

# **Shin Kong Financial Holding Co., Ltd.**

## **Corporate Governance Best Practice Principles**

Amended on Oct 31, 2023

### **Chapter 1. General Provisions**

#### **Article 1 (Purpose)**

The Principles are established for compliance to assist Shin Kong Financial Holding Co., Ltd. (the Company) in establishing a sound corporate governance system and an effective governance framework.

The Company shall ensure the sound operation of subsidiaries and supervise subsidiaries to comply with the corporate governance best practice principles of the relevant industries (e.g., insurance, securities, banking, and securities investment trust and consulting).

#### **Article 2 (Principles)**

The Company shall construct a good corporate organization and culture, comply with relevant laws and regulations and the Articles of Incorporation, and establish an effective corporate governance system based on the following principles:

1. Complying with laws and regulations and improving internal management.
2. Protecting the rights and interests of shareholders and the corporate governance relationship between the Company and its subsidiaries and affiliates.
3. Strengthening the functions of the Board of Directors.
4. Fulfilling the functions of the Audit Committee.
5. Emphasizing on the rights and interests of employees and stakeholders.
6. Enhancing information disclosure and transparency.

#### **Article 3 (Overall Business Management)**

To strengthen the business management, the Company shall plan the overall business strategies, risk management policies and guidelines in consideration of those of its subsidiaries. Each subsidiary shall formulate the business plans, risk management procedures and implementation principles for relevant businesses based on the aforesaid strategies, policies, and guidelines to ensure compliance.

### **Chapter 2. Complying with Laws and Regulations and Improving Internal Management**

#### **Article 4 (Establishment of Compliance System)**

The Company shall establish a compliance system and have the legal compliance unit take

charge of the planning, management, and implementation of such compliance system. The legal compliance unit shall construct a system of consultation, coordination, and communication to impose compliance training on each department, and shall appoint a senior executive Chief Compliance Officer to be in charge of compliance matters in the head office to ensure the effective operation of the compliance system and to enhance self-discipline.

#### **Article 5 (Establishment of Internal Control and Internal Audit System)**

The Company shall establish a well-rounded internal control system and ensure effective implementation to secure sound operation of the business.

The establishment, amendment, and effectiveness of the Company's internal control system shall be adopted with the approval of a majority of all members of the Audit Committee and shall be submitted to the Board of Directors' meeting. In the event that the Company fails to obtain the approval of a majority of all members of the Audit Committee, the establishment, amendment, and effectiveness of the internal control system may be adopted with the approval of two-thirds of all the directors, and the decision of the Audit Committee shall be recorded in the minutes of the Board of Directors' meeting.

#### **Article 6 (Scope and Amendment of Internal Control System)**

The Company's internal control system shall cover all business activities and shall include appropriate policies and procedures governing organizational charters, the Articles of Incorporation, business practices, and handbooks. The internal control system shall be reviewed or amended regularly in accordance with changes in the relevant laws and regulations, business items, and operating procedures, and shall involve the participation of the legal compliance unit and internal audit unit whenever necessary.

#### **Article 7 (Organization and Responsibilities of Audit Unit)**

The internal audit system shall evaluate the effectiveness of the internal control system and operational efficiency and provide timely recommendations for improvement to ensure the on-going implementation of the internal control system and facilitate the performance of the Board of Directors and management.

The Company shall establish an internal audit unit under the Board of Directors and a Chief Auditor to manage all audit business with independent spirit and objectivity. The internal audit unit shall report audit affairs to the Board of Directors and the Audit Committee on a regular basis. The Chief Auditor shall be entitled to the decision-making power on personnel matters.

The Company's internal auditors shall possess the qualifications required by law and shall attend professional training to improve their core auditing skills and capabilities.

The Company shall establish a communication channel and mechanism between its independent directors, the Audit Committee, and the chief internal auditor. The Company's person in charge

(director) shall hold discussions with internal auditors at least annually to review deficiencies in the internal control system, keep a record, as well as track and carry out improvements; the record of discussion shall be submitted to the Board of Director. The convener of the Audit Committee shall report the status of communication between the members of the Audit Committee and the chief internal auditor at the shareholders' meeting.

The appointment/removal, appraisal, and remuneration of internal auditors of the Company shall be submitted to the Board of Directors or signed by the chief internal auditor and submitted to the Chairman of the Board for approval.

#### **Article 8 (Authority of Audit Unit)**

The management of the Company shall pay special attention to the internal audit unit and its personnel, fully empower them, urge them to faithfully conduct audits, evaluate problems of the internal control system, and assess the efficiency of the Company's operation in order to make sure that the internal control system can operate effectively on an on-going basis, further ensuring a sound corporate governance system.

#### **Article 9 (Scope of Supervision of Audit Unit and Legal Compliance Unit)**

In addition to ensuring that the Company carries out audits and complies with relevant laws and regulations, the audit unit and the legal compliance unit shall also oversee the implementation of regulations by subsidiaries.

#### **Article 10 (Time to Report Significant Deficiencies or Non-compliance)**

In the event that their recommendations for improvements regarding significant deficiencies or non-compliance identified in internal controls are not accepted by the management and that the Company (including subsidiaries) might incur a material loss, the Company's internal auditors and chief internal auditor shall report this directly and simultaneously to independent directors or the Audit Committee and the competent authority.

#### **Article 10-1 (Responsibilities of Senior Executives)**

The Company's senior executives shall be under the direction and supervision of the Board of Directors and shall carry out and manage the Company's activities in accordance with the business strategies, risk appetite, remuneration, and other policies approved by the Board of Directors. The organization of senior executives (including positions, authority, and responsibilities) shall be specific, clear, and transparent.

### **Chapter III Protecting the Rights and Interests of Shareholders**

#### **Article 11 (Participation in Material Matters and Equal Treatment)**

The Company shall establish a corporate governance system that ensures that shareholders are

made fully aware of and can participate in and decide on material matters of the Company to protect the rights and interests of shareholders and their equal treatment.

### **Article 12 (Resolution and Procedural Rules of Shareholders' Meeting)**

In accordance with the Company Act and other relevant laws and regulations, the Company shall convene shareholders' meetings and formulate a comprehensive set of procedural rules. Matters to be approved at shareholders' meetings shall be implemented in accordance with procedural rules.

The resolutions of shareholders' meetings shall comply with laws and regulations and the Company's Articles of Incorporation.

### **Article 13 (Procedures for Shareholders' Meetings)**

The Board of Directors shall properly arrange the agenda items and procedures for shareholders' meetings. Shareholders shall be granted reasonable time to deliberate each proposal and afforded an appropriate opportunity to make statements.

For a shareholders' meeting convened by the Board of Directors, it is advised that the Chairman chair the meeting, that a majority of directors (including at least one (1) independent director) and the convener of the Audit Committee attend the meeting in person, and that at least one member of other functional committees attend the meeting as a representative. Attendance details shall be recorded in the minutes of the shareholders' meeting.

### **Article 14 (Convention of Shareholders' Meeting and Means of Expression)**

The Company shall encourage its shareholders to actively participate in corporate governance, and shall engage a professional shareholder services agent to handle shareholders' meeting affairs, so that shareholders' meetings can proceed in a legal, effective, and secure manner. The Company shall seek all ways and means, including fully exploiting technologies for information disclosure, to upload annual reports, annual financial statements, notices, agendas, and supplementary information of shareholders' meetings in both Chinese and English concurrently, in order to enhance shareholders' attendance rates at shareholders' meetings and ensure their exercise of rights at such meetings in accordance with laws.

The Company shall adopt electronic voting at a shareholders' meeting. It is advisable that the Company adopt a candidate nomination system for the election of directors and independent directors and avoid raising extraordinary motions and amendments to original proposals at a shareholders' meeting.

The Company is advised to arrange for their shareholders to vote on each separate proposal in the shareholders meeting agenda, and following 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 (MOPS).

### **Article 15 (Minutes at Shareholders' Meeting)**

The Company, in accordance with the Company Act and other applicable laws and regulations, shall record in the shareholders' meeting minutes the date and place of the meeting, the name of the chairperson, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting.

For the election of directors, the voting method and the number of votes for the elected directors shall be specified.

The minutes at the shareholders' meetings shall be properly and perpetually kept by the Company during its legal existence, and shall be sufficiently disclosed on the Company's website.

### **Article 16 (Procedural Rules of Shareholders' Meeting)**

The chairperson of a shareholders' meeting 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.

In order to protect the interests of most shareholders, if the chairperson declares the adjournment of the meeting in a manner in violation of rules governing the proceedings of the shareholders' meetings, it is advisable for the members of the Board of Directors other than the chairperson to promptly assist the attending shareholders at the shareholders' meeting in electing a new chairperson 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 17 (Information Disclosure)**

The Company shall place high importance on the shareholders' right to know, and shall faithfully comply with applicable regulations regarding information disclosure 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 advised that the Company concurrently disclose the information under the preceding paragraph in English.

The Company shall implement regulations on insider stock trading upon their receipt of the Company's financial reports, including but not limited to prohibiting directors from trading stocks during the 30-day period prior to the publication of annual financial report and the 15-day period prior to the publication of quarterly financial reports.

### **Article 18 (Donation Guidelines)**

The Company shall establish internal guidelines for the handling of donations and submit them to the Board of Directors for approval. Donations made to political parties, stakeholders, and charitable institutions shall be disclosed to the public.

### **Article 19 (Profit Distributions and Audit Power at Shareholders' Meeting)**

Shareholders shall be entitled to profit distributions by the Company. To protect shareholders' investment interests, inspectors shall be appointed in accordance with Article 184 of the Company Act to examine the statements and books submitted by the Board of Directors and the audit reports submitted by the Audit Committee, and shareholders may resolve the distribution of profits or the offsetting of losses. The Board of Directors, Audit Committee, and managerial officers shall fully cooperate with inspections without refusal, obstruction, or avoidance.

### **Article 20 (Material Financial and Business Transactions)**

In entering into material financial and business transactions such as acquisition or disposal of assets, the Company shall proceed in accordance with the applicable laws and 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, so as to protect the rights and interests of the shareholders.

When the Company is involved in a merger, acquisition or public tender offer, in addition to proceeding in accordance with the applicable laws and/or regulations, it shall not only pay attention to the fairness, rationality, etc. of the plan and transaction of the merger, acquisition or public tender offer, but also take notice of information disclosure and the soundness of the Company's financial structure thereafter.

### **Article 21 (Handling of Shareholder Disputes)**

In order to protect the interests of the shareholders, it is advisable that the Company handle shareholder proposals, inquiries, and disputes appropriately.

If the resolution made by the shareholders' meeting or the Board of Directors of the Company is non-compliant with laws or the Articles of Incorporation, or the directors and managerial officers violate laws or the Articles of Incorporation while performing duties, thus undermining shareholders' rights, the Company shall handle lawsuits filed by shareholders in an objective and appropriate manner.

### **Article 21-1 (The Board's Responsibility for Establishing a Mechanism for Interaction with Shareholders)**

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

## **Article 21-2 (Efficient Communication with Shareholders to Gain Their Support)**

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 managerial officers 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.

## **Article 22 (Major Shareholders)**

To protect the best interest of all shareholders, a shareholder having the controlling power over the Company shall comply with the following provisions:

1. The controlling shareholder shall bear a duty of good faith to other shareholders and shall not directly or indirectly cause the Company to conduct any business which is contrary to normal business practice or to operate for illicit profit gains.
2. The representative of the controlling shareholder shall comply with relevant rules of rights and voting policies established by the Company and exercise voting rights and participate in resolutions in good faith for the best interest of all shareholders. Should the controlling shareholder be a director of the Company, he or she shall exercise the fiduciary duty and duty of care of a director.
3. The controlling shareholder shall comply with the regulation of relevant laws and the Articles of Incorporation in nominating directors, and shall not act beyond the authority granted by the shareholders' meeting or the Board of Directors.
4. The controlling shareholder shall not improperly intervene in corporate policy making or obstruct corporate management activities.
5. The controlling shareholder shall not restrict or impede the management of the Company by methods of unfair competition.
6. The corporate representative appointed due to the election of a legal person shareholder as a director should possess the professional qualifications required by the company and should not be arbitrarily reassigned.

The communication and contact between controlling shareholders with the ability to exercise control and the Company should adhere to the following principles in order to comply with the regulations mentioned above:

1. In principle, it should be conducted through the representative appointed by the shareholder who is elected as a director of the Company. If necessary, the director representative may invite company executives to accompany the communication with the shareholder, and the Company should record the communication situation.
2. When shareholders with controlling power have suggestions for board meeting agendas or company operational decisions, they should be presented by their director representatives

- at board meetings or functional committees for discussion and consensus. They should not convene meetings or improperly intervene in company decision-making in any other way.
3. Shareholders with controlling power should maintain confidentiality obligations regarding significant company information they have obtained and should not engage in insider trading using such information before its public disclosure.

### **Article 23 (Establishment of Firewall in the Company and Its Subsidiaries and Affiliates)**

The Company shall clearly identify the division of authority and responsibility between the Company and its subsidiaries or affiliates with regard to personnel, asset, and financial management, and shall properly perform risk assessment and establish appropriate firewalls.

In accordance with the Financial Holding Company Act, the Company shall take full responsibility for its subsidiaries.

### **Article 24 (Real Estate Transactions with Stakeholders)**

In order to avoid improper tunneling of profits that can cause losses to the Company or its shareholders, the Company shall comply with business practices in the principles of fairness, justice, and objectivity when entering into a real estate transaction with major shareholders, companies where it invests, or responsible persons or employees, or stakeholders of their responsible persons. The transaction shall be handled in accordance with the Financial Holding Company Act and the relevant regulations set forth by the competent authority.

### **Article 25 (Qualification Requirements for Concurrent Job Positions)**

When the person in charge of the Company concurrently holds a position in a subsidiary or other job positions, he or she shall comply with the "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company" and other relevant regulations.

To ensure shareholders' rights and interests, if a responsible person of the Company concurrently holds other positions in accordance with the provisions of the preceding paragraph, that person shall ensure the effective execution of these principal and concurrent positions and shall not enter into any conflict of interest or breach the internal controls or supervisory checks and balances of the Company, its invested enterprises, or its subsidiaries.

### **Article 26 (Non-compete Obligation)**

A director of the Company who does anything for himself or on behalf of another person that is within the scope of the financial holding company's business shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.



### **Article 27 (Systems for the Management of Finances, Operations, and Accounting)**

The Company and its subsidiaries shall establish sound systems for the management of finances, operations, and accounting in accordance with applicable laws and regulations.

### **Article 28 (Strict Prohibition of Improper Channeling of Profits with Stakeholders)**

Any financial transactions or trading between the Company and its subsidiaries, related parties, or shareholders shall comply with regulations and uphold the principles of fairness and reasonableness.

When contracts are signed, prices and terms of payment shall be clearly stipulated. Non-arms-length transactions and the improper funneling of profits shall be strictly prohibited.

Written regulations in the first paragraph shall include management procedures for acquisition or disposal of assets. Significant transactions shall be approved by the Board of Directors and approved by the shareholders' meeting, or reported accordingly.

The Company shall obtain an appraisal report from securities underwriters, appraisal companies or accountants before proceeding with the transactions, pursuant to the laws.

### **Article 29 (Management of Information on Major Shareholders)**

The Company shall retain a register of major shareholders who own a relatively high percentage of shares and have controlling power over the Company.

The major shareholders who own a relatively high percentage of shares referred to in the preceding paragraph are subject to the percentage set forth in Article 22-2 and Article 25 of the Securities and Exchange Act; however, the Company may set up a lower shareholding threshold according to the actual shareholding stake that may control the Company.

## **Chapter IV Enhancing the Functions of the Board of Directors**

### **Section 1 Organization and Function of the Board of Directors**

#### **Article 30 (Duties and Authorities of the Board of Directors)**

The Board of Directors of the Company shall direct company strategies, supervise the management, and be responsible to the Company and Shareholders' Meeting. The various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the Board of Directors complies with laws, its Articles of Incorporation, and the resolutions of its Shareholders' Meetings, and it shall assume the ultimate responsibility for ensuring the establishment and maintenance of an appropriate and effective internal control system.

### **Article 31 (Structure and Ability of the Board of Directors)**

The structure of the Company's Board of Directors shall consist of certain number of directors, in accordance with its Articles of Incorporation, depending on the scale of the Company's operation and development, the status of its primary shareholders, and actual operating needs.

The Company shall diversify the composition of its Board of Directors. The Directors concurrently serving as the Company's managers shall not exceed one-third of the number of the Board, and shall comply with the provisions of Article 25 on concurrent positions, and shall develop guidelines on diversity based on the operations, nature of business activities and development needs of the Company, including but not limited to the following two aspects:

- I. Basic conditions and values: Gender, age, race, nationality, and culture, etc.
- II. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience.

The members of the Board of Directors shall generally have the knowledge, skills and self-cultivation required for performing their duties. In order to achieve the ideal targets of corporate governance, the general abilities that the Board of Directors shall be equipped with are stated below:

- I. Business judgment ability.
- II. Accounting and financial analysis ability.
- III. Operation management ability (including the operation management of subsidiaries)
- IV. Crisis management ability.
- V. Knowledge of the industry.
- VI. International market perspective.
- VII. Leadership.
- VIII. Decision-making ability.
- IX. Ability to conduct and knowledge of risk management.

### **Article 31-1 (Establishment of sustainable development units)**

The Company shall establish a governance framework to promote sustainable development, set up a dedicated unit to promote sustainable development, conduct risk assessments on environmental, societal, or corporate governance issues related to the Company's operations, formulate risk management policies or strategies. The Board of Directors supervises the progress of sustainable development. The Company shall also establish a schedule for disclosing greenhouse gas inventories, which are submitted to the Board on a quarterly basis.

### **Article 32 (Risk Management Unit)**

The Board of Directors shall perceive the risks faced by the Company's operations, confirm the effectiveness of risk management and take ultimate responsibility for the management of the risks.

The Company's risk management policies and operating procedures shall be adopted by the Board of Directors and reviewed and amended when appropriate.

The Company shall establish a dedicated risk management unit independent of business units, which shall file a risk control report to the Board of Directors on a regular basis. If material situations jeopardizing the Company's financial health or regulatory compliance are discovered, appropriate measures shall be adopted at once and the unit shall follow internal rules to report to the Board of Directors.

The Company shall conduct comprehensive risk assessments for its subsidiaries and implement necessary control mechanisms to effectively utilize resources and reduce risks.

### **Article 33 (Election of Directors)**

The Company shall, according to the principles for the protection of shareholders' rights and interests and equitable treatment of shareholders, establish a fair, just, and open procedure for the election of directors, encourage shareholder participation, and adopt the cumulative voting mechanism pursuant to the Company Act or the Securities and Exchange Act or other means prescribed in the Articles of Incorporation in order to fully reflect shareholders' views.

The Company shall specify in the Articles of Incorporation that it adopts the candidate nomination system for the elections of directors and that shareholders shall elect directors from the list of candidates.

The candidate nomination, review process, contents of announcement, and procedures referred to in the preceding paragraph shall be handled in accordance with Article 192-1 of the Company Act.

Before the reelection of directors takes place at a shareholders' meeting, the Board of Directors of the Company shall carefully review the qualifications of candidates nominated by shareholders, directors or the Nomination Committee and the existence of any other matters set forth in Article 30 of the Company Act or Article 3 of the "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company."

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 sixty (60) days of the occurrence of that fact for a by-election for directors.

Unless otherwise approved by the competent authority, over the majority of the Company's director seats shall have no spousal relationship or familial relationship within the second degree of kinship.

The directors of the Company shall comply with the "Regulations Governing Qualification

Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company."

#### **Article 34 (Directors of Subsidiaries)**

The Board of Directors of the Company shall establish at least one director with the expertise of each of its subsidiaries in respect of the industry of its major subsidiaries.

#### **Article 35 (Seats and Qualifications of Independent Directors)**

The Company shall appoint independent directors in accordance with the Articles of Incorporation. They shall be not less than 3 in number and not less than one-fifth of the total number of directors.

Independent directors shall possess professional knowledge, and restrictions shall be placed on their shareholdings and concurrent positions held. Applicable laws and regulations shall be observed and it is not advised that an independent director hold concurrent office as a director (including an independent director) or supervisor in more than 4 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.

An independent director of the Company may concurrently serve as an independent director in no more than 3 other public companies. Where such public company is a wholly owned subsidiary of the Company, both entities are considered to be the same company and are thus only counted as one public company; however, an independent director may only concurrently hold a post in one such company.

The Company shall adopt the candidate nomination system for the elections of independent directors shall be in accordance with Article 192-1 of the Company Act. The candidate nomination system shall be clearly stated in the Article of Incorporation. Shareholders shall elect independent directors from the candidate list. Independent and non-independent directors shall be elected at the same time but in separately calculated numbers in accordance with Article 198 of the Company Act.

No independent director of the Company may serve for more than three (3) consecutive terms.

Any change of status between independent directors and non-independent directors during their term of office is prohibited.

In the event that an independent director is terminated from his position with cause, causing the number of directors to fall below that prescribed in the first paragraph or the Articles of Incorporation, the Board of Directors shall fill the vacant board seat during the next shareholders' meeting. In the event that all the independent directors are discharged, the Company shall convene an extraordinary shareholders' meeting to hold a by-election within 60 days from the date of occurrence of the event.

The professional qualifications, restrictions on shareholding and concurrent positions held, determination of independence, nomination method, and other requirements to be followed 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 prescribed by the Taiwan Stock Exchange.

### **Article 36 (Division of Powers and Responsibilities)**

Clear distinctions shall be drawn between the responsibilities and duties of the Chairman of the Company and those of the President. It is inappropriate for the Chairman or his or her spouse to act as the President.

If it is necessary to establish a functional committee, the Company shall clearly define the responsibilities and duties of the committee.

### **Article 37 (Authority and Remuneration of Independent Directors)**

The Company shall stipulate the scope of duties of independent directors and empower them with manpower and physical support related to the exercise of their power. For significant or doubtful cases, independent directors shall engage third-party professionals for assessment if necessary or request internal audit to conduct project review or post-event follow-up. The Company or other members of the Board of Directors may not obstruct, reject or circumvent the performance of duties by independent directors.

The Company shall stipulate the remuneration of directors in accordance with applicable laws and regulations. Independent directors may receive different levels of remuneration from those of other directors.

### **Article 38 (Missions of Board of Directors)**

To reach the corporate governance goal, key missions of the Company's Board of Directors are as follows:

1. Set up an effective and appropriate internal control system.
2. Select and supervise senior managerial officers.
3. Review the Company's management decisions and business plans and monitor its status.
4. Review the Company's financial target and monitor its achievement.
5. Supervise the business results of the Company.
6. Review and approve the performance appraisal standards and remuneration structure for senior executives and the remuneration structure and system for directors.
7. Monitor the Company in building an effective risk management mechanism.
8. Supervise regulatory compliance.
9. Make plans for the Company's future development.
10. Maintain the Company's image.
11. Appoint certified public accountants and other experts.

The Board of Directors shall evaluate and supervise the management direction and performance of intellectual property based on the following aspects to ensure that the Company has in place an intellectual property management system through the cycle of "plan, do, check, act":

1. Creating intellectual property management policies, targets, and systems connected to operational strategies.
2. Establishing, implementing, and maintaining the management system for the acquisition, protection, maintenance, and utilization of intellectual property based on size and type.
3. Determining and providing sufficient resources to effectively implement and maintain the intellectual property management system.
4. Monitoring internal and external risks or opportunities regarding intellectual property management and taking responsive measures.
5. Planning and implementing continuous improvement mechanisms to ensure that the operation and effectiveness of the intellectual property management system meet the Company's expectations.

#### **Article 39 (Resolutions of Board of Directors)**

Unless otherwise approved by the competent authority, the Company shall submit the following matters to the Board of Directors for approval by resolution; if an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting:

1. Adoption or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for acquisition or disposal of assets and derivatives trading.
3. A matter bearing on the personal interest of a director.
4. A material asset or derivatives transaction.
5. Offering, issuance, or private placement of any equity-type securities.
6. Hiring, discharge, or compensation of an attesting CPA.
7. Appointment or discharge of a financial, accounting, risk management, legal compliance, or internal auditing officer.
8. Performance appraisal standards and remuneration structure for senior executives and remuneration structure and system for directors.
9. Any other material matter so required by the competent authority.

#### **Article 40 (Discussions in the Board of Directors Meeting)**

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

1. Corporate business plans.

2. Annual and semi-annual financial statements, with the exception of semi-annual financial statements which, under relevant laws and regulations, need not be CPA audited and attested.
3. Adoption or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act and evaluation of the effectiveness of an internal control system.
4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for acquisition or disposal of assets and derivatives trading.
5. Offering, issuance, or private placement of any equity-type securities.
6. Appointment or discharge of a financial, accounting, risk management, legal compliance, or internal auditing officer.
7. Performance appraisal standards and remuneration structure for senior executives and remuneration structure and system for directors.
8. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the next Board meeting for retroactive recognition.
9. Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or to be approved by resolution at 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.

#### **Article 41 (Cause for Independent Directors' Reporting to the Competent Authority)**

Where an independent director's suggestions regarding material deficiencies or violations in the business management are not accepted by the management, and where the inaction might lead to material losses to the Company, the independent director shall report immediately to the competent authority.

#### **Article 42 (Designation of Directors and Supervisors of Subsidiaries)**

For a subsidiary of which the Company holds all shares, its directors and supervisors are appointed by the Company according to the following principles:

1. Appropriate seats shall be assigned according to the scale of each subsidiary.
2. The qualifications shall be in accordance with the regulations of the relevant competent authorities.
3. Independent directors shall be assigned to publicly owned subsidiaries. The professional qualifications, restrictions on both shareholding and concurrent positions held, determination

of independence and the minimum number of seats or percentage in regard to the independent directors shall be set forth in accordance with the Securities and Exchange Act and the regulations of the competent authority.

The independent directors referred to in Subparagraph 3 of the preceding paragraph shall not be reassigned without justifiable reasons during their term of office.

## **Section 2 Functional Committees**

### **Article 43 (Functional Committees)**

For the purpose of strengthening management mechanisms, the Company may set up functional committees in consideration of its scale and type of operations and the number of its Board members.

Functional committees shall be responsible to the Board of Directors and submit their proposals to the Board of Directors for approval, provided that the performance of supervisors' duties by the Audit Committee pursuant to the Securities and Exchange Act, the Company Act, and other regulations shall be excluded.

Unless otherwise provided in the Principles, a functional committee shall consist of more than three (3) directors.

Functional committees shall set their organizational charters to be passed by the Board of Directors through resolution. The organizational charter shall include the number, qualifications, terms of office, and powers of 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 44 (Composition and Authority of the Audit Committee)**

The Company shall establish the Audit Committee.

The Audit Committee shall consist of all the independent directors, and the number of committee members shall be three (3) persons or more. Among the committee members, one shall serve as the convener, and there should be at least one person with accounting or financial expertise.

The provisions of Article 39 shall not apply to the following matters, which shall be subject to the consent of one-half or more of all Audit Committee members and be submitted to the Board of Directors for a resolution:

1. Adoption or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Evaluation of the effectiveness of the internal control system.
3. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for acquisition or disposal of assets and derivatives trading.
4. A matter bearing on the personal interest of a director.



5. A material asset or derivatives transaction.
6. Offering, issuance, or private placement of any equity-type securities.
7. Hiring, discharge, or compensation of an attesting CPA.
8. Appointment or discharge of a financial, accounting, or internal auditing officer.
9. Annual and semi-annual financial statements.
10. Any other material matter so required by the Company or the competent authority.

If approval of more than half of all Audit Committee members is not obtained, each subparagraph of the preceding paragraph except for Subparagraph 9 may be adopted with the approval of two-thirds of all the directors, and the resolution by the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

Discussions at an Audit Committee Meeting shall be included in the meeting minutes. The minutes of an Audit Committee meeting shall be distributed to each independent director member on the committee within twenty (20) days after the meeting and be carefully preserved as important company records during the life of the Company.

Provisions related to supervisors in the Company Act, the Securities and Exchange Act, and other laws and regulations shall apply mutatis mutandis to the Audit Committee.

#### **Article 45 (Establishment and Functions of the Remuneration Committee)**

The Company shall establish the Remuneration Committee. It is advised that the majority of the Remuneration Committee be independent directors and that an independent director serve as the convener. The main responsibility of the Remuneration Committee is to review the performance appraisal standards and remuneration structure for senior executives and the remuneration structure and system for directors.

The Company is advised to establish the standards or structure and system of the performance appraisal and remuneration for directors and managerial officers based on the risk-adjusted return on capital and in line with the Company's profits and shareholders' interests in the long run.

#### **Article 45-1 (Whistle-blowing System)**

The Company shall establish and announce channels for internal and external whistleblowers and have whistleblower protection mechanisms in place. The unit in charge of whistleblowers' reporting shall be independent, provide encrypted protection for the files provided 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.

The content in the preceding paragraph shall cover at least the following items:

1. Establishment and announcement of the internal whistleblowing mailbox and hotline, or engagement of other external independent institutions to provide the whistleblowing mailbox and hotline for internal and external parties of the Company to use.
2. Designation of personnel or units to handle reported cases.
3. Documentation and preservation of case acceptance, investigation processes, investigation results, and relevant documents.
4. Confidentiality of the identity of whistleblowers and the content of reported cases, and an undertaking regarding anonymous reporting.
5. Measures for protecting the rights and interests of whistleblowers from inappropriate disciplinary actions due to whistleblowing.

Provisions in Subparagraph 5 of Paragraph 2 shall not apply to whistleblower cases of which their contents are found to be untrue and involve malicious attacks on the Company or its employees.

#### **Article 46 (Engagement of Legal Counsel)**

It is advised that the Company engage a professional and competent legal counsel to provide adequate legal consultation services for the Company or to assist the Board, the functional committee and the management in improving their knowledge of the law for the purposes of preventing any infraction of laws or regulations by the Company or its personnel 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, 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 the service of legal counsel, CPA, or other professionals on behalf of the Company to conduct a necessary audit or provide consultation on matters in relation to the exercise of their power, at the expense of the Company.

#### **Article 47 (Enhancement of the Quality of Financial Statements)**

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

Accounting personnel handling the preparation of financial statements shall also participate in relevant professional development courses for six (6) hours or more each year. Those courses may be company internal training activities or may be professional courses offered by professional development institutions for principal accounting officers.

The Company shall select professional, responsible, and independent attesting CPAs or other professionally qualified and independent external auditors to perform regular audits of the Company's financial conditions and internal control system. Any and all irregularities and

deficiencies discovered and disclosed in a timely manner by the CPAs or external auditors during an audit, with suggestions of concrete measures for improvement or prevention, shall be faithfully reviewed and remedied or otherwise implemented by the Company. It is advised that the Company establish channels and mechanisms of communication between independent directors, the Audit Committee, and the attesting CPAs and that it incorporate procedures for that purpose into the internal control system for management purposes.

The Company shall regularly (no less than once a year) evaluate the independence and suitability of the CPAs in reference with AQIs. In the event that the Company engages the same CPAs for seven (7) consecutive years or that the CPAs are subject to disciplinary action or other circumstances prejudicial to CPA's independence, the Company shall evaluate the necessity of replacing the CPAs and submit its conclusion to the Board of Directors.

#### **Article 48 (Compliance of Business Activities)**

The Company shall weigh its business scale and business strategies to ensure that its business activities comply with the Fair Trade Act.

### **Section 3 Rules for the Proceedings and Decision-making Procedures of Board Meeting**

#### **Article 49 (Rules of Procedures and Convening Procedures for Board of Directors' Meetings)**

The Company shall formulate the rules of procedures for Board of Directors' meetings, which shall follow the Regulations Governing Procedure for Board of Directors Meetings of Public Companies with regard to the content of deliberations, operating procedures, matters to be recorded in the meeting minutes, public announcements and other matters for compliance.

The Board of Directors shall designate the unit in charge of board meetings. The board meetings shall be convened at least once every quarter, which shall be clearly specified in the rules of procedure for board meetings.

To convene a Board of Directors Meeting, a meeting notice which specifies the purposes of the meeting shall be sent to each director and supervisor no later than seven (7) days before the scheduled date. Sufficient meeting materials shall also be prepared and enclosed in the meeting notice. In case of an emergency, a Board of Directors meeting may be convened at any time.

If the meeting materials are deemed inadequate, a director may request the unit-in-charge to provide more information. If a Director is of the opinion that materials concerning any proposal are insufficient in content, the deliberation of such proposal may be postponed by a resolution of the Board of Directors.

#### **Article 49-1 (Execution of Chairman's duties)**

The Chairman serves as the chairman of the shareholders' meeting and the Board of Directors within the Company, and represents the Company externally. The Chairman shall faithfully perform duties and fulfill the obligation as a prudent administrator, exercising powers with a high degree of self-discipline and prudence.

When the Chairman performs duties remotely, from home, or through telecommunication means for an extended period of time in Taiwan or abroad, they shall comply with the aforementioned regulations and ensure duties are effectively performed.

#### **Article 49-2 (Chairman's proxy in case of leave of absence)**

In the event that the Chairman is absent or unable to perform duties due to unforeseen circumstances, the Vice Chairman shall act as their proxy. If there is no Vice Chairman, or if the Vice Chairman is also absent or unable to perform their duties due to unforeseen circumstances, the Chairman shall designate a Director to act as the proxy. If the Chairman fails to designate a proxy, the Directors shall elect one among themselves.

When designating or electing a proxy for the Chairman in accordance with the preceding provision, the requirements and restrictions for the responsible person of the financial holding company, as well as the principles for separating industry and finance, as specified in the guidelines for qualification and responsible conduct, must be complied with.

The proxy of the Chairman in the first paragraph shall not exceed the authority of the Chairman in the exercise of his or her powers and functions during the proxy period, and if there are restrictions, they shall be clearly stated in advance.

Directors shall attend board meetings in person. If a director is unable to attend a board meeting due to unforeseen circumstances, they may entrust another director to act as their proxy in accordance with the Article of Incorporation. However, an authorization letter specifying the scope of authority for the matter being convened must be issued for each meeting. A director who acts as a proxy may only be authorized by one director.

#### **Article 50 (Directors shall maintain a high level of self-discipline)**

Directors shall maintain a high level of self-discipline, and the attendance rate of the Board of Directors meetings shall reach 85% and above; If there is a conflict of interest related to the proposal made by the Board of Directors between the Board of Directors and a director or the legal entity he/she represents, he/she shall summarize the conflict of interest to the Board of Directors at the same meeting. If the conflict of interest damages the Company's interests, he/she shall carry out recusal, and shall not take part in the discussion or voting, and shall not exercise

voting right on behalf of other Directors. Directors shall maintain self-discipline and shall not improperly support each other.

Matters requiring the voluntary recusal of Directors shall be clearly set forth in the rules of procedures for the Board of Directors' meetings.

#### **Article 51 (Proxy of Independent Directors and Non-Voting Professionals)**

At least one (1) independent director shall attend in person any meeting of the Board. With respect to a matter prescribed in Paragraph 1, Article 40 of the Principles that must be approved by a resolution at a Board meeting, all independent directors shall attend the meeting in person or appoint other independent directors to attend the meeting as a proxy. An independent director intending to express an objection or reservation but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.

Any of the following matters in relation to a resolution passed at a meeting of the Board of Directors shall be stated in the meeting minutes and be announced and declared in accordance with the regulations of the Taiwan Stock Exchange:

1. An independent director has a dissenting or reservation which is on record or stated in a written statement.
2. The matter was not approved by the Audit Committee (if applicable) but had the consent of more than two-thirds of all directors.

During a Board meeting, managerial officers from relevant departments who are not directors may sit in on the meeting, depending on the agenda, to report the current business conditions of the Company and respond to inquiries raised by the directors. Where necessary, CPAs, lawyers, or other professionals may be invited to sit in on the meeting to assist the Directors in understanding the conditions of the Company and adopting appropriate resolutions. However, these professionals shall leave the meeting during discussion and voting.

#### **Article 52 (Minutes of Board Meeting and Cause of Disclaimer)**

Employees of the Company attending the Board meetings shall collect and correctly record the meeting minutes in detail as well as a summary, the method of resolution, and voting results of all the proposals submitted to the Board meetings in accordance with relevant regulations.

Minutes of the Board meetings shall be signed by or affixed with seals of the chairperson and the secretary for the meeting. A copy of the minutes shall be distributed to each director within twenty (20) days after the meeting. The director attendance records shall be made part of the meeting minutes, treated as important corporate records, and kept safe permanently during the life of the Company.

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 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 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 meeting is held via 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 53 (Execution of Board Resolutions)**

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 on 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 4 Fiduciary Duty, Duty of Care and Responsibility of Directors**

#### **Article 54 (Director's Fiduciary Duty and Duty of Care of a Good Administrator)**

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 law or the Articles of Incorporation for approval in shareholders' meetings, directors shall ensure that all matters are handled according to the resolutions of the Board of Directors.

The Company shall formulate methods and procedures for performance evaluation of the Board of Directors. In addition to self-evaluation or peer evaluation of individual directors on an annual basis, external professional institutions may be entrusted or other appropriate methods adopted to conduct the evaluation. The content of the performance evaluation of the of Board of Directors shall include the following aspects and that evaluation indicators be established according to the Company's needs:

1. The degree of participation in the Company's operations.

2. Improvement in the quality of decision making by the Board of Directors.
3. The composition and structure of the Board of Directors.
4. The election of the directors and their continuing professional education.
5. Internal controls.

The performance evaluation of Board members shall include the following aspects, with appropriate adjustments made on the basis of the Company's needs:

1. Their grasp of the Company's goals and missions.
2. Their recognition of director's duties.
3. Their degree of participation in the Company's operations.
4. Their management of internal relationships and communication.
5. Their professionalism and continuing professional education.
6. Internal controls.

The Company shall conduct the performance evaluation of a functional committee, including the following aspects, with appropriate adjustments made on the basis of the Company's needs:

1. The degree of participation in the Company's operations.
2. Their recognition of the duties of the functional committee.
3. Improvement in the quality of decision-making by the functional committee.
4. The composition of the functional committee, and election and appointment of committee members.
5. Internal controls.

The Company is advised to submit the results of performance evaluation to the Board of Directors and use them as reference in determining remuneration for individual directors, their nomination and additional office term.

#### **Article 55 (Request for Suspension)**

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

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

#### **Article 56 (Disclosure of Director's Shareholding Percentage and Creation or Release of Pledge)**

The aggregate shareholding percentage of all of the 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 57 (Director's Liability Insurance)**

The Company shall take out director liability insurance with respect to liabilities resulting from exercising their duties during their terms of occupancy so as to reduce and spread the risk of material harm to the Company and shareholders arising from the wrongdoings or negligence of a director.

The Company shall report the insured amount, coverage, premium rate, and other major contents of the liability insurance it has taken out or renewed for directors to the Board of Directors for deliberation or to the next Board meeting.

#### **Article 58 (Continuing Education of Directors)**

Upon becoming directors and throughout their terms, directors are advised to participate in training courses covering subjects relating to corporate governance such as finance, risk management, business, commerce, accounting, law, anti-laundering, counter-terrorism financing, or corporate social responsibility offered by institutions designated in the "Rules Governing Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEX Listed Companies." Directors shall further instruct employees of all levels to enhance their professional liability and legal knowledge.

Directors of the Company shall participate in at least three hours of corporate sustainability courses related to environment (E), society (S), and governance (G) annually, starting from the year following their appointment, in accordance with the aforementioned regulations.

### **Section 5 Chief Corporate Governance Officer**

#### **Article 58-1 (Appointment of Chief Corporate Governance Officer)**

The Company is advised to have an adequate number of corporate governance personnel with appropriate qualifications based on the size of the Company, business situations, and management needs, and shall appoint a chief corporate governance officer as the most senior officer to be in charge of corporate governance affairs.

The appointment and dismissal of the chief corporate governance officer in the preceding paragraph shall be subject to a resolution of the Board of Directors.

The Company shall appoint the chief corporate governance officer in accordance with the Principles unless otherwise provided by the competent authority.

#### **Article 58-2 (Functions of Chief Corporate Governance Officer)**

The corporate governance affairs referred to in the preceding paragraph shall include at least the



following items:

1. Handling matters relating to Board meetings and shareholders' meetings according to law.
2. Producing minutes of Board meetings and shareholders' meetings.
3. Assisting in onboarding and continuous development of directors.
4. Furnishing information required for business execution by directors.
5. Assisting directors with legal compliance.
6. Reporting to the Board of Directors the results of the compliance review on the qualifications of an independent director at the time of nomination, election, and during their tenure.
7. Handling matters related to changes of directors.
8. Other matters set out in the Articles of Incorporation or contracts.

### **Article 58-3 (Position of Chief Corporate Governance Officer)**

The chief corporate governance officer is a managerial officer of the Company and is subject to the regulations of the Company Act and the Securities and Exchange Act in respect of managerial officers.

Unless otherwise provided by laws and regulations, an employee holding another position in the Company may concurrently serve as the chief corporate governance officer.

If an employee holding another position in the Company concurrently serves as the chief corporate governance officer, he or she shall make sure that he or she performs the duties of both positions effectively, is not involved in any conflict of interest, or does not breach the internal control system.

### **Article 58-4 (Qualifications for Chief Corporate Governance Officer)**

The chief corporate governance officer shall be a qualified lawyer or accountant or have served in a managerial position in a securities, financial, or futures-related institution or a public company for at least three (3) years handling legal affairs, legal compliance, internal audit, financial affairs, stock affairs, or corporate governance affairs defined in Article 58-2 herein.

### **Article 58-5 (Training Hours of Chief Corporate Governance Officer)**

The Company shall arrange professional training for the chief corporate governance officer.

The chief corporate governance officer shall take at least twelve (12) hours of training every year, except for the newcomer, who shall take at least eighteen (18) hours of training within one (1) year from the date of assuming the position. The scope of continuing education, the training system, and other training matters shall be handled in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies."

### **Article 58-6 (Vacancy for Chief Corporate Governance Officer)**

If the chief corporate governance officer leaves office or is dismissed, the Company shall fill the vacancy within one (1) month from the occurrence of the fact.

## **Chapter V Functions of the Audit Committee**

### **Article 59 (Qualifications for Audit Committee Members and Their Expertise)**

Independent directors on the Audit Committee of the Company shall possess a wealth of professional knowledge and work experience, take an honest and impartial attitude, and have sufficient time and energy to perform the duties of independent directors.

### **Article 60 (Functions of the Audit Committee)**

Independent directors on the Audit Committee of the Company shall be equipped with professional knowledge and familiar with the relevant laws and regulations, and shall understand the rights, obligations, and duties of independent directors and the functions and operation of each department. Independent directors shall also attend meetings of the Board of Directors to supervise the Board operations and to state their opinions when appropriate so that they can grasp or discover any abnormal situation early on.

### **Article 61 (Supervision and Control of Risks)**

The Audit Committee of the Company shall supervise the business operations of the Company and the performance of duties by directors and managerial officers in order to reduce the financial and operational risks of the Company.

Where a director, for himself or herself or on behalf of others, enters into a sale/purchase transaction or loan transaction or conducts any legal acts with the Company, an independent director on the Audit Committee shall act as the representative of the Company.

### **Article 62 (Scope of Investigation by Independent Directors on the Audit Committee)**

Independent directors on the Audit Committee of the Company may investigate the operational and financial conditions of the Company at any time, and the relevant departments shall provide the books or documents that will be needed for the investigation.

When reviewing the financial or operational conditions of the Company, independent directors on the Audit Committee may retain legal counsels or CPAs on behalf of the Company to perform the review; however, the Company shall inform the persons concerned of their confidentiality obligations.

The Board of Directors or managerial officers of the Company shall submit reports upon the request of the independent directors on the Audit Committee, and shall not for any reason obstruct, evade or refuse the inspections by independent directors on the Audit Committee.

When independent directors on the Audit Committee perform their duties, the Company shall provide necessary assistance as needed, and the reasonable expenses that they need shall be borne by the Company.

#### **Article 63 (Communication Channels of Audit Committee)**

For independent directors on the Audit Committee to timely discover any possible irregular conduct in the Company, the Company shall establish a channel for independent directors on the Audit Committee to communicate with the employees, shareholders, and stakeholders.

Upon discovering any irregular conduct, independent directors on the Audit Committee shall take appropriate measures timely to curb the expansion of the irregular conduct, and shall file a report to the relevant competent authorities or agencies whenever necessary.

When an independent director, the President, the head of financial or accounting department, a CPA, or the head of internal audit department resigns or is removed from his or her position, the Audit Committee shall investigate the reasons.

## **Chapter VI Respecting Stakeholders' Rights**

#### **Article 64 (Maintenance of Stakeholders' Rights)**

The Company shall maintain an open communication channel with its customers, creditors, employees, consumers, communities, or other stakeholders, respect and safeguard their legal rights and interests, and designate a stakeholder section on the Company's website.

When stakeholders' legal rights or interests are harmed, the Company shall handle such matters in a proper manner and in good faith.

The Company shall provide sufficient information for customers in order to let them fully understand the Company's business and financial status. When their legitimate rights and interests are infringed, the Company shall respond positively and take appropriate actions in a responsible manner, allowing creditors to receive compensations through reasonable means.

The Company shall also urge its subsidiaries to observe the regulations in the preceding three paragraphs.

#### **Article 65 (Consumer Protection)**

It is advised that the Company urge its subsidiaries to formulate the consumer protection policies, including handling procedures for consumer complaints and dispute resolutions.

## **Article 66 (Communication Channels and Remuneration for Employees and Fulfillment of Social Responsibility)**

The Company shall establish communication channels for employees, encourage employees to communicate directly with the management, and appropriately reflect employees' opinions on the Company's operational and financial conditions or major decisions involving employees' interests.

When remuneration is distributed to employees in the form of stock or cash, such employees may include those of the Company's affiliates who meet certain criteria.

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

## **Chapter VII Improving Information Transparency**

### **Article 67 (Information Disclosure)**

The disclosure of information is a major responsibility of the Company. The Company shall perform its obligations faithfully in accordance with the relevant laws, the Articles of Incorporation, and the regulations of TWSE/TPEX.

### **Article 68 (Internet-based Reporting System)**

The Company shall establish an Internet-based reporting system for public information, appoint an employee to be responsible for gathering and disclosing information, and establish a spokesperson system, so as to ensure the proper and timely disclosure of information on policies that might affect the decisions of shareholders and stakeholders.

### **Article 69 (Spokesperson System)**

To enhance the accuracy and timeliness of the material information disclosed, the Company shall appoint a spokesperson and acting spokespersons who understand thoroughly the Company's financial and operational 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 spokesperson(s) who shall represent the Company, when the spokesperson cannot perform his/her duties, in making statements independently, provided that the order of authority is established to avoid any confusion.

In order 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 70 (Website Information)**

To keep shareholders and stakeholders fully informed, the Company shall utilize the convenience of the Internet and set up a website containing information on the Company's finances, operations, and corporate governance. It is also advisable for the Company to furnish related information on finances, operations, and corporate governance in English.

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

#### **Article 71 (Investor Conferences)**

Investor conferences convened by the Company shall be organized pursuant to rules set by the Taiwan Stock Exchange, and be recorded by video or audio. The financial and operational information of the investor conferences shall be uploaded to the MOPS in accordance with the regulations of the Taiwan Stock Exchange, and can be inquired through the Company's website or other appropriate channels.

#### **Article 72 (Corporate Governance Information)**

The Company website shall have a dedicated section that discloses and continuously updates the following information related to corporate governance of the current year:

1. Board of Directors: The profiles and responsibilities of Board members, the policy on board diversification, and its implementation.
2. Functional Committees: The profiles and responsibilities of the members of each functional committee.
3. Corporate Governance Regulations: The Articles of Incorporation, Meetings Procedure for the Board of Directors, and Organizational Regulations of Functional Committees, and other corporate governance regulations.
4. Important Information Related to Corporate Governance: Establishment of a corporate governance officer and other information.

#### **Article 73 (Financial Statements)**

The Company shall make regular announcements or disclosures of its financial statements, consolidated financial statements, and subsidiaries' financial statements audited by the CPAs approved by the Audit Committee, and adopted by the Board of Directors in accordance with the Financial Holding Company Act and the Securities and Exchange Act.

#### **Article 74 (Declaration of Transactions with Stakeholders)**

Information on the total amount or percentage of credit extended and other transactions entered into with the same person, same related party, or the same affiliate of all subsidiaries of the Company shall be filed with the competent authority within thirty (30) days after the end of each quarter of a fiscal year, and the same shall be disclosed via public announcement, the Internet, or other methods as specified by the competent authority.

To facilitate the control and reporting of related transactions made between all subsidiaries of the Company and the same person, same related party, or same affiliate, the Company shall establish an information system and designate a unit responsible for collecting and archiving data for declaration.

#### **Article 75 (Determination of Related Parties)**

The Company shall sufficiently disclose information on transactions with its related parties and follow the applicable rules to disclose information on transactions that are above a certain amount between its subsidiaries and their related parties.

Related parties referred to in the preceding paragraph shall be determined in accordance with Article 23 of the "Regulations Governing the Preparation of Financial Reports by Financial Holding Companies." The Company shall determine if the counterparty of the transaction is a related party, and the substance of the relationship shall also be considered in addition to legal formalities.

#### **Article 76 (Capital Adequacy Ratio)**

The Company and its subsidiaries shall comply with the Financial Holding Company Act and the applicable rules governing the capital adequacy ratio in individual industries.

The Company shall follow the methods of calculation and use the forms issued by the competent authority, and shall report the group's capital adequacy ratio and provide relevant information according to the competent authority's regulations within two (2) months after the semiannual settlement made by the CPAs or when the competent authority deems necessary.

#### **Article 77 (Material Information)**

In the event that the Company and its subsidiaries face material information, in addition to holding press conferences in accordance with the "Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities," the Company shall also enter such information or its description into the Internet-based reporting system within the period prescribed in the aforesaid procedures. If the Company and its subsidiaries issue securities overseas, such information shall be entered into the system in English.

## Chapter VIII Supplementary Provisions

### Article 78 (Periodic Review of Corporate Governance Results)

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, so as to enhance their effectiveness.

### Article 79 (Governing Law and Practices)

Matters not stipulated in the Principles shall be governed by the relevant laws and regulations such as the Company Act, the Securities and Exchange Act, and the Financial Holding Company Act, as well as general practices.

### Article 80 (Implementation)

The Principles and any amendments thereafter shall become effective upon approval of the Board of Directors.

### Amendments to the Principle

Version	Date of Amendment/ Formulation
Formulation	September 26, 2014
First Amendment	April 24, 2015
Second Amendment	November 22, 2016
Third Amendment	November 24, 2017
Fourth Amendment	May 28, 2019
Fifth Amendment	May 22, 2020
Sixth Amendment	March 26, 2021
Seventh Amendment	May 20, 2022
Eighth Amendment	January 13, 2023
Ninth Amendment	October 31, 2023