

# Compal Electronics, Inc.

## Corporate Governance Best-Practice Principles

### Chapter I General Principles

#### Article 1 Purpose

To establish a sound corporate governance system, the Company adopts the Principles in accordance with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and establish an effective corporate governance framework with reference to these Principles and disclose them through the Market Observation Post System (MOPS).

#### Article 2 Principles of Corporate Governance

When setting up the corporate governance system, in addition to complying with relevant laws, regulations, and articles of incorporation, the Company shall follow the following principles:

1. Protect the rights and interests of shareholders.
2. Strengthen the powers of the board of directors.
3. Fulfill the function of committees.
4. Respect the rights and interests of stakeholders.
5. Enhance information transparency.

#### Article 3 Establishment of Internal Control System

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

The Company shall perform full self-assessments of its internal control system. Its board of directors and management shall review the results of the self-assessments by each department at least annually and the reports of the internal audit department on a quarterly basis. The Company is advised to establish channels and mechanisms of communication between their independent directors, audit committees and chief internal auditors.

Directors shall periodically hold discussions with their internal auditors about reviews of internal control system deficiencies. A record of the discussions shall be kept, and the discussions shall be followed up, improvements implemented, and a report submitted to the board of directors.

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 so as to ensure a sound corporate governance system.

Appointment, dismissal, evaluation and review, salary and compensation of the Company's internal auditors shall be submitted by the chief auditor to the board chairperson for approval.

### Article 3-1 Personnel responsible for corporate governance affairs

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 to appoint a chief corporate governance officer as the most senior officer to be in charge of corporate governance affairs. Said officer shall be a qualified, practice-eligible lawyer or accountant or have been in a managerial position for at least three years in a securities, financial, or futures related institution or a public company in handling legal affairs, legal compliance, internal audit, financial affairs, stock affairs, or corporate governance affairs.

It is required that the corporate governance affairs mentioned in the preceding paragraph include at least the following items:

1. Handling matters relating to board meetings and shareholders meetings according to laws.
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 their review of whether the qualifications of the independent directors comply with relevant laws, regulations, rules, and bylaws at the time of their nomination, election, and during their term of office.
7. Handling of matters relating to changes in directors.
8. Other matters set out in the articles of incorporation or contracts.

## Chapter II Protection of Shareholders' Rights and Interests

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

#### Article 4 Protection of Shareholders' Rights and Interests

When implementing the corporate governance system, the Company shall take the protection of shareholders' rights and interests and treat all shareholders equitably.

The Company shall establish a corporate governance system which can ensure shareholders' rights of being fully informed of and participating and making decision over important matters of the Company.

#### Article 5 To Convene Shareholders Meetings and Provide Comprehensive Rules for Such Meetings

The Company shall convene shareholders meetings in accordance with the Company Law and relevant 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 To Properly Determine Agenda and Procedures of Shareholders Meetings by Board of Directors

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 shareholder nominations of directors and submissions of shareholder proposals. The board shall also properly handle according to the legislation, the proposals duly submitted by shareholders. Arrangements shall be made to hold shareholders meetings at a convenient location, advisably with videoconferencing available and sufficient time allowed and sufficient numbers of suitable

personnel 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 board chairperson chair the meeting, that a majority of the directors (including at least one independent director) and convener of the audit committee attend in person, and that at least one member of other functional committees attend as representative. Attendance details should be recorded in the shareholders meeting minutes.

#### Article 7 To Encourage Active Participation of Shareholders in Corporate Governance

The Company shall encourage its shareholders to actively participate in corporate governance. It is advisable that the company engage a professional shareholder services agent to handle shareholders meeting matters, so that shareholders meetings can proceed on a legal, effective and secure basis. 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, and shall adopt electronic voting, 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 is advised to avoid raising extraordinary motions and amendments to original proposals at a shareholders meeting.

The Company is advised to arrange for its 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.

#### Article 8 Minutes of Shareholders Meeting

The Company, in accordance with the Company Act and other applicable laws and regulations, record in the shareholders meeting minutes the date and place of the meeting, the name of the chairman, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. With respect to the election of board of directors, the meeting minutes shall record the method of voting adopted therefore and the total number of votes for the elected directors.

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

#### Article 9 The Chairman of Shareholders Meetings Shall be Fully Acquainted with and Comply with Corporate Rules Governing the Proceedings of Shareholders Meetings

The chairman 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 chairman 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 chairman declares the adjournment of the meeting in a manner in violation of rules governing the shareholders meetings, it would be advisable for the members of the board of directors, other than the chairman, to promptly assist the attending shareholders by electing a new Chairman, through the majority of the votes

of the attending shareholders, in order to continue the meeting in accordance with the legal procedures.

**Article 10 To Place High Importance on Shareholders' Rights to Know and prevent insider trading**

The company shall place high importance on the shareholder right to know, and shall faithfully comply with applicable regulations regarding information disclosure in order to provide shareholders with regular and timely information on company 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 company insiders from trading securities using information not disclosed to the market.

The rules mentioned in the preceding paragraph include stock trading control measures from the date insiders of the company become aware of the contents of the company's financial reports or relevant results. Measures include prohibiting a director from trading its shares during the closed period of 30 days prior to the publication of the annual financial reports and 15 days prior to the publication of the quarterly financial reports.

**Article 11 Shareholders' Entitlement to Rights of Corporate Profit Distributions**

The shareholders shall be entitled to profit distributions by the company. In order to ensure the investment interests of shareholders, the shareholders meeting may examine the statements and books prepared and submitted by the board of directors and the reports submitted by the audit committee, and may decide profit distributions and deficit off-setting plans by resolution. In order to proceed with the above examination, the shareholders meeting may appoint an inspector.

The shareholders may, pursuant to Article 245 of the Company Act, apply with the court to select an inspector in examining the accounting records, assets, particulars, documents and records of specific transaction of the company.

The board of directors, audit committee, and managers of The Company shall fully cooperate in the examination conducted by the inspectors in the aforesaid two paragraphs without any circumvention, obstruction or rejection.

**Article 12 Reporting to and Approval of Shareholders Meeting Required in Material Financial and Business Transactions**

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 so as to protect the 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 information disclosure and the soundness of the company's financial structure thereafter.

For the company's management or major shareholders participating in the merger and acquisition, a legal opinion should be issued by an independent lawyer for whether the members of the Audit Committee reviewing the merger and acquisition mentioned in the preceding paragraph comply with Article 3 of the "Regulations Governing Appointment of Independent

Directors and Compliance Matters for Public Companies” and counterparty of the merger and acquisition transaction must not be a related party or have an interested relationship that is sufficient to affect independence; whether the design, the implementation of relevant procedures, and the disclosed information is in accordance with relevant laws and regulations.

The qualifications of lawyers referred to in the preceding paragraph shall comply with Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", and shall not be related to the counterparty of the merger and acquisition transaction, or have an interested relationship that is sufficient to affect independence.

The relevant personnel of the company handling the matters of merger or acquisition or public tender offer shall pay attention to the occurrence of any conflicts of interest and the need for recusal.

#### Article 13 Designate Personnel Exclusively Dedicated to Handling of Shareholders' Proposals

In order to protect the interests of the shareholders, it would be advisable for the Company to designate personnel exclusively dedicated to handling shareholder proposals, inquiries, and disputes.

The Company shall properly deal with matters arising from any action instituted by shareholders pursuant to the applicable laws claiming damage to such shareholders' rights and interests caused by the resolution adopted in its shareholders meetings or the board of directors meetings in violation of the applicable laws, regulations or its articles of incorporation, or claiming a breach by its directors or managers of applicable laws, regulations or the company's articles of incorporation in performing their duties.

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

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

#### Article 13-1 The board of directors is responsible 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 company's objective

#### Article 13-2 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 officers and independent directors shall engage with shareholders in an efficient manner to ascertain shareholders' views and concerns, and expound company policies explicitly, in order to gain shareholders' support.

### Section III Corporate Governance Relationships Between the Company and Its Interested parties

#### Article 14 Establishment of Appropriate Firewalls

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 No Serving as a Manager of Its Affiliated Enterprises by a Manager

Unless otherwise provided by the laws and regulations, a manager of the Company may not

serve as a manager 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 Establishment of Sound Finance, Operation and Accounting Management Systems**

The Company shall establish sound objectives and systems for 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 evaluation of the major banks they are dealing with, their customers and their suppliers, and carry out the necessary control mechanism to reduce credit risks.

**Article 17 Compliance of Principles of Fair Dealing and Reasonableness by the Company Having Businesses with interested parties thereof**

When the company and its interested parties and shareholders have financial or business relationships or enter into inter-company financial 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 and tunneling of profits shall be prohibited.

The written agreement referred to the preceding paragraph shall include management procedures for purchases and sales, acquisition or disposal of assets, funds lending and making endorsements or providing guarantees for others. Related major transactions shall be submitted to the Board of Directors for approval and reported at a shareholders meeting or submitted to a shareholders meeting for approval.

**Article 18 Matters to be Complied with by Institutional Shareholders with Control over the Company**

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

1. It 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 not profitable.
2. Its representative shall follow the rules implemented by its company with respect to the exercise of rights and participation of resolution, so that at a shareholders meeting, the representative shall exercise his/her voting right for the best interest of all shareholders and in good faith and exercise the fiduciary duty and duty of care of a director.
3. It shall comply with relevant laws, regulations and the articles of incorporation of the company in nominating directors and shall not act beyond the authority granted by the shareholders meeting or board meeting.
4. It shall not improperly intervene in corporate policy making or obstruct corporate management activities.
5. It shall not restrict or impede the management or production of the company by methods of unfair competition such as monopolizing corporate procurement or foreclosing sales channels
6. The representative that is designated when a corporate shareholder has been elected as a director shall meet the company's requirements for professional qualifications. Arbitrary replacement of the corporate shareholder's representative is not allowed.

**Article 19 Roster of Major Shareholders and Persons Having Ultimate Control over the Company Thereof**

The Company shall ensure the command at any time of information on the identity of major shareholders, who own a higher percentage of shares and have an actual control over the

company, and its ultimate control persons.

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 major shareholder indicated in the first paragraph refers to those who owns 5 percent or more of the outstanding shares of the company or the shareholding stake thereof is on the top 10 list, provided however that the company may set up a lower shareholding threshold according to the actual shareholding stake that may control the company.

## Chapter III Enhancing the Function of Board of Directors

### Section I Structure of Board of Directors

#### Article 20 Capabilities Required to be Possessed by 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. The various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, its articles of incorporation, and the resolutions of its shareholders meetings.

Regarding the structure of the board of directors, the Company shall determine an appropriate number of board members, not less than five persons, in consideration of its business scale, the shareholding 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 company officers 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.

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

1. Ability to make operational judgment.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Industry knowledge.
6. International market perspective.
7. Ability to lead.
8. Ability to make decisions.

#### Article 21 Establishment of Fair, Just, and Open Procedures for Election of Directors

The Company shall, according to the principles for the protection of shareholder 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 in order to fully reflect shareholders' views.

Unless otherwise the competent authority 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.

Where the number of directors falls below five due to the release of director(s) for any reason, the company shall hold a by-election for director at the next following shareholders meeting.

Where the number of directors falls short by one-third of the total number prescribed by the articles of incorporation, the company shall convene a special shareholders meeting within 60 days of the occurrence of that fact for a by-election for director(s).

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 22 Provision of Candidate Nomination System in Articles of Incorporation for Elections of Directors**

The Company shall specify in its articles of incorporation in accordance with the laws and regulations of the competent authorities that it adopts the candidate nomination system for elections of directors, carefully review the qualifications of a nominated candidate and the existence of any other matters set forth in Article 30 of the Company Act, and act in accordance with Article 192-1 of the Company Act.

**Article 23 Clear Distinction between Responsibilities and Duties of Chairman of Board of Directors, and General Manager**

The chairperson and general manager or other equivalent position (highest managerial position) of the company are held by different people. Clear distinctions shall be drawn between the responsibilities and duties of the chairperson of the board and those of its general manager.

The Company with a functional committee shall clearly define the responsibilities and duties of the committee.

## **Section II Independent Director System**

**Article 24 Appointment of Independent Directors According to Articles of Incorporation**

The Company shall appoint independent directors in accordance with its 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 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 Company and its group enterprises and organizations, and another company and its group enterprises and organizations nominate for each other any director, or managerial officer as a candidate for an independent director of the other, the Company shall, at the time it receives the nominations for independent directors, disclose the fact and explain the suitability of the candidate for independent director. If the candidate is elected as an independent director, the Company shall disclose the number of votes cast in favor of the elected independent director.

The "group enterprises and organizations" in the preceding paragraph comprise the subsidiaries of the Company, any foundation to which the Company's cumulative direct or indirect contribution of funds exceeds 50 percent of its endowment, and other institutions or juristic persons that are effectively controlled by the company.

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

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 Matter for Public Companies, and the rules and regulations of the Taiwan Stock Exchange or GreTai Securities Market.

**Article 25 Matters Required to be Submitted to Board of Directors for Resolution and Adoption**

The following matters shall be submitted to the board of directors for approval; when an independent director has a dissenting opinion or qualified opinion, it shall be noted in the minutes of the directors meeting:

1. Adoption or amendment of the internal control system pursuant to the Securities and Exchange Act.
2. Adoption or amendment, pursuant to the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
3. A matter bearing on the personal interest of a director.
4. A material asset or derivatives transaction.
5. A material monetary loan, endorsement, or provision of guarantee.
6. The offering, issuance, or private placement of any equity-type securities.
7. The hiring or release of a certifying CPA, or the compensation given thereto.
8. The appointment or discharge of a financial, accounting, or internal auditing officer.

Any other material matter so required by the competent authority

**Article 26 Express Stipulation of the Scope of Duties of Independent Directors of the Companies**

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 other board members shall not obstruct, reject or circumvent the performance of duties by the independent directors.

The Company shall stipulate the remuneration of the directors according to applicable laws and regulations. The remuneration of the directors shall fully reflect the personal performance and the long-term management performance of the company, and shall also take the overall operational risks of the company into consideration. Different but reasonable remuneration from that of other directors may be set forth for the independent directors.

**Section III Audit Committee and Other Functional Committees**

**Article 27 Setting up of Functional Committees**

For the purpose of developing supervision functions and strengthening management mechanisms, 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 the proposals to the board of directors for approval; provided that the performance of supervisor's duties by the audit committee pursuant to Article 14-4, paragraph 4 of the Securities and Exchange Act shall be excluded.

Functional committees shall adopt an organizational charter to be approved by the board of directors. The organizational charter shall contain the number, term of office, and power of committee members, as well as the meeting rules and resources to be provided by the company

for exercise of power by the committee.

#### Article 28 Establishment of Either Audit Committee

The Company shall establish either an audit committee.

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

The exercise of power by 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 the rules and regulations of the TWSE or TPEX.

#### Article 29 Requirement of Establishing a Remuneration Committee

The Company shall establish a remuneration committee, and it is advisable that more than half of the committee members be independent directors. The professional qualifications for the committee members, the exercise of their powers of office, the adoption of the organizational charter, and related matters shall be handled pursuant to the 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.

#### Article 30 A whistleblowing system

The company is advised to establish and announce channels for internal and external whistleblowers and have whistleblower protection mechanisms in place. 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 31 Professional, Responsible and Independent Certified Public Accountants

To improve the quality of its financial reports, a TWSE/GTSM listed 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 following the schedule of the principal accounting officer.

The Company shall select a professional, responsible and independent CPA to be its external auditor, who shall perform regular reviews of the financial conditions and internal control measures of the company. With regard to the irregularity or deficiency timely discovered and disclosed by the auditor during the review, and the concrete measures for improvement or prevention suggested by the auditor, and concrete measures for improvement or prevention suggested by the auditor, the company shall faithfully implement improvement actions. It is advisable that the company establish channels and mechanisms of communication between the independent directors, the audit committee, and the attesting CPA, and to incorporate procedures for that purpose into the company's internal control system for management purposes.

The Company shall refer to the audit quality indicators (AQIs) to evaluate the independence and suitability of the CPA engaged by the company regularly, and no less frequently than once annually. In the event that the company engages the same CPA without replacement for 7 years consecutively, or if the CPA is subject to disciplinary actions or other circumstances prejudicial to the independence of the CPA, the company shall review the necessity of replacing the CPA, and shall submit to the board the conclusion of such review.

## Article 32 Competent Legal Counsel to Provide Adequate Legal Services to the Company

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

In the event that the directors or the management are involved in litigation as result of performing his or her duties as provided by the law or arising from shareholders disputes, depending on the circumstances the company shall retain a legal counsel to provide assistance.

Audit committee or an independent director may retain the service of legal counsel, CPA or other professionals on behalf of the company to conduct the necessary audit or provide consultation on matters in relation to the exercise of their power, at the expense of the company

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

### Article 33 Convening of Board Meetings

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 purposes of meeting shall be sent to each director no later than 7 days before the scheduled date. Sufficient meeting material shall also be prepared and enclosed in the meeting notice. If the meeting material is deemed inadequate, a director may ask the unit in-charge to provide more information or request a postponement of the meeting with the consent of the board of directors.

The Company shall adopt the rules of proceedings for board meetings and follow the provisions in the Regulations Governing Procedure for Board of Directors Meetings of Public Companies with regard to the content of deliberations, procedures, matters to be recorded in the meeting minutes, public announcement, and other matters for compliance

### Article 34 Requirement for Directors to Exercise High Degree of Self-Discipline

Company directors 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 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 may not participate in discussion or voting on that proposal and shall enter recusal during the discussion and voting. The director also may not act as another director's proxy to exercise voting rights on that matter.

Matters requiring the voluntary recusal of a director shall be clearly set forth in the rules of procedure for board meetings.

### Article 35 Independent Directors and Board Meetings

If the Company has independent directors, the independent directors shall attend a board meeting in person without being represented by a non-independent director via proxy when the meeting is convened for considering any of the matters submitted to the board pursuant to Article 14-3 of the Securities and Exchange Act. When an independent director has a dissenting or qualified opinion, it shall be noted in the minutes of the board of directors meeting; if the independent director cannot attend the board meeting in person to voice his or her dissenting or qualified opinion, he or she should provide a written opinion before the board meeting unless justifiable reasons exist for failure to so comply, and the opinion shall be noted in the minutes of the board of directors meeting.

In any of the following circumstances, decisions made by the board of directors shall be noted in the meeting minutes, and in addition, announced and reported on a website designated by the competent authority within 2 days after the date of said board meeting:

1. An independent director has a dissenting or qualified opinion which is on record or stated in a written statement; or
2. The matter was not approved by the audit committee (if the company has set up an audit committee), but had the consent of more than two-thirds of all directors.

During the proceeding of the board meetings, managers from the relevant departments who are not directors may, in view of the meeting agenda, sit in at the meetings, make report on the current business conditions of the company and respond to inquiries raised by the directors. Where necessary, CPA, legal counsel or other professionals may be invited to sit in at the meetings to assist the directors in understanding the conditions of the company for the purpose of adopting an appropriate resolution.

#### Article 36 Meeting Minute for Board of Directors

Staff personnel of the Company attending board meetings shall collect and correctly record the meeting minutes in detail, and the summary, method of resolution, and voting results of all the proposals submitted to the board meeting in accordance with relevant regulations.

The minutes of the board of directors meetings shall be signed by the chairman and secretary of the meeting and be sent to each director within 20 days after the meeting. The director attendance records shall become a part of the meeting minutes, and be treated as important corporate records and be kept safe permanently during the life of the company.

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

A 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.

Where a resolution of the board of directors violates laws, regulations, 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 37 Matters Requiring Discussion at Board Meetings

The Company shall submit the following matters to its board of directors for discussion:

1. Corporate business plan.
2. Annual and semi-annual financial reports. Except the semi-annual financial report which in accordance with the law does not require the CPA signature.
3. Adoption or amendment to an internal control system pursuant of the Securities and Exchange Act.
4. Adoption or amendment, pursuant of the Securities and Exchange Act, to the handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
5. The offering, issuance, or private placement of any equity-type securities.
6. The appointment or discharge of a financial, accounting, or internal audit officer.

7. Donation to related party or major donation to non-related parties. But for relief charity donations due to major natural disasters, should be included in the next board meeting.
8. 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 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 shall be submitted to the board of directors for discussion, the board of directors may delegate others to exercise its power when it is in recess according to laws or regulations, or its articles of incorporation. The delegation however shall be specific with regard to the level, content or matters of authorization, and general authorization is not permitted

#### Article 38 Clear Assignment of Implementation of Board of Directors' Resolutions to Appropriate Corporate Department or Personnel

The Company shall ask the appropriate corporate department or personnel to handle matters and implement actions pursuant to the board of directors resolutions in a way consistent with the program schedule and objectives. It shall also follow up on these matters and faithfully review their implementation.

The board of directors shall ensure full control of the implementation and progress of these matters and make a report in subsequent meetings so as to ensure that the board's management decisions are faithfully implemented.

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

#### Article 39 Fulfillment of Duty of Loyalty While Conducting Corporate Affairs and Duty of Care as a Good Administrator by Members of Board of Directors

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 for approval in shareholders meetings or in the articles of incorporation, they shall ensure that all matters are handled according to the resolutions of board of directors.

The company shall formulate rules and procedures for board of directors and functional committee performance assessments.

#### Article 40 Establish a succession plan for the management.

It is advisable for Company to establish a succession plan for the management. The development and implementation of such plan shall be periodically evaluated by the board of directors to ensure sustainable operation.

#### Article 41 Discontinuance of Implementing Resolution at the Request of Shareholders or Independent Directors to Auditing Committees

If a resolution of the board of directors violates law, regulations or the company's articles of incorporation, at the request of shareholders holding shares continuously for a year or an independent director 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 any threat of the company suffering material injury, members of the board of directors shall immediately report to the audit committee, an independent director member of the audit committee in accordance with the foregoing paragraph.

#### Article 42 Liability Insurance for Directors

The Company shall take out directors 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, at the next board meeting.

#### Article 43 Participation in Continuing Education of Board Directors

Members of the board of directors are advised to participate in training courses on finance, risk management, business, commerce, accounting, law or corporate social responsibility offered by institutions designated in the Rules Governing Implementation of Continuing Education for Directors of the Company, which cover subjects relating to corporate governance upon becoming directors and throughout their terms of occupancy. They shall also ensure that company employees at all levels will enhance their professionalism and knowledge of the law.

### Chapter IV Respecting Stakeholders' Rights

#### Article 44 Maintenance of Channels to communication with stakeholders and safeguard their rights and interests

The Company shall maintain channels of communication with its banks, other creditors, employees, consumers, suppliers, community, or other stakeholders of the company, respect and safeguard their legal rights and interests, and designate a stakeholders section on its website.

When any of a stakeholder's legal rights or interests is harmed, the company shall handle the matter in a proper manner and in good faith.

#### Article 45 Provision of Sufficient Information to Banks and Other Creditors

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 decision-making process. When any of their legal rights or interest is harmed upon, the company shall respond with a responsible attitude and assist creditors in obtaining compensation through proper means.

#### Article 46 Establishment of Employee Communication Channels

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

#### Article 47 Corporate Social Responsibility

In developing its normal business and maximizing the shareholders' interest, the Company shall pay attention to consumers' interest, environmental protection of community and public interest issues, and shall have high regard for the social responsibility of the company.

### Chapter V Improving Information Transparency

#### Section I Enhancing Information Disclosure

#### Article 48 Information Disclosure and Internet-Based Reporting Systems

The Company shall perform its obligations faithfully in accordance with the relevant laws, and related competent authorities rules.

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

#### Article 49 Appointment of Acting Spokesperson

In order 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.

In order to implement the spokesperson system, the Company shall unify the process of making external statements and require the management and employees to maintain the confidentiality of financial and operational secrets and prohibit disclosure thereof by them at will.

The company shall disclose the relevant information regarding any change to the position of a spokesperson or acting spokesperson upon such change.

#### Article 50 Setting up of Corporate Governance Website

In order to keep shareholders and stakeholders fully informed, it is advisable that the Company utilizes the convenience of the Internet and set up a website containing the information regarding the company's finance, operation and corporate governance. It is also advisable to contain the corporate governance information in English as well.

To avoid misleading information, the aforesaid website shall be maintained by specified personnel, and the recorded information shall be accurate, in detail and updated timely.

#### Article 51 Way of Holding Institutional Investor Meeting

The Company shall hold an institutional investor meeting in compliance with the regulations of the competent authorities, and it would be advisable to audio or video record the meeting. The financial and business information disclosed in the institutional investor meeting shall be disclosed on the Market Observation Post System and provided for inquiry through the website established by the company or other channels in accordance with the competent authorities' rules.

#### Article 52 Disclosure of Information Regarding Corporate Governance

The Company shall disclose and update from time to time the following information regarding corporate governance in the fiscal year in accordance with laws and regulations of the competent authorities:

The Company is advised, according to the actual performance of the corporate governance system, to disclose the plans and measures to improve its corporate governance system through appropriate mechanisms.

#### Article 53 Monitoring of Domestic and International Development of Corporate Governance

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 54 Creation, Amendment and Implementation

These Rules, and any amendments hereto, shall be implemented after adoption by the board of directors. Regulations related to the audit committee, should be implemented upon creation by the Corporation.

#### Article 55 Supplementary Provisions

This Principles shall come into force from December 23, 2014 after the resolution of the board of directors.

The first Amendments to this Principles shall come into force from August 11, 2015 after the

resolution of the board of directors.

The second Amendments to this Principles shall come into force from March 28, 2017 after the resolution of the board of directors.

The third Amendments to this Principles shall come into force from May 13, 2019 after the resolution of the board of directors.

The forth Amendments to this Principles shall come into force from May 13, 2020 after the resolution of the board of directors.

The fifth Amendments to this Principles shall come into force from May 8, 2023 after the resolution of the board of directors.