board Meeting Structure

## Article 20

The Company's Board of Directors shall direct company strategies, supervise the management, and be responsible to the company and shareholders. The various procedures and arrangements of the corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, the Articles of Incorporation, and the resolutions adopted by the shareholder meetings.

The structure of the Company's Board of Directors shall be determined by choosing an appropriate number of Board members, not less than seven and no more than nine, in consideration of its business scale, the shareholdings of its major shareholders, and practical operational needs.

The composition of the Board of Directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as the Company's managers not exceed one-third of the total number of the Board members, and that an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs to be formulated and include, without being limited to, the following two general standards:

- (1) Basic qualifications and values: gender, age, nationality, culture, etc.
- (2) Professional knowledge and skills: professional background (e.g. law, accounting, industry, finance, marketing or technology), professional skills and industry

experience, etc.

All members of the Board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:

- (1) Judgment capabilities on company operation.
- (2) Accounting and financial analysis capabilities.
- (3) Business management skills.
- (4) Crisis management skills.
- (5) Industrial knowledge.
- (6) An understanding of international markets.
- (7) Leadership skills.
- (8) Decision-making capabilities.

#### Article 21

The Company shall uphold the principles of protection of shareholder rights and interests and equitable treatment of shareholders. It shall establish fair, just and open procedures for the election of directors, encourage shareholder participation, and adopt a cumulative voting system to fully reflect shareholders' opinions.

Unless the competent authority otherwise grants an approval, a spousal relationship or a familial relationship within the second degree of kinship may not exist among more than half of the Directors of the Company.

If the dismissal of a Director results in a board with less than five Directors, the Company shall hold a supplemental election at the next shareholders meeting. When the number of directors falls short by one-third of the total number prescribed by the articles of incorporation, the Company shall convene an extraordinary shareholders' meeting within 60 days of the occurrence of that fact for a by-election for Director(s).

The aggregate shareholding percentage of all directors of the Company shall comply with the laws and regulations. Restrictions on the share transfer of each director and the creation, release, or changes of any pledges over the shares held by each director shall be subject to the relevant laws and regulations, and the relevant information shall be fully disclosed.

#### Article 22

Before a shareholders' meeting is convened for the reelection of directors, the Company shall review in advance the qualifications, education, work experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to the director candidates recommended by shareholders or directors, and the Company shall not arbitrarily add requirements for documentation of other qualifications. It is advised to provide the results of the review to shareholders for their reference, so that qualified Directors will be elected.

The Board of Directors shall, in accordance with the provisions, carefully evaluate the qualifications listed in the preceding paragraph and other matters and the candidate's willingness to serve as a Director once elected after the election before listing the list of the candidates.

#### Article 23

Clear distinctions shall be drawn between the responsibilities and duties of the Chairman of the board of the Company and those of its general manager.

It is inappropriate for the chairman to also act as the general manager. If the chairman also acts as the general manager or the chairman and the general manager are spouses or relatives within the first degree of kinship, the Company should increase the number of independent directors.

If the Company sets up a functional committee, the responsibilities and duties of the committee shall be clearly defined.

#### Section 2 Independent Director System

#### Article 24

The Company shall appoint independent directors in accordance with the Articles of Incorporation. They shall be not less than three in number and not less than one-fifth of the total number of directors. Independent directors shall possess professional knowledge and there shall be restrictions on their shareholdings. Applicable laws and regulations shall be observed and, in addition, it is not advisable for an independent director to hold office concurrently as a director (including an independent director) or supervisor of more than five other TWSE/TPEX-listed companies. Independent directors shall also maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the Company.

The election of independent directors shall be conducted based on a candidate nomination system in accordance with the regulations of the Company's place of listing and the Articles of Incorporation. Shareholders shall elect independent directors from the list of candidates for independent directors. Independent directors and non-independent directors shall be elected concurrently in accordance with the regulations of the place of the Company's listing and the seats shall be calculated separately.

Change of status between independent directors and non-independent directors during their tenure is prohibited.

If an independent director is discharged for any reason and causes the number of directors to be lower than that required under paragraph 1 or the Articles of Incorporation, a by-election for an independent director shall be held at the next shareholders' meeting. In the event that all independent directors have been discharged, the Company shall convene an extraordinary shareholders' meeting to hold a by-election within 60 days from the date on which the vacancies arose.

The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other requirements with regard to the independent directors shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing Appointment of

Independent Directors and Compliance Matters for Public Companies, and the regulations of the Taiwan Stock Exchange.

#### Article 25

The Company shall submit the following matters to the Board of Directors for approval by resolution as provided in the Securities and Exchange Act. When an independent director has a dissenting opinion or qualified opinion, it shall be noted in the minutes of the Board of Director meeting:

- (1) Establishment or amendments to the internal control system according to Article 14-1 of the Securities and Exchange Act.
- (2) Establishment or amendment of the asset acquisition/disposal procedures, derivative trading procedures, lending procedures, endorsement and guarantee procedures, and other procedures involving major financial consequences according to Article 36-1 of the Securities and Exchange Act.
- (3) Matters concerning the personal interests of directors or independent directors.
- (4) Material asset or derivatives transactions.
- (5) Material loaning of funds, making of endorsements or provision of guarantees.
- (6) Offering, issuance, or private placement of any equity-type securities.
- (7) Appointment, dismissal and compensation of CPAs.
- (8) Appointments and dismissal of finance, accounting and internal audit managers.
- (9) Other material changes regulated by the competent authorities.

#### Article 26

The Company shall stipulate the scope of duties of the independent directors and empower them with manpower and physical support related to the exercise of their power. The Company or board members shall not limit or obstruct independent directors in the execution of their duties.

The Company shall determine the remuneration of directors in the Articles of Incorporation or resolutions of the shareholders' meeting and it may establish a separate but reasonable set of remuneration rules for independent directors.

The Company shall stipulate the remuneration of the directors in the Articles of Incorporation, which shall fully reflect individual performance and long-term operation performance of the Company, and the risk of the Company's operation shall be taken into consideration. It may establish a separate but reasonable set of remuneration rules for independent directors.

Under the Articles of Incorporation of the Company, the resolution of the shareholders' meeting, or by order of competent authorities, if any special surplus reserves are to be drawn, such allocation shall be made after the allocation of legal surplus reserves and before the distribution of remuneration of the directors and supervisors and employee bonuses, and the Articles of Incorporation shall specify the method for profit distribution to be adopted when the reversal of the special surplus reserves are included in the undistributed earnings.

### Section 3 Audit Committee and Other Functional Committees

#### Article 27

For the purpose of developing supervisory functions and strengthening management mechanisms, the Board of Directors of the Company, in consideration of the Company's scale and type of operations and the number of its Board members, may set up functional committees for auditing, remuneration, nomination, risk management or any other functions, and based on concepts of corporate social responsibility and sustainable operation, may set up environmental protection, corporate social responsibility, or other committees, and expressly provide for them in the Articles of Incorporation.

Functional committees shall be responsible to the Board of Directors, and submit their proposals to the board for voting.

Functional committees shall set organization regulations to be passed by the Board of director resolution. The organizational charter shall contain the number, tenure, and powers of the committee members as well as the meeting rules and resources to be provided by the Company for the exercise of power by the committee.

#### Article 28

The Company established an Audit Committee.

The Audit Committee shall be composed of all independent directors. It shall not be fewer than three persons in number, one of whom shall be the convener, and at least one of whom shall have accounting or financial expertise.

If the Company set up an Audit Committee, the regulations on supervisors of the place of the Company's listing shall apply mutatis mutandis to the Audit Committee. The follows items must be approved by at least one-half of all members of the Audit Committee and submitted to the Board of Directors for resolution. Article 39 of the Principles shall not be applicable:

- (1) Establishment or amendments to the internal control system according to Article 14-1 of the Securities and Exchange Act.
- (2) Evaluation of the effectiveness of internal control systems.
- (3) Establishment or amendment of the asset acquisition/disposal procedures, derivative trading procedures, lending procedures, endorsement and guarantee procedures, and other procedures involving major financial consequences according to Article 36-1 of the Securities and Exchange Act.
- (4) Matters concerning the personal interests of Directors.
- (5) Material asset or derivatives transactions.
- (6) Material loaning of funds, making of endorsements or provision of guarantees.
- (7) Offering, issuance, or private placement of any equity-type securities.
- (8) Appointment, dismissal and compensation of CPAs.
- (9) Appointments and dismissal of finance, accounting and internal audit managers.

(10) Annual and semi-annual financial reports.

(11) Other material items required by other companies or competent authorities

The exercise of power by the Audit Committee and independent directors and related matters shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and regulations of Taiwan Stock Exchange.

#### Article 28-1

The Company established the Remuneration Committee.

The Remuneration Committee shall exercise the care of a good administrator, faithfully fulfill the following function and power and submit suggestions to the Board of Directors for discussion. However, suggestions for the remuneration of independent directors may be submitted for deliberation by the Board of Directors only when the Board of Directors is expressly authorized to handle the independent directors' remuneration in the Company's Articles of Incorporation or by a resolution of the shareholders' meeting:

- (1) Establish and periodically review the performance evaluation and remuneration policy, system, standards, and structure for directors, independent directors and managerial officers.
- (2) Periodically evaluate and establish remuneration and benefits for directors, independent directors, and managerial officers.

The Remuneration Committee shall fulfill the aforementioned function and power in accordance with the following principles:

- (1) Performance appraisal and remuneration of directors, independent directors, and managerial officers shall be based on the prevailing rates of the industry as well as their individual performance, the Company's overall performance, and reasonable assessments of future risks.
- (2) There shall be no incentive for directors or managerial officers to pursue remuneration by engaging in activities that exceed the tolerable risk level of the Company.
- (3) The percentage of bonus to be distributed to directors and senior managerial officers based on their short-term performance and the time for payment of any variable remuneration shall be determined by the characteristics of the industry and the nature of the Company's business.

The exercise of power by the Remuneration Committee and independent directors and related matters shall be set forth in accordance with the Securities and Exchange Act, Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter, and regulations of TWSE.

#### Article 28-2

The Company is advised to establish announce channels for internal and external whistleblowers and establish whistleblower protection mechanisms. The unit that

handles whistleblowers' reporting shall be independent, provide encrypted protection for the files furnished by whistleblowers, and appropriately restrict access to such files. It shall also formulate internal procedures and incorporate those procedures into the company's internal control system for management purposes.

#### Article 29

To improve the quality of its financial reports, the Company shall establish the position of deputy to its principal accounting officer.

To enhance the professional abilities of the deputy accounting officer of the preceding paragraph, the deputy's continuing education shall proceed in accordance with the schedule of the principal accounting officer.

Related accounting personnel that participate in the formulation of accounting reports shall also take at least 6 hours of professional courses each year. The continuing studies may attend the Company's internal education and training courses or professional accounting supervisor courses offered by institutions.

The Company shall select a professional, responsible, and independent CPA to perform regular reviews of financial conditions and internal control measures of the Company. With regard to any irregularity or deficiency discovered and disclosed in a timely manner by the auditor during the review, and concrete measures for improvement or prevention suggested by the auditor, the Company shall faithfully implement improvement actions. The Company should establish channels and mechanisms of communication between the independent directors, the Audit Committee, and CPA, and incorporate procedures for that purpose into the Company's internal control system for management purposes.

The Company shall evaluate the independence and suitability of the CPA engaged by the Company regularly (at least once every year). In the event that the Company engages the same CPA without replacement for seven consecutive years, or if the CPA is subject to disciplinary action or other circumstances prejudicial to the CPA's independence, the Company shall evaluate the necessity of replacing the CPA and submit its conclusion to the Board of Directors.

#### Article 30

The Company should engage a professional and competent legal counsel to provide adequate legal consultation services to the Company, or to assist the Board of Directors, independent directors, and the management to improve their knowledge of the law, for the purposes of preventing any infraction of laws or regulations by the Company or its staff and ensuring that corporate governance matters proceed pursuant to the relevant legal framework and the prescribed procedures.

When, as a result of performing their lawful duties, directors, independent directors, or the management are involved in litigation or a dispute with shareholders, the Company shall retain a legal counsel to provide assistance as circumstances require.

The Audit Committee or an independent director may retain a legal counsel, CPA, or other professionals on behalf of the Company to conduct a necessary audit or provide consultation services on matters in relation to the exercise of their power, at the expense of the Company.

## Section 4 Rules for the Proceedings of Board Meetings and the Decision-Making Procedures

### Article 31

The Board of Directors of the Company shall meet at least once every quarter, or convene at any time in case of emergency. To convene a board meeting, a meeting notice which specifies the purpose of the meeting shall be sent to each director and independent director no later than seven days before the scheduled date. Sufficient meeting materials shall also be prepared and enclosed in the meeting notice. Directors have the right to request supplemental information or postpone certain agendas if they consider the information presented to them to be inadequate.

The Company shall set board meeting procedure specifications. The main procedure content, work procedures, items that should be recorded in the meeting records, public notifications, and other items to be followed should be according to the Regulations Governing Procedure for Board of Director Meetings of Public Companies.

### Article 32

Directors of the Company shall exercise a high degree of self-discipline. If a director or a juristic person represented by the director is an interested party with respect to any proposal for a board of director meeting, the director shall state the important aspects of the interested party relationship at the meeting. When the relationship is likely to prejudice the interests of the Company, the director shall not participate in any discussion or voting on that proposal and shall enter recusal during the discussion and voting. The director shall also not act as another director's proxy to exercise the voting right on that matter. Directors shall maintain discipline among one another and not inappropriately support one another.

Items that directors must excuse themselves from shall be clearly stated in the board meeting procedure specifications.

### Article 33

Independent directors shall attend in person any meeting of the Board of Directors, with respect to matters prescribed in Article 14-3 of the Act that shall be proposed to the Board of Directors. They shall not appoint another non-independent director to attend the meeting as a proxy. When an independent director has a dissenting or qualified opinion, it shall be noted in the minutes of the board of director meeting; if the independent director cannot attend the board meeting in person to voice his or her dissenting or qualified opinion, he or she shall provide a written opinion before the board meeting unless there are justifiable reasons for failure to do so, and the opinion shall be noted in the minutes of the board meeting.

In any of the following circumstances, decisions made by the Board of Directors shall be noted in the meeting minutes, and publicly announced and filed in the MOPS two hours before the beginning of trading hours on the first business day after the date of the board of director meeting:

- (I) An independent director has a dissenting or qualified opinion which is on record or stated in a written statement.

(II) Items that have not been approved by the Audit Committee shall require the approval of more than two-thirds of all directors.

During a board meeting, the Company may, based on the content of the agenda, notify managers of relevant departments who are not board members to attend the meeting as non-voting participants to report the Company's current business status and answer directors' questions. Certified public accountants, lawyers, or other professionals may also be invited to participate in board meetings where necessary to help directors understand situations and make decisions accordingly but they shall leave the meeting during discussions and votes.

#### Article 34

The Company's staff attending board meetings shall collect and correctly record detailed meeting minutes, as well as a summary, the method of resolution, and the voting results of all the proposals submitted during the board meeting in accordance with relevant regulations.

The meeting minutes shall be signed or sealed by the chair and the minute taker and issued to all directors within 20 days after the meeting. The attendance log constitutes part of the board meeting minutes and shall be listed as key files of the Company and retained as such over the Company's existence.

Meeting minutes may be produced, distributed, and preserved by electronic means.

The Company shall record on audio or video tape the entire proceedings of a board of directors meeting and preserve the recordings for at least 5 years, in electronic form or otherwise.

If before the end of the preservation period referred to in the preceding paragraph a lawsuit arises with respect to a resolution of a Board of Directors meeting, the relevant audio or video recordings shall be preserved for a further period, in which case the preceding paragraph does not apply.

Where a Board of Directors meeting is held via teleconference or video conference, the audio or video recordings of the meeting form a part of the meeting minutes and shall be preserved permanently.

When a resolution of the Board of Directors violates laws, regulations, the Articles of Incorporation, or resolutions adopted in the shareholders meeting, and thus causes an injury to the Company, dissenting directors whose dissent can be proven by minutes or written statements will not be liable for damages.

#### Article 35

The Company shall submit the following matters to its Board of Directors for discussion:

- (1) Corporate business plans.
- (2) Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be audited or attested by a CPA.
- (3) Establishment or amendments to the internal control system according to Article

14-1 of the Securities and Exchange Act.

- (4) Establishment or amendment of the asset acquisition/disposal procedures, derivative trading procedures, lending procedures, endorsement and guarantee procedures, and other procedures involving major financial consequences according to Article 36-1 of the Securities and Exchange Act.
- (5) Offering, issuance, or private placement of any equity-type securities.
- (6) Performance assessment and the standard of remuneration of the managerial officers.
- (7) Structure and system for the remuneration of directors.
- (8) Appointments and dismissal of finance, accounting and internal audit managers.
- (9) Donations to related parties or major donations to non-related parties. However, in the event of a major natural disaster, emergency aids of charitable nature can be made first and ratified in the next board meeting.
- (10) Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or by law to be approved by resolution at a shareholders meeting or to be submitted to a meeting of the Board of Directors, or any such significant matter as may be prescribed by the competent authority.

Except for matters that must be submitted to the Board of Directors for discussion under the preceding paragraph, when the Board of Directors is in recess, it may delegate the exercise of its power to others in accordance with law, regulations, or its articles of incorporation. However, the level of delegation or the content or matters to be delegated shall be clearly specified, and general authorization is not permitted.

The Company shall report meeting minutes and discussion on internal system defects to the Board of Directors.

#### Article 36

The Company shall ask the appropriate corporate department or personnel to execute matters pursuant to Board of Directors' resolutions in a manner consistent with the planned schedule and objectives. It shall also follow up those matters and faithfully review their implementation.

The Board of Directors shall remain informed of the progress of implementation and receive reports in subsequent meetings to ensure the actual implementation of the Board's management decisions.

#### Section 5 Fiduciary Duty, Duty of Care and Responsibility of Directors

#### Article 37

Members of the Board of Directors shall faithfully conduct corporate affairs and perform the duty of care of a good administrator. In conducting the affairs of the Company, they shall exercise their powers with a high level of self-discipline and prudence. Unless matters are otherwise reserved by the law or the articles of incorporation for approval in shareholders' meetings, they shall ensure that all matters are handled according to the resolutions of the Board of Directors.

Any resolution of the Board of Directors that involves the Company's business development or a major policy direction shall be carefully considered and shall not affect the implementation or effectiveness of corporate governance.

Independent directors shall carry out their duties according to relevant regulations and company policies to protect the rights and interests of the Company and shareholders.

#### Article 38

If a resolution of the Board of Directors violates laws, regulations or the Company's articles of incorporation, at the request of shareholders holding shares continuously for a year or an independent director, or at the notice of an independent director to discontinue the implementation of the resolution, members of the Board of Directors shall take appropriate measures or discontinue the implementation of such a resolution as soon as possible.

Upon discovering a likelihood that the Company would suffer material damage, members of the Board of Directors shall immediately report to the Audit Committee or the independent director members of the Audit Committee in accordance with the foregoing paragraph.

#### Article 39

According to Articles of Incorporation or a resolution of the shareholders' meeting, the Company shall buy liability insurance according to the scope of directors' liabilities they are legally responsible for during their tenure's business implementations. The objective is to lower and distribute the risk of major damages caused to the Company and shareholders as a result of directors' error or negligence.

The Company is advised to report the insured amount, coverage, premium rate, and other major contents of the liability insurance it has purchased or renewed for directors at the next board meeting.

#### Article 40

Members of the Board of Directors are advised to participate in training courses on finance, business, commerce, accounting, or law offered by institutions designated in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies, which cover subjects relating to corporate governance upon becoming directors and throughout their tenure. They shall also ensure that employees at all levels enhance their professionalism and knowledge of the law.

### Chapter 4 Empowering Supervisors

#### Article 41

The Company has appointed three independent directors and set up an Audit Committee, the regulations on the functions and obligations of supervisors of the place of the Company's listing shall apply mutatis mutandis to the Audit Committee.

### Chapter 5 Respecting Stakeholders' Rights and Interests

#### Article 42

The Company shall maintain channels of communication with its banks, other creditors, employees, consumers, suppliers, community or other interested parties and stakeholders of the Company. It shall also respect and safeguard their legal rights and interests. The Company is also advised to set up a stakeholders' section on its website.

When a management buy-out occurs at the company, attention must be paid to the Company's finance structure and integrity after the buy-out.

When a stakeholder's legal right is violated, the Company shall respond appropriately according to the principle of good faith.

#### Article 43

The Company shall provide sufficient information to banks and its other creditors to facilitate their evaluation of the operational and financial conditions of the Company and its decision-making process. When any of their legal rights or interests are harmed, the Company shall respond with a responsible attitude and assist creditors in obtaining compensation through proper means.

#### Article 44

The Company shall establish channels of communication with employees and encourage employees to communicate directly with the management, directors, or independent directors to reflect employees' opinions about the management, financial conditions, and material decisions of the Company concerning employee welfare.

#### Article 45

In developing its normal business and maximizing the shareholders' interests, the Company shall pay attention to consumers' interests, environmental protection of the community, and public welfare, and shall give serious regard to its social responsibility.

### Chapter VI Improving Information Transparency

#### Section 1 Enhancing Information Disclosure

#### Article 46

Disclosure of information is a major responsibility of the Company. The Company shall perform its obligations faithfully in accordance with the relevant laws and the rules of TWSE or TPEX.

The Company shall establish an online reporting system for public information, appoint employees responsible for gathering and disclosing the information, and establish a spokesperson system to ensure the proper and timely disclosure of information on policies that might affect the decisions of shareholders and stakeholders.

#### Article 47

To enhance the accuracy and timeliness of the material information disclosed, the Company shall appoint a spokesperson and acting spokesperson(s) who understand thoroughly the Company's financial and business conditions and who are capable of

coordinating among departments for gathering relevant information and representing the Company in making statements independently.

The Company shall appoint one or more acting spokespersons who shall represent the Company, when the spokesperson cannot perform his/her duties, in making statements to the public independently, provided that the order of delegation shall be established to avoid any confusion.

To implement the spokesperson system, the Company shall unify the process of making external statements. It shall require the management and employees to maintain the confidentiality of financial and operational secrets and prohibit their disclosure of any such information at will.

The Company shall disclose the relevant information immediately whenever there is any change in the position of a spokesperson or acting spokesperson.

#### Article 48

In order to keep shareholders and stakeholders fully informed, the Company shall utilize the convenience of the Internet and set up a website containing the information regarding the Company's finances, operations, and corporate governance. The Company should also furnish the financial, corporate governance, and other relevant information in English.

To avoid misleading information, the aforesaid website shall be maintained by specified personnel, and the recorded information shall be accurate, detailed and updated on a timely basis.

#### Article 49

The Company shall hold an investor conference in compliance with the regulations of the TWSE and TPEX, and shall keep an audio or video record of the meeting. The financial and business information disclosed in the investor conference shall be disclosed on the Market Observation Post System and provided for inquiry through the website established by the Company, or through other channels, in accordance with the TWSE rules.

### Section 2 Disclosure of Information on Corporate Governance

#### Article 50

The Company shall disclose and continuously update the following information regarding corporate governance during the fiscal year in accordance with laws and regulations, and TWSE rules.

- (1) Corporate governance framework and regulations.
- (2) Ownership structure and the rights and interests of shareholders (including specific and explicit dividend policy).
- (3) Structure, professionalism and independence of the Board of Directors.
- (4) Obligations and responsibilities of the Board of Directors and managerial officers.
- (5) Composition, duties and independence of the Audit Committee.

- (6) Composition, duties and operation of the Remuneration Committee and other functional committees.
- (7) The remuneration paid to the directors (including independent directors), general manager and vice presidents in the last two fiscal years, the analysis of the percentage of total remuneration to net profit after tax in the parent company only financial reports or individual financial reports, the policy, standard and package of remuneration payment, the procedure for determination of remuneration and the connection with the operation performance and future risk. Under special individual circumstances, remuneration of individual directors shall be disclosed.
- (8) The progress of training of directors and independent directors.
- (9) The rights, relationships, appeal channels, concerns, and appropriate response mechanism regarding stakeholders.
- (10) Details of the events subject to information disclosure required by law and regulations.
- (11) Deviations and reasons for the deviations between the status of corporate governance and the Company's Corporate Governance Best Practice Principles.
- (12) Other information regarding corporate governance.

The Company should adopt appropriate methods to improve tactical planning and measures for corporate governance based on the actual implementation status of corporate governance.

#### Chapter 7 Supplementary Provisions

##### Article 51

The Company shall at all times monitor domestic and international developments in corporate governance as a basis for review and improvement of the Company's own corporate governance mechanisms to enhance their effectiveness.