

# **Pili International Multimedia Co., Ltd.**

## **Corporate Governance Best Practice Principles**

### Chapter I. General Principles

Article 1. The Company has adopted the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies jointly formulated by the Taiwan Stock Exchange Corporation (hereafter referred to as “TWSE”) and the Taipei Exchange (hereafter referred to as “TPEX”) to ensure the establishment of sound corporate governance. The Company shall establish an effective corporate governance framework with reference to these Principles and disclose them through the Market Observation Post System (hereafter referred to as “MOPS”).

Article 2. The corporate governance system established by the Company shall not only comply with the relevant laws, regulations, articles of incorporation, contracts signed with the TPEX, and other relevant regulations but also adhere to the following principles:

- I. Protect the rights and interests of shareholders.
- II. Strengthen the powers of the Board of Directors.
- III. Fulfill the function of the Audit Committee.
- IV. Respect the rights and interests of stakeholders.
- V. Enhance information transparency.

Article 3. The Company shall follow the Criteria Governing Establishment of Internal Control Systems by Public Reporting Companies and take into consideration the overall operational activities of itself and its subsidiaries in the design and enforcement of an internal control system. Reviews shall be conducted on a continuous basis to ensure the continued effectiveness of the system’s design and enforcement in the light of changes in the Company’s internal and external environment.

In addition to conducting effective self-assessments of its internal control system, the Company’s Board of Directors and management shall also review the self-assessment outcomes of each department each year and examine the quarterly audit reports from audit units. These shall also be monitored and supervised by the Audit Committee. Directors shall meet periodically with internal auditors to review deficiencies in the internal control system. Records shall also be kept for the tracking and implementation off improvements, and a report submitted to the Board of Directors. The Company is advised to establish channels and mechanisms of communication between their

independent directors, audit committees, and chief internal auditors, and the convener of the audit committee or supervisors shall report the communications between members of the audit committees or supervisors and chief internal auditors at the shareholders' meeting

To enforce the corporate governance system, the Company management shall pay special attention to the internal audit unit and its personnel, give them full authority, and urge them to effectively audit and evaluate problems in the internal control system, assess the efficiency of the system's operation to ensure its on-going efficiency, and to assist the Board of Directors and the management in the effective performance of their duties.

Appointment, dismissal, assessment and compensation of the Company's internal auditors shall be approved either by the board of directors or by the Chairman with the recommendation of the chief internal auditor

#### Article 3-1

The Company is advised to have an adequate number of corporate governance personnel with appropriate qualifications based on the size of the company, business situations and management needs, and shall appoint in accordance with the requirements of the competent authorities, TWSE or TPEX 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:

1. Handling of matters relating to board of directors meetings and shareholders meetings in compliance with law.
2. Preparation of minutes of board of directors meetings and shareholders meetings.
3. Assistance in onboarding and continuing education of the directors and supervisors.
4. Provision of information required for performance of duties by the directors and supervisors.
5. Assistance to the directors and supervisors in complying with laws and regulations.
6. Other matters as set out in the articles of incorporation or contracts.

### Chapter 2. Protecting the Rights and Interests of Shareholders

#### Section 1. Encouraging Shareholder Participation in Corporate Governance

Article 4. The corporate governance system of the Company shall protect the rights and interests of shareholders, and treat all shareholders equally. The Company shall establish a corporate governance system that ensures shareholders can be fully informed of, participate in, and make decisions on important Company matters.

Article 5. The Company shall convene shareholders meetings on a regular basis in accordance with the Company Act and other relevant laws and regulations. Comprehensive rules shall also be drawn up for such meetings. The rules of procedure must be enforced for all matters that require a resolution by the shareholders meeting. Resolutions passed by shareholders meetings of the Company must comply with the laws and the articles of incorporation.

Article 6. The board of directors of the Company shall properly arrange the agenda items and procedures for shareholders' meetings, and formulate the principles and procedures for shareholder nominations of directors and supervisors and submissions of shareholder proposals. The board shall also properly handle 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 number 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. Shareholders meeting called by the Board of Directors shall be chaired by the Chairman if possible. A majority of the directors (including at least one independent director) and the Audit Committee convener shall attend meetings personally; there shall also be at least one representative from other functional committees during the meeting. Attendance details should be recorded in the shareholders meeting minutes.

Article 7. The Company shall encourage active shareholders participation in corporate governance. The engagement of a professional shareholder services agent by the Company to handle the organization of shareholders meeting matters is advised so that shareholders meetings can be convened legally, effectively, and securely. 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 should avoid proposing special motions and motion amendments during shareholder meeting; a candidate nomination system is also advised if the Board of Directors is up for election in that year.

The Company is advised to avoid raising extraordinary motions and amendments to original proposals at a shareholders' meeting.

The Company shall arrange for shareholders to vote on each separate proposal in the agenda of the shareholders meeting. The number of shareholder votes for, against or abstentions shall be posted to the Market Observation Post System on the same day upon the conclusion of the shareholders meeting.

Article 8. The Company shall record in the minutes of the shareholders meeting the date and place of the meeting, the name of the chairperson, and the method of voting in accordance with the rules of the Company Act and relevant laws and regulations. A summary of discussions and their outcomes shall also be recorded. The method of voting and the votes cast for elected directors shall be recorded for the election of directors. Minutes from shareholders meetings shall be permanently retained in a secure manner for the existence of the Company. Full disclosure is advised if the company has a website.

Article 9. The chairperson of shareholders meetings shall be fully conversant with and comply with the rules of procedure formulated by the Company. The chairperson shall ensure the smooth progress of the agenda and may not announce an adjournment without proper cause. To the protect the rights and interests of most shareholders, if the chairperson adjourns the meeting in violation of the rules of procedure then the remaining members of the Board of Directors should immediately assist the attending shareholders with electing by majority vote a new chairperson for the continuation of the meeting.

Article 10. The Company shall place a strong emphasis on shareholders right to know and faithfully comply with the applicable regulations on information disclosure providing information on the Company's financial, business, insider shareholdings and corporate governance situation to shareholders through the MOPS or a website established by the Company on a routine and timely basis.

When the information mentioned above is announced, simultaneous disclosure in English should be provided if possible for the fair treatment of shareholders.

To protect the rights and interests of shareholders as well as ensure their fair treatment, the Company shall formulate internal guidelines that prohibit insiders from using information not yet disclosed to the public for the buying and selling of securities.

It is advisable that 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.

Article 10-1 It is advisable that the Company report at a general shareholder meeting the remuneration received by directors, including the remuneration policy, individual remuneration package, amount, and association with outcomes of performance reviews.

Article 11. Shareholders are entitled to a share of the Company's profits. To protect the investment interests of shareholders, shareholders meetings may examine the books and statements prepared by the Board of Directors, and the reports of the Audit Committee in accordance with Article 184 of the Company Act, and to pass resolutions on the distribution of profits or off-setting or losses. An inspector may be appointed by the shareholders meeting for conducting the above-mentioned examination.

Shareholders are entitled under Article 245 of The Company Act to have a court-appointed inspector examine the Company's accounts, properties, and documents and records pertaining to specific issues or transactions.

The Board of Directors, Audit Committee and managerial officers of the Company shall cooperate fully examinations conducted by inspectors under the two preceding paragraphs. Do not attempt to avoid, obstruct or deny inspection.

Article 12. Material financial activities of the Company such as the acquisition or disposal of assets, financial loans, endorsements and guarantees shall be conducted in accordance with the relevant laws and regulations. Applicable procedures shall also be formulated and submitted to the shareholders meeting for approval to protect the rights and interests of shareholders.

Company mergers, acquisitions or public tender offers shall not only be conducted in accordance with the relevant laws and regulations but also pay attention to the fairness and reasonableness of the merger/

acquisition/public tender offer plan and transaction, as well as information disclosure and the soundness of the Company's subsequent financial structure.

Company personnel handling the above-mentioned matters shall pay attention to conflicts of interest and their avoidance.

## Section 2. Establishing a Shareholder Interaction Mechanism

Article 13. To protect the rights and interests of shareholders, dedicated personnel shall be assigned by the Company to handling shareholders' suggestions, queries and disputes if possible.

Where a resolution of the Company's shareholders meeting or Board of Directors is in violation of the law or the articles of incorporation, or where the directors and managerial officers violated the laws or the articles of incorporation during the performance of their duties in a manner that harmed the rights and interests of shareholders, the Company shall handle lawsuits brought by shareholders in accordance with the law in an appropriate manner.

It is advisable for the Company to formulate internal procedures for the proper handling of the two matters mentioned above. Written records shall be kept for reference and incorporated into the internal control system for tracking.

### Article 13-1

It is the duty of the Board of Directors to establish a mechanism for shareholder interaction to enhance mutual understanding on the goals of the Company.

### Article 13-2

In addition to communicating with shareholders through shareholders meetings and encouraging shareholders to participate in such meetings, the Board of Directors together with managerial 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 3. Corporate Governance Relationships Between the Company and its Affiliated Enterprises

Article 14. The Company shall clearly identify the objectives and the division of authority and responsibility between it and its affiliated enterprises with respect to management of personnel, assets, and finances, conduct proper risk assessments and establish appropriate firewalls.

Article 15. Unless otherwise provided by the laws and regulations, managers at the Company may not also serve as a manager at 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 must provide a summary of his or her actions to the shareholders meeting and gain their consent.

Article 16. The Company shall establish sound objectives and systems for the management of finance, operations, and accounting in accordance with applicable laws and regulations. It shall further, together with its affiliated enterprises, properly conduct an overall risk assessment of major banks, customers and suppliers they deal with, and implement the necessary control mechanisms to reduce credit risk.

Article 17. When the Company and its affiliated enterprises enter into inter-company business transactions, a written agreement governing the relevant financial and business operations between them shall be made in accordance with the principle of fair and reasonable transactions. Price and payment terms shall be definitively stipulated when contracts are signed, and non-arm's length transactions shall be prohibited.

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

Article 18. Corporate shareholders with control over the Company shall adhere to the following items:

- I. Shall hold duty of good faith to other shareholders, and shall not directly or indirectly cause the Company to conduct any business which is contrary to customary business practice or not profitable.
- II. Its representative shall follow the rules implemented by the Company with respect to the exercising of rights and participation in resolutions, so that the representative exercises his/her voting right in good faith and for the best interest of all shareholders at shareholders meetings, and can exercise the fiduciary duty and duty of care of a director.
- III. It shall comply with relevant laws, regulations and the articles of incorporation of the Company when nominating directors and shall not act beyond the authority granted by the shareholders meeting or Board of Directors.
- IV. It shall not intervene in the Company's decision-making in an improper manner or interfere with business activities.

- V. It shall not restrict or impede the management or production of the Company using unfair competitive practices such as the monopolization of procurement channels or closed sales channels.
- VI. The designated representative of corporate shareholders elected as director shall meet the professional qualifications required by the Company. Arbitrary changes of the appointed representative shall be avoided if possible.

Article 19. The Company shall retain at all times a register of key shareholders who own a relatively high percentage of shares and have controlling power, and of the persons with ultimate control over those key shareholders.

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

Key shareholders as mentioned in the first paragraph refers to those who owns 5 percent or more of the outstanding shares of the Company, or those who are among the top 10 shareholders by their share of equity. The company may however set up a lower shareholding threshold based on the actual shares under their control.

### Chapter 3. Enhancing the Functions of the Board of Directors.

#### Section 1. Structure of the Board of Directors

Article 20. The Board of Directors of the Company shall provide guidance on company strategies, supervise the management, and be responsible to the Company and shareholders. The procedures and arrangements of the corporate governance system shall ensure that, Board of Directors complies with the laws and regulations, the articles of incorporation, and the resolutions of shareholders meetings during the exercising of its authority.

The structure of Company's Board of Directors shall be determined by choosing an appropriate number of no less than five shareholders based on the size of business operations, the shareholdings of key shareholders, and practical operational needs.

Diversity is advised in the determining the composition of the Board of Directors. The number of directors that are also company officers shall not exceed one-third of the total number of the board members if possible. An appropriate diversification policy should also be devised based on the Board's operations, type of business and development requirements.



This should include but not be limited to standards in the two following general aspects:

- I. Basic requirements and values: Gender, age, nationality, and culture; it is advisable that the number of female directors account for at least one-third of all the directors.
- II. Professional knowledge and skills: Professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

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

- I. Ability to make business judgments.
- II. Accounting and financial analysis ability.
- III. Business management ability.
- IV. Crisis management ability.
- V. Industry knowledge.
- VI. International market perspective.
- VII. Leadership ability.
- VIII. Decision-making ability.

Article 21. The Company establish a fair, just, and open procedure for the election of directors to protect the rights and interests of shareholders and in accordance with the principles for fair treatment of shareholders. Shareholder participation should be encouraged and a cumulative voting mechanism adopted in accordance with the Company Act to fully reflect shareholder opinion.

Except where an exemption is granted by the competent authority, no more than half of all Board directors may be related to each other by marriage of second degree of kinship.

When the number of directors falls below five due to the discharge of a director for any reason, the Company shall hold a by-election at the next shareholders meeting. When the number of vacant directorships reaches one-third of the total number specified in the articles of incorporation, the Company shall convene an extraordinary shareholders meeting within 60 days of the event to hold a by-election.

The aggregate shareholding of all directors on the Company's Board of Directors shall comply with the statutory threshold. Restrictions on share transfers by 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. Full disclosure shall also be provided on all relevant information.

Article 22. 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 distinctions shall be drawn between the responsibilities and duties of the chairperson of the board and those of its general manager.

The role of Chairman should not be concurrently undertaken by the President or personnel of equivalent grade (i.e. the most senior manager). In situations where the Company's Chairman is the same person as or a spouse or first-degree relative to the President or personnel of equivalent grade (i.e. the most senior manager), additional independent directors should be introduced to the board and at least half of whom must not undertake employment or management position.

If functional committees are established by the Company then their responsibilities shall be explicitly defined.

## Section 2. Independent Director System

Article 24. The Company shall appoint two or more independent directors in accordance with the articles of incorporation. At least one-fifth of all directors must be independent directors.

Independent directors shall possess professional knowledge and there shall be restrictions on their shareholdings. In addition to observing the applicable laws and regulations, it is not advisable for an independent director to also be a director (including independent director) or supervisor of more than five TWSE/TPEX listed companies at the same time. Independent directors shall also maintain their independence within the scope of their duties, and may not have any direct or indirect interest in the Company.

If the Company, its group enterprises and organization, and another company, its group enterprises and organizations each nominate a director or managerial officer from the other party as a candidate for independent directorship, the Company shall disclose this when accepting nominations for independent directorships and explain the suitability of that candidate. 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 encompasses the subsidiaries of the Company, any foundations 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.

Independent and non-independent directors may not switch roles during their term of appointment.

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 TWSE or TPEX.

Article 25. The Company shall submit the following matters to the board of directors for approval in accordance with the Securities and Exchange Act. Dissenting or qualified opinions of independent directors shall be noted in the minutes of the Board meeting:

- I. Adoption or amendment of the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
- II. Adoption or amendment of handling procedures for material financial actions such as the acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others in accordance with Article 36-1 of the Securities and Exchange Act.
- III. A matter bearing on the personal interest of a director.
- IV. A material asset or derivatives transaction.
- V. A material monetary loan, endorsement, or provision of guarantee.
- VI. The offering, issuance, or private placement of any equity-type securities.
- VII. The hiring, discharge, or compensation of an attesting CPA.
- VIII. The appointment or removal of a financial, accounting, or internal auditing officer.
- IX. Any other material matters as defined by the competent authority.

Article 26. The Company shall explicitly define the scope of independent directors' duties and provide them with the necessary manpower and resources. The Company or other Board members Do not attempt to obstruct, restrict or deny independent directors' duties.  
The Company shall explicitly define the remuneration of directors in accordance with the relevant laws and regulations. Directors' remuneration shall fully reflect their individual performance, the long-term business performance of the Company, and take the overall business risks of the Company into account. Reasonable remuneration different from that of other directors may be set for independent directors.

### Section 3. Functional Committees

Article 27. To strengthen its supervisory function and management capabilities, the Board of Directors shall take the size of the Company, type of business, and number of Board Directors into account when establishing audit, remuneration, nomination, risk management or other functional committees. The articles of incorporation may also explicitly provide for the establishment of an environmental protection, corporate social responsibility or other committees in keeping with the spirit of corporate social responsibility and sustainable development.  
Functional committees shall report directly to the Board of Directors and submit its proposals to the Board for determination. If the Audit Committee fulfills the role of the supervisor in accordance with Article 14, Paragraph 4, Sub-paragraph 4 of the Securities and Exchange Act then this requirement does not apply.  
Functional committees shall adopt an organizational charter subject to approval by the Board of Directors. The organizational charter shall cover the size of the committee, term of appointment, authority, rules of procedure, and the resources to be provided by the Company when the committee carries out its duties.

Article 28. The Company shall establish an Audit Committee.  
The Audit Committee shall be made up of all independent directors and may not be smaller than three in number. One member shall be the convener and at least one member must possess accounting or financial qualifications.  
I.  
The Audit Committee and independent directors exercising of their powers 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 28-1. The Company shall establish a Remuneration Committee. More than half of the members should be undertaken by 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 in accordance with the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.”  
I.

Article 28-2. The Company is advised to establish a nomination committee and its articles of association. It is advisable that a majority of the members of said committee be independent directors and an independent director be its chairperson.

Article 28-3. The Company shall establish and announce channels for whistle-blower complaints by internal and external personnel. A whistle-blower protection mechanism shall also be established; the unit for processing whistle-blower complaints shall possess a degree of independence, encrypt and protect the files provided by the whistle-blower, impose appropriate access restrictions, formulate internal operational procedures and incorporated into the internal control system for tracking.

Article 29. To improve the quality of financial reports, the Company shall designate a deputy to the chief accounting officer.  
To enhance the professional abilities of the deputy accounting officer as described in the preceding paragraph, the deputy shall undertake the same continuing education program as the chief accounting officer each year.  
Accounting personnel handling the preparation of financial reports shall also participate in relevant professional development courses for six (6) hours or more each year. Those courses may be internal training activities or professional courses offered by accounting officer training organizations.  
The Company shall select as its external auditor a professional, responsible, and independent attesting CPA, who shall perform regular reviews of the financial conditions and internal control measures of the company The Company shall properly review and carry out improvements in response to anomalies or deficiencies

identified or uncovered in a timely manner by the accountant during the audit process, as well as concrete improvements or preventive measures they propose. A communication channel or mechanism should also be established between independent directors, the Audit Committee and attesting CPA. Internal procedures shall also be defined and incorporated into the internal control system for tracking. The Company shall evaluate the independent and suitability of the CPA engaged by the Company on a regular basis (at least once a year). If the Company has not changed the CPA for seven consecutive years, or if the CPA has been subjected to disciplinary action or there are other matters prejudicial to their independence, then a change of CPA should be studied and the result of the evaluation reported to the Board of Directors.

Article 30. The Company should engage professional and competent attorneys to provide the Company with appropriate legal consultation services, or to assist the Board of Directors and the management with improving their legal knowledge. This will help the Company and the relevant personnel avoid violating the law, and help ensure that the Company's corporate governance operations are operating in accordance with the relevant legal framework and procedures.

If any directors or the management is subjected to litigation during the performance of their duties or becomes involved in a dispute with shareholders, legal counsel shall be retained by the Company if necessary.

The Audit Committee or independent directors may retain the services of legal counsel, CPA, or other professionals on behalf of the Company on matters related to the exercise of their power. The expense shall be met by the Company.

#### Section 4. Board Meeting Rules of Procedure and Decision-Making Procedure

Article 31. The Company Board of Directors shall be convened at least once a quarter. Extraordinary meetings may be convened at any time in an emergency. To convene a board meeting, a meeting notice stating the purpose of the meeting shall be sent to each director no later than 7 days before the scheduled date. If the information provided is inadequate, directors may ask for more information or the Board of Directors may postpone its decision.

The Company shall define rules governing Board of Directors meetings which shall follow the Regulations Governing Procedure for Board of Directors Meetings of Public Companies with regard to the content of deliberations, procedures, matters to be recorded in the

meeting minutes, public announcements, and other matters for compliance.

Article 32. Company directors shall exercise a high degree of self-discipline. If a director or the legal entity they represent is an interested party with respect to any proposal put before the Board, the director shall state material aspects of their interest during the meeting. If a conflict-of-interest exists with the Company, the director shall recuse him- or herself from the discussion and voting. The director may not act as the proxy for another director during the voting either.

Matters requiring voluntary recusal by a director shall be explicitly stated in the Rules of Procedure for Board of Directors Meetings.

Article 33. Independent directors shall attend in person on matters that should be brought before the Board of Directors under Article 14-3 of the Securities and Exchange Act, and may not appoint non-independent directors to act as their proxy. The dissenting or qualified opinions of independent directors shall be recorded in the minutes of the Board meeting; if an independent director who cannot attend the Board meeting in person has a dissenting or qualified opinion, this should be submitted in writing in advance and recorded in the minutes unless there is a good reason for not doing so.

Decisions made by the board of directors shall be noted in the meeting minutes and submitted the MOPS for announcement before the start of trading on the next business day after the Board Meeting if any of the following circumstances apply:

- I. An independent director has a dissenting or qualified opinion which is on record or stated in a written statement.
- II. The matter was not approved by the Audit Committee but was approved by more than two-thirds of all directors.

When the Board of Directors is convened, managers from relevant departments who are not directors may be notified to sit in at the meetings, report on the current business conditions of the company and respond to inquiries raised by the directors depending on the content of the proposals put before the Board. The CPA, legal counsel or other professionals may also be invited to sit in at the meetings to assist the directors with understanding the Company's current situation and making the right decision. They must also leave the meeting during the discussion and voting.

Article 34. Staff in attendance at Board meetings shall faithfully record the meeting minutes, a summary of the discussion on each proposal, the decision method and outcome.

The Board meeting minutes must be signed or stamped with the chop of the chairperson and secretary then delivered to each director within 20 days of the meeting. The Board meeting attendance book is a part of the minutes and shall be treated as important corporate records to be permanently archived for the existence of the Company. The meeting minutes may be prepared, distributed and archived in an electronic format.

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

If litigation relating to resolutions made by the Board occurs before the expiration of the retention period in the preceding paragraph, the above rules does not apply and the audio or video recordings shall continue to be retained.

For Board meetings that took place through video-conferencing, the audio and video data of the meeting form a part of the meeting minutes and shall be retained permanently.

Where a resolution of the Board of Directors violated the laws, regulations, articles of incorporation, or a resolution adopted by the shareholders meeting resulting in harm to the Company, dissenting directors whose dissent is on record will not be held liable for compensation.

Article 35. The Company shall submit the following matters to the Board of Directors for discussion:

- I. Corporate business plans.
- II. Annual and semi-annual financial reports. Semi-annual financial reports which do not need to be audited and attested by a CPA under the law are exempt from this requirement.
- III. Adoption or amendment of the internal control system in accordance with Article 14-1 of the Securities and Exchange Act, and assessment on the effectiveness of internal control system .
- IV. Adoption or amendment of handling procedures for material financial actions such as the acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others in accordance with Article 36-1 of the Securities and Exchange Act.
- V. The offering, issuance, or private placement of any equity-type securities.
- VI. Performance evaluation of managerial officers and their standard of remuneration.
- VII. Remuneration structure and system for directors.



- VIII. The appointment or removal of a financial, accounting, or internal auditing officer.
- IX. Donations to related parties or material donations to non-related parties. Charitable donations towards emergency relief for major natural disasters can be submitted to the next meeting of the Board for retroactive recognition.
- X. Any decisions that must be resolved in a shareholder meeting or a board of directors meeting as required by Article 14-3 of the Securities and Exchange Act, relevant regulations or Articles of Incorporation, and any major issues prompted by the competent authority. .

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

Article 36. The Company shall ask the appropriate corporate department or personnel to execute matters pursuant to Board of Directors' resolutions in a manner consistent with the planned schedule and objectives. It shall also follow up on those matters and faithfully review their implementation.

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

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

Article 37. Members of the Board of Directors shall faithfully conduct their duties and fulfill the duty of care of a good administrator. 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.

It is advisable that the Company formulate rules and procedures for board of directors performance assessments. Each year, in respect of the board of directors and individual directors, it shall conduct regularly scheduled performance assessments through self-assessments or peer-to-peer assessments, and may also do so through outside professional institutions or in any other appropriate manner. A performance assessment of the board of directors shall include the following aspects,

and appropriate assessment indicators shall be developed in consideration of the Company's needs:

- I. Level of participation in the Company's operations.
- II. Improvement in the quality of decision making by the Board of Directors.
- III. The composition and structure of the Board of Directors.
- IV. The appointment and continuing education of directors.
- V. Internal controls.

The performance evaluation of Board directors (self- or peer-to-peer assessment) should encompass the following aspects with adjustments made based on the requirements of the Company:

- I. Understanding of the Company's goals and missions.
- II. Understanding of a director's duties.
- III. Level of participation in the Company's operations.
- IV. Internal relationship management and communications.
- V. The professionalism the director and continuing education.
- VI. Internal controls.

It is advisable that the Company conduct performance assessments of a functional committee, covering the following aspects, with appropriate adjustments made on the basis of the Company's needs:

- I. Level of participation in the Company's operations.
- II. Awareness towards duties of the functional committee.
- III. Improvements to the quality of decisions made by the functional committee.
- IV. Composition of the functional committee and selection of committee members.
- V. Internal controls.

Performance evaluation of individual directors should be reported to the board of directors, and used as reference for remuneration and nomination in subsequent periods

Article 37-1. The Company should 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 operations.

Article 37-2 The board of directors is advised to evaluate and monitor the following aspects of the 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:

- I. Formulate intellectual property regulatory policies, objectives and systems that are slightly associated with the operational strategies.
- II. Develop, implement and maintain on the basis of scale and form its regulatory systems governing the procurement, protection, maintenance and utilization of intellectual properties.
- III. Identify and provide the necessary resources sufficient to ensure effective implementation and maintenance of the intellectual property regulatory system.
- IV. Observe internally and externally the risks and opportunities that intellectual property regulation may present and adopt corresponding measures.

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 38. If a resolution of the Board of Directors violates the law, regulations or the Company's articles of incorporation, Board members shall take appropriate action or halt the implementation of related resolutions upon being asked to do so by shareholder of over one year's standing, or when the independent director has notified the Board to halt the implementation of the resolution.

When a Board member finds that the Company is at risk of suffering material losses, action shall be taken in accordance with the preceding paragraph. The matter shall also be reported to the Audit Committee or independent directors on the Audit Committee immediately.

Article 39. The Company shall purchase liability insurance policies to insure itself against liabilities that arise from performance of directors' duties for the entirety of service duration to reduce and spread the risk of material harm to the Company and shareholders arising from the mistake or negligence of a director.

When the Company purchases or renews liability insurance for directors, material details such as the insured amount, coverage, and premiums shall be reported at the next Board meeting.

Article 40. Members of the Board of Directors should upon their appointment or during their term, 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 and

Supervisors of TWSE/TPEX Listed Companies.” They shall also work to strengthen the professionalism and legal knowledge of employees at all levels.

## Chapter 4. Empowering the Audit Committee

### Section 1. Function of the Audit Committee

Article 41. The Company shall take overall operational requirements into account in setting a minimize size for the Audit Committee in accordance with the rules of the TWSE or TPEX.

The aggregate shareholding of all Audit Committee shall comply with the statutory threshold. Restrictions on share transfers by each Audit Committee member and the creation, release, or changes of any pledges over the shares held by each member shall be subject to the relevant laws and regulations. Full disclosure shall also be provided on all relevant information.

Article 42. (Deleted).

Article 43. Unless otherwise approved by the competent authority, at least one member of the Audit Committee must not be related by marriage or second degree of kinship to other members of the Audit Committee or non-independent directors.

The Company should refer to the provisions on independence in the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” in selecting suitable members of the Audit Committee to enhance risk management as well as the financial and operational control of the company.

Audit Committee members should have a place within residence within the country to ensure the timely performance of their supervisory function.

### Section 2. Powers and Duties of the Audit Committee Members

Article 44. Audit Committee members shall be familiar with the relevant laws and regulations, understand the rights, duties and responsibilities of Company directors, as well as the functions, duties and operations of each department. Audit Committee members shall attend meetings of the Board to supervise its operation and state their opinion when appropriate to identify or monitor any anomalies early.

The Company shall explicitly define the remuneration for Audit Committee members in the articles of incorporation, or by a resolution of the shareholders meeting.

Article 45. Audit Committee members shall supervise the operation of the Company as well as directors and managerial officers' fulfillment of their duties. They should also pay attention to the execution of the Company's internal control system to reduce financial and business risks.

Where a director enters into a sale/purchase or loan transaction, or conducts any other legal actions with the company on his/her or another person's behalf, an independent director on the Audit Committee shall act as the representative of the Company.

Article 46. Audit Committee members may investigate the Company's operations and financial status at any time. The relevant Company departments shall cooperate with providing the necessary accounts and documents for the investigation, copy or duplicate.

Audit Committee member may retain attorneys or accountants on behalf of the Company when investigating the Company's finances or operations. The Company must however inform the relevant persons of their non-disclosure obligations.

The Board of Directors or managerial officers shall submit reports upon request to Audit Committee members. They may not obstruct, circumvent, or reject investigations by Audit Committee members for any reason.

The Company shall provide Audit Committee members with any necessary assistance during the performance of their duties and meet any reasonable costs incurred as a result.

Article 47. To facilitate the timely discovery of irregular conduct by Audit Committee members, the Company shall establish channels for employees, shareholders and stakeholders to communicate with Audit Committee members.

When irregular conduct is identified by Audit Committee members, appropriate measures shall be taken in a timely manner to prevent the irregularity from worsening. The matter shall be reported to the competent authority or units if necessary.

When an independent director, president, officer of financial, accounting, R&D and internal audit departments, or attesting CPA resigns or is replaced, the reason shall be investigated by the Audit Committee.

Audit Committee members are liable for compensation if their negligence results in damage to the Company.

Article 48. When Audit Committee members separately exercise their supervisory powers, they may convene a meeting to exchange opinions with each other if they feel it is in the overall interests of the Company and shareholders. This may not infringe on the independence of each Audit Committee member in the performance of their duties however.

Article 49. The Company shall purchase liability insurance policies to insure itself against liabilities that arise from performance of Audit Committee's duties for the entirety of service duration, and thereby reduce and diversify risk of major losses suffered by the Company and its shareholders as a result of mistakes or negligence by Audit Committee members.

Once the Company has purchased or renewed director liability insurance, main details such as the sum assured, scope of coverage and the premium rate shall be reported in the upcoming board meeting.

Article 50. Members of the Audit Committee should upon their appointment or during their term, 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 and Supervisors of TWSE/TPEX Listed Companies.”

#### Chapter 5. Respecting the Rights and Interests of Stakeholders

Article 51. The Company shall maintain open channels of communications with its banks and other creditors, employees, consumers, suppliers, local community, or other stakeholders. The Company shall also respect and protect their legal rights and interests, and set up a stakeholder section on the corporate website.

If any legal rights or interests of stakeholders are infringed upon, the company shall handle the matter in a proper manner and in good faith.

Article 52. The Company shall provide sufficient information to banks and its other creditors to facilitate their evaluation and decision-making on the Company's operating and financial situation. If their legal rights

and interests are infringed upon, the Company shall respond in a positive manner and take responsibility for ensuring that creditors can obtain compensation through suitable channels.

Article 53. The Company shall establish channels of communication with employees, and encourage employees to communicate directly with the management and directors their opinions on the Company's operating and financial situation, as well as decisions that have a material impact on employee welfare.

Article 54. The Company shall pay attention to the rights and interests of consumers, environmental protection in the local community, public interest and other topics during the course of normal business development and the maximization of shareholder returns. The Company shall also pay attention to its social responsibility.

## Chapter 6. Improving Information Transparency

### Section 1. Enhancing Disclosure

Article 55. Disclosure is an important duty of the Company. The Company shall faithfully fulfill its obligations in accordance with the relevant laws, regulations, and rules of the TWSE and TPEX.

The Company shall publish and make official filing of annual financial report within two months after the end of an accounting period, and publish/file Q1, Q2 and Q3 financial reports along with monthly business performance before the required due dates.

The Company shall establish an Internet-based reporting system for public information, designate dedicated personnel for the collection and disclosure of Company information, and establish a spokesperson system to ensure that information that may influence the decision-making of shareholders and stakeholders can be disclosed in a proper and timely manner.

Article 56. To enhance the accuracy and timeliness of material disclosures, the Company shall appoint personnel with a thorough understanding of the Company's financial and operating situation, or capable of coordinating different departments for the gathering of relevant information, and able to speak for the Company on their own to serve as the spokesperson or deputy spokesperson(s).

The Company shall designate at least one deputy spokesperson. If the spokesperson is unable to fulfill their speaking duties, each deputy

spokesperson must be capable of representing the Company on their own. The relative precedence of deputy spokespersons must also be established to prevent any confusion.

The Company shall explicitly define a unified order of precedence as part of the spokesperson system. The management and employees shall also be required to maintain the confidentiality of business secrets and not release any information without authorization.

Any changes in the spokesperson or deputy spokespersons shall be disclosed immediately.

Article 57. To keep shareholders and stakeholders fully informed, the Company shall exploit the convenience offered by the Internet in setting up a website containing information on the Company's finances, operations, and corporate governance. The Company should also provide an English version of financial, corporate governance, and other relevant information if possible.

The above-mentioned website shall be maintained by designated personnel. The posted information shall be comprehensive, accurate and kept up to date at all times to avoid misdirection.

Article 58. The Company shall hold investor conferences in accordance with the regulations of the TWSE and TPEX. Audio or video recording of the conference shall also be retained. Financial and business information disclosed during the investor conference shall be disclosed on the MOPS. It shall also be possible to make queries through the Company website or other suitable channels.

## Section 2. Disclosure on Corporate Governance

Article 59. The Company shall dedicate a space on its website to disclose and update from time to time the following information regarding corporate governance:

- I. Board of directors: such as resumes and authorities and responsibilities of board members, board member diversification policy and the implementation thereof.
- II. Functional committees: such as resumes and authorities and responsibilities of members of each functional committee.
- III. Corporate governance bylaws: such as articles of incorporation, procedure of board of directors meetings, charter of each functional committee, and other relevant corporate governance bylaws.



IV. Important corporate governance information: such as information of establishment of corporate governance executive officers.

#### Chapter 7. Supplementary Provisions

Article 60. The Company shall continue to monitor domestic and international developments in corporate governance to provide a basis for the review and improvement of the Company's own corporate governance mechanisms to improve their performance.

Article 61. These Principles must be passed by a resolution of the Board of Directors to take effect. Any amendments shall follow the same procedure.

These Principles were formulated on March 4, 2016.

These Principles were amended on November 1, 2016.

These Principles were amended on May 3, 2019.

The Principles were amended on March 23, 2020.

The Principles were amended on February 25, 2022.

The Principles were amended on November 10, 2022