

- Not established in response to external regulations
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## **SinoPac Financial Holdings Company Limited**

### **Corporate Governance Guidelines**

Established by: Secretariat

Approval level: The Board of Directors

#### **Chapter I General Principles**

Article 1 SinoPac Corporate Governance Guidelines (the Guidelines) is prescribed to establish an effective corporate governance system for SinoPac Financial Holdings Company Limited (the Company) and to promote well-rounded business development by reference to Best Practice Principles of Corporate Governance for Financial Holding Company and Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

The establishment of the corporate governance system of the Company shall be handled in accordance with the Guidelines.

The Company shall ensure the sound functioning of subsidiaries and supervise subsidiaries to comply with the corporate governance best practice principles of the relevant industries (namely the securities and banking industry).

Article 2 A Subsidiary is a company that the Company directly or indirectly holds more than a fifty percent voting interest or has de facto control over that entity despite holding less than a fifty percent voting interest.

A Stakeholder is an internal or external person or party that can affect or be affected by the Company actions, including (but not limited to) shareholders, investors, clients, employees, government (and Competent Authority), media, communities, non-profit, non-government organization and suppliers.

Article 3 The Company shall set up a sound corporate organization and culture, in addition to complying with relevant laws and the Articles of Incorporation, and shall set up an effective corporate governance system in accordance with the following principles:

- I. Compliance and solid internal management.
- II. Protecting shareholders' rights and interests and the corporate governance relationship between the Company, its subsidiaries and its affiliates.
- III. Reinforcement of the functional duties of the Board of Directors.
- IV. Fulfillment of Audit Committee's function.
- V. Respect for the interests of employees and stakeholders.
- VI. Enhancement of information transparency.

The Company shall formulate its overall business strategies, risk management policies and principles in order to enhance its operations and management. To ensure compliance, all subsidiaries shall formulate business plans, risk management procedures, and implementation principles, based on operation and local legal requirements.

#### **Chapter 2: Legal Compliance and Strengthening of Internal Management**

Article 4 The Company shall formulate a regulatory compliance system, establish a legal and compliance division reporting to the President, in charge of the planning,

management, and execution of such compliance system, and assign senior manager to the legal and compliance division to govern legal compliance affairs, reporting to the Board of Directors and Audit Committee at least once each half year. The legal and compliance division shall establish a regulatory delivery, consultation, and negotiation system and arrange training courses. Each Unit shall assign personnel in charge of the execution of such system, so as to ensure the effectiveness of the Company's compliance system and to strengthen the function of self-discipline.

Article 5 The Company shall establish a well-rounded internal control system and ensure effective implementation to secure sound operation of the business. The establishment of and the amendment to the internal control system shall be proposed to and approved by the Audit Committee and the Board of Directors.

Article 6 The Company's internal control system shall cover all of the Company's business activities, under which suitable policies and internal procedures shall be stipulated in accordance with the organization rules, Articles of Incorporation, business guidelines, and handling manuals. Review and amendment shall be conducted on a regular basis in line with the laws, business items, and operating processes. If necessary, the compliance unit, internal audit, risk management, and other relevant units shall be involved.

Article 7 The Company's internal audit system shall evaluate the effectiveness of the internal control system and measure business efficiency. Timely suggestions shall be provided to ensure continuous and effective execution of the internal control system, so as to assist the Board of Directors and senior managers to fulfill their duty. The Company shall establish an audit division reporting to the Board of Directors, which shall perform audit independently and impartially and report to the Board of Directors and Audit Committee at least once every half year. The Company should establish a chief auditor system to manage all audit businesses. 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. To ensure the internal control system is effectively implemented, strengthen the professional abilities of the deputy of the internal auditor, and further improve and maintain the quality and implementation outcomes of internal audits, the Company shall appoint a deputy to act on behalf of internal auditors. The Company is advised to establish a channel and system for Independent Directors, Audit Committee, and Chief Auditor to communicate with each other. Directors shall review and discuss with internal auditors regarding the defects of the internal control system on a regular basis. A record shall be kept to track and implement improvements and a report shall be submitted to the Board of Directors.

Article 8 The Company's assessment of the effectiveness of its internal control system shall be approved by over half of the members of the Audit Committee and shall be submitted to the Board of Directors for approval.

Article 9 In addition to ensuring that the Company carries out audits and complies with relevant laws and regulations, auditing and legal compliance units shall also oversee the implementation of regulations by subsidiaries.

Article 10 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 auditors and the head of legal and compliance division shall report this directly and simultaneously to Independent Directors or Audit Committee and the competent authority.

Article 11 The Company's senior management 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 management, remuneration, and other policies approved by the Board of Directors. The organization of senior management (including positions, authority, and responsibilities) shall be specific, clear, and transparent, as shall all procedures and decisions.

### Chapter 3: Protecting the Rights and Interests of Shareholders

Article 12 The Company shall build a corporate governance system ensuring the shareholders have the rights to learn, participate, and decide on important matters of the Company, so that all of their rights can be protected and are treated fairly.

Article 13 In accordance with the Company Act and other relevant laws and regulations, the Company shall convene shareholders' meeting 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' meeting shall comply with laws, regulations, and the Company's Articles of Incorporation.

Article 14 The Board of Directors shall arrange proper proposals and agendas for shareholders' meetings. Shareholders' meetings shall allow reasonable time for the discussion of all proposals and give shareholders an appropriate opportunity to make statements. It is advisable that the Chairman of the Board preside over shareholders' meetings convened by the Board of Directors, and that a majority of the Board of Directors (including at least one independent Director and at least one representative from each of the various functional committees) be in attendance. A list of attendees must be recorded in the minutes of shareholders' meeting.

Article 15 The Company shall encourage shareholders to participate in corporate governance and hold shareholders' meeting in a legal, effective, and safe manner. The Company shall seek all ways and means, including fully exploiting technologies for information disclosure and casting votes, and is advised to upload notices, agendas and supplementary information of shareholders' meetings in both Chinese and English concurrently in order to enhance shareholders' attendance rates at shareholders' meeting and ensure their exercise of rights at such meetings in accordance with laws.

Article 16 The Company shall record 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 in the minutes of shareholders' meeting in accordance with the Company Act and relevant laws and regulations. The election of Directors shall state the method of voting and the number of elected

directors' shares.

The minutes of shareholders' meetings shall be maintained properly and permanently for the life of the Company, and shall be fully disclosed on the Company website.

Article 17 The chair of the shareholders' meetings shall fully comprehend and comply with the procedural rules established by the Company, and shall ensure the proper progress of proceedings of the meetings. The chair shall not arbitrarily adjourn the meetings. In order to protect the interests of the majority of shareholders, under the situation where the chairperson declares the adjournment of the meeting in violation of rules governing the proceedings of the shareholders' meetings, the members of the Board of Directors other than the chairperson shall promptly assist the attending shareholders at the shareholders' meeting in electing a new chairperson of to continue the proceedings of the meeting,

Article 18 The Company shall value shareholders' rights to information, shall strictly abide by relevant provisions on the disclosure of information, and shall make regular and timely use of the information system on the Market Observation Post System website or the Company website to provide information to shareholders on the Company's finances, business, insider ownership, and corporate governance.

Article 19 The Company shall stipulate relevant internal rules governing donation and submit them to the Board of Directors for approval. Information of donations given to political parties, interested parties, and charity groups shall be disclosed.

Article 20 Shareholders shall be entitled to profit distributions. To protect shareholders' investment interests, inspectors shall be appointed 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 senior managers shall fully cooperate with inspections, without refusal, obstruction, or avoidance.

Article 21 If the Company is to undertake major financial and business operations such as acquisition or disposal of assets, a proposal has to be submitted to the shareholders' meeting for approval according to relevant regulations and an internal procedure prescribed by the Company, as to protect shareholders' rights.

Article 22 In order to protect the interest of shareholders, the Company is advised to appropriately handle shareholders' suggestions, inquiries, and disputes. 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 senior managers violate laws or Articles of Incorporation while performing duties, thus undermining shareholders' rights, the Company shall handle lawsuits filed by shareholders in an objective and appropriate manner. The Company is advised to stipulate internal procedures to properly handle the matters provided in the preceding two paragraphs with a written record kept for future reference and included in the scope of the internal control system.

Article 23 The Board of Directors is responsible for establishing a mechanism for interaction with shareholders in order to enhance mutual understanding of the development of the Company's objectives.

Article 24 In addition to communicating with shareholders at shareholders' meetings and encouraging shareholders to participate in these meetings, the Board of Directors shall maintain contact with shareholders in an efficient manner. The Board of Directors shall collaborate with senior managers and independent Directors to understand shareholders' opinions and concerns and to clearly explain Company policy in order to obtain shareholders' support.

Article 25 In order to protect the best interest of all shareholders, the Company is advised to remind shareholders who have control over the company the following matters:

- I. Shareholders with controlling interest bear the fiduciary duty to the other shareholders. Instructing directly or indirectly the Company to perform operations for or against commercial practices or law is prohibited.
- II. A representative of the corporate shareholder shall uphold the fiduciary duty and vote for the best interest of all shareholders when attending the shareholders' meeting, or shall be faithful and attentive when serving as a Director.
- III. Nomination of a Director shall comply with relevant laws and Articles of Incorporation without surpassing the authority of the shareholders' meeting and the Board of Directors.
- IV. Unduly interfering with the Company's decision or operation is prohibited.
- V. Restricting or obstructing the Company's operation under the circumstance of unfair competition is prohibited.
- VI. A corporate representative elected as a Director or supervisor shall meet the qualifications set forth by the Company. Change of appointment shall be avoided.

Article 26 The Company shall clearly identify the division of authority and responsibility of the management of personnel, assets, and financial matters between the Company, its subsidiaries, and its affiliated enterprises, and shall properly carry out risk assessments and establish appropriate firewalls.

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

Article 27 To avoid the improper funneling of interests that may damage the rights and interests of the Company or its shareholders, when a real estate transaction is carried out between the Company and a major shareholder, invested enterprise, responsible person of the Company, staff, or party related to the responsible person of the Company, the transaction shall be based on fair, just, and objective principles and shall remain in line with normal business practices. Such transactions shall also comply with the Financial Holding Company Act and all relevant regulations prescribed by competent authority.

Article 28 If the responsible person of the Company concurrently holds a position in a Subsidiary or any other position, that person shall be subject to the provisions in all related laws and 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 29 Any Director acting on his or her own behalf, or on behalf of another person, while engaged in activities within the scope of Company business shall explain to the shareholder meeting the essential contents of such actions and secure its prior approval.

Article 30 The Company and its Subsidiaries shall establish sound objectives and systems for the management of finances, operations, and accounting in accordance with applicable laws and regulations.

Article 31 When the Company, its Subsidiaries, or other affiliated enterprises enter into inter-company business transactions, a written agreement shall be drafted governing the relevant financial and business operations between the parties, in accordance with the law and the principles of fair dealing 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. Prior to any transaction, the Company shall, in accordance with the law, obtain appraisal reports from securities underwriters, appraisal firms, or accountants.

Article 32 It is advised that the Company retain at all times a register of major shareholders who own a high percentage of shares and have controlling power.  
“A high percentage of shares,” as used in the preceding paragraph, refers to shareholders who hold a specific percentage of shares as stipulated in Articles 4 and 16 of the Financial Holding Company Act. However, the Company may set a lower shareholding ratio threshold, according to the actual shareholding stake that confers control of the Company.

#### Chapter 4 Reinforcement of Board of Directors’ Functional Duties

##### Section 1: The Organization and Role of the Board of Directors

Article 33 The Board of Directors is accountable to all shareholders. For all operations and arrangements regarding corporate governance, the Company shall ensure that the Board of Directors exercises its authority in accordance with the laws and Articles of Incorporation or resolutions of shareholders' meeting.

Article 34 The structure of the Board of Directors shall no fewer than seven in consideration of its business scale, the shareholdings of major shareholders, and practical operational needs.

Diversity shall be considered when determining the composition of the Board of Directors. It is advised that the percentage of Directors concurrently serving as officers not be too high, in line with the provisions in Article 28, and that an appropriate diversity policy based on the Company’s business operations, operating dynamics, and development needs be formulated to include, without being limited by, the following two general standards:

- I. Fundamentals and Value : gender, age, nationality or country of origin, race or ethnicity, culture background, and other factors.
- II. Professional knowledge and skills: professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

Directors shall possess the knowledge, skills, and qualities needed to fulfill their duties. To reach the quality level of corporate governance, the Board of Directors as a whole shall possess the following capabilities:

- I. Ability to make judgments about operations
- II. Ability to make judgments about operations
- III. Ability to make judgments about operations (including over subsidiaries)
- IV. Crisis management ability
- V. Knowledge of the industry
- VI. An international market perspective
- VII. Leadership ability
- VIII. Decision-making ability
- IX. Risk management knowledge and ability

Article 35 The Board of Directors shall recognize the risks the Company's business activities face, ensure the effectiveness of risk management, and claim ultimate responsibility for the outcome of risk management.

Risk management policies and internal procedures stipulated by the Company shall be approved by the Board of Directors and amended when necessary.

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 a comprehensive risk assessment of its subsidiaries and implement necessary control mechanisms to effectively utilize resources and reduce the various risks.

Article 36 The Company shall stipulate a procedure for the election of Directors and shall adopt a cumulative voting mechanism pursuant to the Company Act and the Securities and Exchange Act to fully reflect the opinions of the shareholders.

The Company shall adopt a candidate nomination system in the election of Directors. The adoption of such system shall be expressly stipulated in the Articles of Incorporation of the company, and the shareholders shall elect Directors from among the nominees listed in the roster of Director candidates.

The candidate's nomination, review procedure, contents of announcement and procedures as mentioned in the previous clause shall be handled in accordance with rules promulgated in the Company Act and Securities and Exchange Act.

If the number of Directors falls below seven due to the discharge of a Director for any reason, the Company shall hold a by-election for the vacancy at the following shareholders' meeting. If the number of Directors falls short to one-third of the total number prescribed by the Articles of Incorporation, the Company shall, within sixty (60) days of that fact, convene a special shareholder meeting for a by-election for Director(s).

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

The qualification requirements, concurrent serving restrictions, and matters for a Director shall be in accordance with relevant laws and regulations

Article 37 For each industry in which the Company's major subsidiaries operate, the Board of

Directors shall allocate at least one Director who has expertise in that industry.

Article 38 In accordance with the Articles of Incorporation, the Company shall appoint Independent Directors numbering no fewer than three and comprising 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. Applicable laws and regulations shall be observed and it is not advised that an Independent Director hold concurrent office as a Director (including Independent Director) or supervisor in more than four 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's Independent Directors may not hold concurrent positions as Independent Directors in more than three public companies. However, if a public company is a fully owned Subsidiary of the Company, it is regarded as part of the Company itself and is thus not counted in the aforementioned limit. Independent Directors may act as Independent Directors in only one fully owned Subsidiary of the Company.

The Company shall adopt a candidate nomination system in the election of the Independent Directors. The adoption of such system shall be expressly stipulated in the Articles of Incorporation of the company, and the shareholders shall elect the Independent Directors from among the nominees listed in the roster of Director candidates. The Directors shall be elected in accordance with the Company Act, with independent and non-Independent Directors elected at the same time, but in separately calculated numbers.

The independent directors of the Company shall not serve more than three consecutive terms.

Independent Directors may not change status and become general Directors during their term of office, or vice versa.

If an Independent Director is discharged for any reason, and if the number of remaining Directors fall below the required number under paragraph 1 or the Articles of Incorporation, a by-election for the Independent Director vacancy shall be held at the next shareholders' meeting. In the event that all Independent Directors are discharged, the Company shall, within sixty (60) days from the date on which the vacancies arose, convene a special shareholder meeting to hold a by-election.

Professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, the method of nomination, and other requirements related to Independent Directors shall be set forth in accordance with relevant laws and regulations.

Article 39 Clear distinctions shall be drawn between the responsibilities and duties of the chairman and president of the Board. It is inappropriate for the chairman to also act as general manager or for the chairman and general manager to have a spousal relationship.

Article 40 The Company shall clearly stipulate the scope of duties of Independent Directors and provide them with the personnel and physical support necessary to exercise their power. In particularly important or dubious cases, independent Directors may, if necessary, employ third-party professionals (including but not limited to attorneys and accounts) to assist in the assessment or to request internal auditors to carry out special inspections or follow-up. The Company and other Board members shall not



restrict or obstruct Independent Directors in performing their duties.  
The Company shall stipulate the remuneration of Directors in accordance with the Articles of Incorporation or the resolutions of shareholder meetings. Independent Directors may receive different levels of remuneration from those of other Directors, but such differences must be within reasonable limits.

Article 41 To reach the corporate governance goal, key missions of the Company's Board of Directors are as follows:

- I. Establishment of effective and adequate internal control systems.
- II. Selection and supervision of senior managers.
- III. Review of the Company's management decisions and business plans as well as monitoring its status.
- IV. Review of the Company's financial target and monitoring its achievement.
- V. Monitoring of the Company's operation results.
- VI. Review and approval of the performance appraisal and commission standards of senior managers and the remuneration structure of Directors.
- VII. Monitor the Company in building an effective risk management mechanism.
- VIII. Supervision of regulatory compliance.
- IX. Planning of the future direction of the Company.
- X. Maintenance of the Company's image.
- XI. Appointment of a certified public accountant.

Article 42 Unless the competent authority grants an exemption, the matters below shall acquire an approval by the Board of Directors; shall the Company's Independent Directors have any objections or reserved opinions, such shall be specified in the meeting minutes of the Board of Directors:

- I. Establishment of or amendment to the internal control system according to Article 14-1 of the Securities and Exchange Act.
- II. Establishment of or amendment to the procedures regarding acquisition or disposal of assets, engaging in derivative trading, extension of monetary loans to others, endorsements or guarantees for others, and disclosure of financial projections according to Article 16-1 of the Securities and Exchange Act.
- III. Matters involving the self-interests of Directors
- IV. Material assets or derivative trading.
- V. Material monetary loans
- VI. Offering, issuance, or private placement of any equity-type securities.
- VII. Appointment, discharge, or remuneration of a certified public accountant
- VIII. Appointment and discharge of a financial, accounting, risk management, regulatory compliance, and internal audit officers.
- IX. Review and approval of the performance appraisal and commission standards of senior managers as well as the remuneration structure of Directors.
- X. Other significant matters prescribed by the competent authorities.

Article 43 The Company shall formulate rules for the conduct of Directors meetings which governs the content of deliberations, procedures.

Article 44 In the event that Independent Directors' recommendations for improvements in relation to significant management deficiencies or unlawful acts by the Company are not accepted by the management, and if the Company might incur material losses as a result, Independent Directors shall immediately report this to the

competent authority.

Article 45 The Directors and supervisors of fully owned Subsidiaries of the Company shall be designated by the Company in accordance with the following principles:

- I. An appropriate number of positions shall be designated according to the scale of each subsidiary.
- II. Qualification requirements shall be in line with relevant provisions set forth by the competent authority.
- III. It is advised that Independent Directors be designated for publicly listed Subsidiaries. Professional qualifications, restrictions on both shareholding and concurrent positions, determination of independence, and the minimum number or proportion of Independent Directors shall be in line with the Securities and Exchange Act and the regulations set forth by the competent authority.

The Independent Directors prescribed in subparagraph 3 of the preceding paragraph shall not be replaced during their term of office without proper justification.

## Section 2: Functional Committees

Article 46 To strengthen management mechanisms, the Board of Directors may establish a number of functional committees in consideration of the Board's scale and the number of its Independent Directors, and expressly provide for them in the Articles of Incorporation.

Functional committees shall adopt an organizational charter, to be approved by the Board of Directors. The organizational charter shall detail the numbers, terms of office, and powers of committee members.

Article 47 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 committee convener, and at least one of whom shall have accounting or financial expertise.

The provisions of Article 42 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:

- I. Establishment of or amendment to the internal control system shall be made according to Article 14-1 of the Securities and Exchange Act.
- II. Appraisal of the effectiveness of the internal control system.
- III. Establishment of or amendment to the procedures regarding acquisition or disposal of assets, engaging in derivatives trading, extension of monetary loans to others, endorsements or guarantees for others, and disclosure of financial projections according to Article 16-1 of the Securities and Exchange Act.
- IV. Matters involving the self-interests of Directors
- V. Material assets or derivatives trading.
- VI. Material monetary loans
- VII. Offering, issuance, or private placement of any equity-type securities.
- VIII. Appointment, discharge, or remuneration of a certified public accountant
- IX. Appointment or discharge of a financial, accounting, or internal audit officers.
- X. Annual and semi-annual financial reports
- XI. Other significant matters identified by the Company or prescribed by the competent authorities.

With the exception of subparagraph 10, any matter under a subparagraph of the preceding paragraph that has not been approved with the consent of one-half or more of all Audit Committee members may be undertaken upon the approval of two-thirds or more of all Directors, without regard to the restrictions of the preceding paragraph. The resolution of 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 20 days after the meeting and be carefully preserved as important company records during the life of the Company. For a company that has established an audit committee, the provisions regarding supervisors in the Company Act, the Securities and Exchange Act, and other laws and regulations shall apply mutatis mutandis to the audit committee.

Article 48 The Company shall establish a remuneration committee. Regulations governing the professional qualifications of its members, the exercise of their powers of office, and related matters shall be prescribed in accordance with related laws and regulations.

Article 49 The Company is advised to establish and announce the channels for internal and external whistleblowers and to establish whistleblower protection mechanisms. The dedicated unit shall be independent and maintain the confidentiality of the contents of the disclosure. It shall also formulate internal procedures and incorporate them into the Company's internal control system for management purposes.

Article 50 It is advised that the Company engage competent, professional legal counsel to provide suitable legal consultation services to assist the Board of Directors and the management by improving their legal knowledge in order to prevent infraction of laws or regulations by the Company or its staff, and to ensure that corporate governance matters proceed pursuant to the relevant legal framework and prescribed procedures.

In the event that Directors or the management become involved in litigation or a legal dispute with shareholders as a result of the performance of their lawful duties, the Company shall retain legal counsel to provide necessary assistance.

The Audit Committee or Independent Directors may, at the Company's expense, retain legal counsel, accountants, or other professionals on behalf of the Company in order to conduct a necessary audit or to provide consultation on matters relating to the exercise of their powers.

Article 51 To improve the quality of financial reports, the Company shall designate a deputy to the Chief Accountant.

The Acting Chief Accountant shall follow a course of continuing education to improve his or her professional abilities, in parallel with the Chief Accountant.

Accounting personnel handling the preparation of financial reports shall also participate in relevant professional development courses for at least six (6) hours annually. Such courses may be internal training courses or professional courses offered by professional development institutions for accounting managers.

The Company shall select a professional, responsible, and independent attesting CPA 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

CPA or external auditor 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 CPA and that it incorporates 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 CPA. In the event that the Company engages the same CPA for seven (7) consecutive years or that the CPA is subject to disciplinary action or other circumstances prejudicial to CPA's independence, the Company shall evaluate the necessity of replacing the CPA and submit its conclusion to the Board of Directors.

### Section 3 Rules for the Proceedings of Board of Directors' Meetings and the Decision-Making Procedures

Article 52 The Company shall formulate Rules of Procedure for Board of Directors Meetings.

With respect to the Board of Directors meetings ("board meetings") of the Company, the main agenda items, working procedures, required content of meeting minutes, public announcements, and other compliance requirements shall be handled in accordance with the provisions of the Rules of Procedure for the Board of Directors Meetings and related laws and regulations.

Article 53 If a Director or a juristic person represented by the Director is an interested party with respect to any proposal for a Board of Directors meeting, in which the relationship is likely to prejudice the interests of the Company, the Director shall not participate in discussion, vote, or represent other Directors to vote via proxy on that proposal and shall enter recusal during the discussion and voting. Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.

Article 54 When a Board of Directors meeting is convened to consider any matter submitted to it pursuant to Article 14-3 of the Securities and Exchange Act, an Independent Director shall attend the board meeting in person or be represented by another Independent Director via proxy. If an Independent Director expresses any objection or reservation about a matter, it shall be recorded in the Board of Directors meeting minutes. An Independent Director intending to express an objection or reservation but unable to attend the Board of Directors 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 Board of Directors meeting minutes.

For resolutions made by the Board of Directors, the following items shall be noted in the meeting minutes, and in addition, publicly announced and reported in accordance with the TWSE or TPEX rules.

- I. An Independent Director has dissenting or qualified opinion with records or a written statement.
- II. A resolution is adopted with the approval of two-thirds or more of all Directors, without having been passed by the audit committee of this Corporation.

During a Board of Directors' meeting, personnel from relevant departments or subsidiaries may sit in at the meetings. If necessary, a CPA, legal counsel, or other professional may be invited to sit in at the meetings and make explanations. However, they shall leave the meeting when deliberation or voting takes place.

Article 55 The minutes of the Board of Directors' meetings shall be signed by the chairperson and record personnel of the meeting and sent to each Director within 20 days after the meeting. The Director attendance sheet shall be made as part of the meeting minutes, treated as important records of the Company, 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 via audio or videotape the entire proceedings of a Board of Directors' meeting and preserve the recordings for at least five years in electronic form.

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

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

When a resolution of the Board of Directors violates laws, regulations, Articles of Incorporation, or resolution of shareholders' meeting and thus causes an injury to the Company, approving Directors are responsible for the damages; dissenting Directors whose dissent can be proven by records or written statements will not be liable for damages.

Article 56 The Company shall ask the appropriate department or personnel to execute matters pursuant to the 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 report in subsequent meetings to ensure the actual implementation of the board's management decisions

#### Section 4: The Fiduciary Duty, Duty of Care, and Responsibilities of the Directors

Article 57 The Board of Directors shall faithfully conduct corporate affairs and assume the duty of care of a good administrator. In conducting Company affairs, Directors shall exercise their powers with a high level of self-discipline and prudence. Directors shall ensure that all matters are handled in accordance with the resolutions of the Board, except in the case of matters that are otherwise deemed by law or the Articles of Incorporation to require approval at a shareholders' meeting.

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

Article 57-1 The board of directors is advised to evaluate and monitor the following aspects of a TWSE/TPEx company's direction of operation and performance in connection

with intellectual properties, to ensure the company develops an intellectual property regulatory system in accordance with the Plan-Do-Check-Act cycle:

1. Formulate intellectual property regulatory policies, objectives and systems that are slightly associated with the operational strategies.
2. Develop, implement and maintain on the basis of scale and form its regulatory systems governing the procurement, protection, maintenance and utilization of intellectual properties.
3. Identify and provide the necessary resources sufficient to ensure effective implementation and maintenance of the intellectual property regulatory system.
4. Observe internally and externally the risks and opportunities that intellectual property regulation may present and adopt corresponding measures.
5. Plan for and implement a continuous improvement mechanism to ensure the operation and effects of the intellectual property regulatory regime meet the company's expectations

Article 58 If a resolution of the Board of Directors violates law, regulations, or the Articles of Incorporation, at the request of shareholders holding shares continuously for a year (or more) or an Independent Director, or at the notice of 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 member from the Audit Committee in accordance with the foregoing paragraph.

Article 59 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 setting, 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 60 The Company is advised to enter into a Directors' liability insurance contract with an insurance company with respect to liabilities resulting from exercising their duties during their terms of occupancy.

The Company is advised to 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 61 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, anti-terrorism, 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.

## Chapter 5 Empowering the Audit Committee

Article 62 For Independent Directors to timely discover any possible irregular conduct, the

Company shall establish a channel for Independent Directors to communicate with the employees, shareholders, and stakeholders.

#### Chapter 6 Respect for the Rights and Interests of Employees and Stakeholders

Article 63 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 stakeholders' section on the Company's website.

When any of a stakeholder's legal rights or interests are infringed, the Company shall handle the matter in a proper manner and in good faith.

The Company shall provide sufficient information to 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 urge Subsidiaries to observe the preceding three paragraphs.

Article 64 The Company shall formulate consumer protection policy, of which the content shall at least include handling mechanisms for appeals after consumptions and major consumer incidents.

Article 65 The Company shall establish channels of communication with employees and encourage them to communicate directly with managers, Directors, or supervisors so as to reflect employees' opinions about the management, financial conditions, and material decisions of the Company concerning employee welfare.

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 the Company's social responsibility.

#### Chapter 7 Improving Information Transparency

Article 66 The Company shall disclose information in accordance with relevant law and regulation promulgated by Competent Authority

Article 67 The Company shall establish an online reporting system for public information, appoint personnel responsible for gathering and disclosing information, and institute a spokesperson system to ensure the proper and timely disclosure of information on policies that might affect the decisions of shareholders and stakeholders.

Article 68 To enhance the accuracy and timeliness of material information disclosures, the Company shall appoint a spokesperson and deputy spokesperson(s) who can independently represent the Company through public statements.

The Company shall appoint one or more deputy spokespersons who shall represent the Company when the spokesperson cannot perform his/her duties. Deputy spokespersons shall be allocated a hierarchical rank to avoid confusion.

In implementing the spokesperson system, the Company shall standardize the process of making external statements, shall require the management and employees to maintain confidentiality regarding privileged financial and operational information, and shall prohibit the disclosure of any such information

without prior approval.

Whenever a change is made to any spokesperson or deputy spokesperson position, the Company shall disclose this information immediately.

Article 69 The Company shall utilize online communication by establishing a website to keep shareholders and stakeholders fully informed on its finances, operations, and corporate governance. The Company is advised also to supply English translations of this information, in consideration to the needs of foreign investors. To avoid misinformation, the aforementioned website shall be maintained by dedicated personnel and all recorded information shall be accurate, detailed, and updated on a timely basis.

Article 70 The Company shall hold an investor conference in compliance with TWSE and TPEx regulations. It shall also maintain an audio or video record of the conference and make it available on the Company website or through other appropriate channels.

Article 71 The Company shall disclose the following information on corporate governance for the current fiscal year, in accordance with laws, regulations, and TWSE or TPEx regulations. It is also advised to provide English translations of the following information on a timely and regular basis:

- I. Corporate governance framework and rules.
- II. Ownership structure and the rights and interests of shareholders of the Company (including specific and explicit dividend policy).
- III. Structure, professionalism, and independence of the Board of Directors.
- IV. Responsibility of the Board of Directors and senior managers.
- V. Composition, duties, and independence of the Audit Committee.
- VI. The composition, duties, and operations of the Remuneration Committee and other functional committees.
- VII. The remuneration paid to the Directors, President, and Executive Vice Presidents in the last two fiscal years, and the analysis of the percentage of total remuneration to net profit after tax in financial reports or individual financial reports, the policy, standard and package of remuneration payment, shall be stipulated as a procedure for determination of remuneration and the connection with the operation performance and future risk. If needed, remuneration of individual Directors shall be disclosed.
- VIII. The training progress of Directors.
- IX. The rights, relationships, channels for complaint, concerning issues, and appropriate response mechanisms regarding stakeholders.
- X. Disclosure of the Company's consolidated financial reports and those of its subsidiaries.
- XI. Disclosure of large exposures.
- XII. Information of transactions with related parties.
- XIII. Capital adequacy disclosure.
- XIV. Details regarding matters required to be disclosed by regulations.
- XV. The effectiveness of corporate governance implementation, the gap between the actual result and the Guidelines, and its causes.
- XVI. Specific plans and measures for improving corporate governance.
- XVII. Risk management related information.



XVIII. Other information related to corporate governance.

Article 72 The Company shall, in accordance with the relevant provisions of the Financial Holding Company Act and the Securities and Exchange Act, regularly announce or disclose financial statements, consolidated financial statements, and Subsidiaries' financial statements, as attested by accountants and approved by the Board of Directors.

Article 73 If Subsidiaries enter into a credit extension or other transaction with the same person, same related party, or same affiliated enterprise, the Company shall, report to the competent authority, detailing the aggregate amount or percentage of total transactions, and disclose this information by a public announcement, online, or via any other means designated 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 affiliated enterprise, the Company shall establish an information system and designate a unit responsible for collecting and archiving data for declaration.

Article 74 In accordance with the relevant regulations, the Company shall fully disclose information on transactions with related parties and additional information on related party transactions with Subsidiaries that exceed a certain amount.  
The term "related parties" shall be defined in accordance with Article 23 of the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies. In addition to its legal form, the counterparty's substantive relationship with the Company shall also be considered when determining whether the counterparty is a related party.

Article 75 The Company and its subsidiaries shall comply with all relevant regulations regarding capital adequacy ratio for individual industries, as set forth in the Financial Holding Company Act.  
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 regulations within two months after the semi-annual settlement made by CPA or when the competent authority deems necessary.

Article 76 In the event that the Company or its subsidiaries face material information, in addition to holding press conferences in accordance with the TWSE's Procedures for Press Conferences Concerning Material Information of Listed Companies, the Company shall also enter the information into the internet information reporting system before trading opens on the first business day following the day of occurrence of the fact. If the Company or its subsidiaries issue securities overseas, the information shall be entered into the system in English.

Chapter 8 Supplementary Provisions

Article 77 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 its effectiveness.

Article 78 Matters not specified in the Guidelines shall be governed by the Company Act, the

Securities and Exchange Act, the Financial Holding Company Act, and other related laws, regulations, and general convention.

Article 79 The Guidelines shall be announced and implemented upon the approval from the Board of Directors and also for amendments.

December 20, 2017. Approved by the 7<sup>th</sup> session of special Board of Directors at the 6<sup>th</sup> meeting in 2017.

February 2, 2018. Amended and approved by the 1<sup>st</sup> session of the Board of Directors at the 6<sup>th</sup> meeting in 2018.

May 24, 2019. Amended and approved by the 5<sup>st</sup> session of the Board of Directors at the 6<sup>th</sup> meeting in 2019.

July 24, 2020. Amended and approved by the 7<sup>st</sup> session of the Board of Directors at the 4<sup>th</sup> meeting in 2020.