

# **SYSAGE Technology Co., Ltd.**

## **Corporate Governance Best Practice Principles**

### **Chapter 1 General Provisions**

#### Article 1

To establish a sound corporate governance system, these Principles are established in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and disclosed on the Market Observation Post System (MOPS) to provide a reference and build an effective framework for corporate governance.

#### Article 2

In addition to complying with relevant laws, regulations, the Articles of Incorporation, contracts signed with the Taiwan Stock Exchange (TWSE), and other relevant regulations, the Company shall follow the principles below when establishing the corporate governance system:

- I. Protecting the rights and interests of shareholders.
- II. Strengthening the competence of the Board of Directors.
- III. Respecting the rights and interests of stakeholders.
- IV. Enhancing information transparency.

#### Article 3

Based on the Regulations Governing Establishment of Internal Control Systems by Public Companies and taking into consideration the overall operational activities of the Company and its subsidiaries, the Company shall design and unflinchingly implement an internal control system and constantly review the system to cope with internal and external environmental changes and thereby ensure the continued effectiveness of the system's design and implementation.

In addition to thorough self-assessment of the internal control system, the Board and management shall review the results of self-assessment of each department at least once a year and audit the audit reports of the internal audit unit on a quarterly basis. The Audit Committee shall keep track of and supervise the related matters. Directors shall periodically hold meetings with internal auditors to review defects in the internal control system. Records shall be maintained for follow up and improvements shall be made, and reports shall be submitted to the Board.

The Company's management shall value the internal audit unit and its personnel and give them full power to facilitate the inspection and assessment of the problems in the internal control system and measure the efficiency of the system's operation to ensure the continued effectiveness of the implementation of the system. The internal audit unit shall also assist the Board and management in performing their duties effectively to ensure a sound corporate governance system.

The appointment, dismissal, performance evaluation, remuneration, and reward of internal auditors shall be reported to the Board or approved by the chief auditor followed by the chairperson.

#### Article 3-1

In addition to assigning an adequate number of qualified corporate governance personnel based on size, scale of operations, and management needs, the Company shall designate a chief corporate governance officer (CCGO) according to the requirements of the competent authorities and TWSE as the highest ranking officer in charge of corporate governance. The CCGO shall hold a license as a practicing lawyer or accountant or have been the unit head in charge of affairs related to legal, legal compliance, internal audit, finance, stock service, or corporate governance for a minimum of three years.

The above affairs related to corporate governance shall include at least the following:

- I. Proceeding with matters related to the Board meetings and meetings of shareholders in accordance with law.
- II. Producing the minutes of Board meetings and meetings of shareholders.
- III. Assisting directors in taking up their offices and engaging in continuing professional development.
- IV. Providing directors with the information required for business implementation.
- V. Assisting directors with legal compliance.
- VI. Other matters as stated in the Articles or Incorporation or contracts.

## **Chapter 2 Protection of the Rights and Interests of Shareholders**

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

#### Article 4

Protecting the rights and interests of shareholders shall be the ultimate goal of the Company's corporate governance system. The Company shall establish a corporate governance system that ensures the full acknowledgement, participation, and right to decision-making of the Company's material issues of shareholders.

#### Article 5

The Company shall convene the meetings of shareholders in accordance with the Company Act and the related laws and regulations and establish well-planned rules of procedure for such meetings. Matters required for resolution by the meeting of shareholders shall be resolved in accordance with the rules of procedure.

Resolutions made by the meeting of shareholders shall comply with the laws and regulations and the Company's Articles of Incorporation.

## Article 6

The board of directors shall make appropriate arrangements regarding the proposals and procedure of the shareholders meeting, and shall set in place procedures by which shareholders can nominate directors and make proposals before the shareholders meeting, and shall properly handle resolution proposals made by shareholders. The shareholders meeting shall be held in a convenient location, may be supplemented by video, shall allocate sufficient time for the meeting procedures, and shall designate sufficient and able personnel to handle the meeting registration procedures. Identification documents required for shareholders shall not be arbitrarily changed or added. Each resolution before the shareholders meeting shall be considered with adequate time for discussion, and with shareholders given adequate speaking opportunities.

Meetings of shareholders convened by the Board shall be chaired by the chairperson in person and attended by over one half of all directors (including at least one independent director), the convener of the Audit Committee, and at least one representative from each functional committee in person. The attendance of these members shall be registered in the minutes of the meeting.

## Article 7

The Company shall encourage shareholders to participate in corporate governance and engage a professional stock services agent to handle affairs related to the meetings of shareholders to ensure that meetings of shareholders are held legally, effectively, and safely. The Company shall seek all ways and means, including fully exploiting technology for information disclosure, to concurrently upload both the Traditional Chinese and English versions of the Company's annual reports, annual financial statements, and the notices, agendas, and supplementations of meetings of shareholders. The Company shall also adopt electronic voting to enhance the attendance rate of shareholders at the meetings of shareholders and ensure their exercise of rights at such meetings in accordance with law.

The Company should avoid raising extraordinary motions and amendments to the original proposals at meetings of shareholders

The Companies should arrange time in the agenda for shareholders to vote on each separate proposal and post the voting results, including the votes cast for and against and the number of abstentions, on the MOPS on the same day after meeting adjournment.

## Article 8

The Company shall record the following in the minutes of the meeting of shareholders in accordance with the Company Act and the related laws and regulations: the date, place, name of the chair, and the methods of making resolutions of the meeting; a summary of the essential points of the proceedings and the results of the meeting; and the voting method of the directorial election, if held, and the total number of votes for the directors elected.

The minutes of the meetings of shareholders shall be properly preserved permanently for the duration of the Company's legal existence and fully disclosed on the corporate website.

#### Article 9

The chair of the meetings of shareholders shall be fully familiar and comply with the rules of procedures established by the Company and maintain the smooth progress of the meeting agenda without adjourning the meeting at will.

To protect the rights and interests of the majority of shareholders, if the chair adjourns the meeting in violation of the rules of procedure, other Board members shall quickly assist shareholders attending the meeting in electing a new meeting chair according to the statutory procedure with the majority of the votes represented by the attending shareholders to continue the meeting.

#### Article 10

The Company shall emphasize the shareholder's right to be informed and shall faithfully comply with the related regulations governing information disclosure to regularly and in a timely manner keep shareholders informed of the information on the Company's finance, operations, insider shareholdings, and corporate governance via the MOPS or corporate website.

To treat all shareholders equally, the Company should concurrently disclose the said information in English.

To protect the rights and interests and ensure the equal treatment of shareholders, the Company shall establish a set of internal regulations to inhibit company insiders from trading securities with information not disclosed on the market.

The rules mentioned in the preceding paragraph shall 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 which includes (but is not limited to) that directors are not allowed to trade their shares during closed periods of thirty days prior to the annual financial reporting announcement and fifteen days prior to the quarterly financial reporting announcement.

#### Article 11

Shareholders shall be entitled to share the Company's profit. To ensure the investment interests of shareholders, the meeting of shareholders may audit the statements and books prepared and submitted by the Board and the reports submitted by the Audit Committee in accordance with Article 184 of the Company Act and decide on profit distribution and deficit off-setting by resolution. The meeting of shareholders may designate auditors to perform the said audits.

The meeting of shareholders may apply to a court of law to designate an auditor to audit the Company's accounting records, assets, particulars, and the documents and records of specific transactions in accordance with Article 245 of the Company Act.

The Board, Audit Committee, and managers shall fully cooperate with the said audits conducted by the auditor without circumvention, obstruction, or rejection.

#### Article 12

When engaging in such material financial and business transactions as acquisition or disposal of assets, lending funds, and making endorsements or providing guarantees, the Company shall handle such transactions in accordance with the relevant laws and regulations and establish relevant operating procedures and submit these to the meeting of shareholders for approval to protect the rights and interests of shareholders.

When the Company is involved in a merger, acquisition, or public tender offer, in addition to handling it according to the related laws and regulations, the Company shall pay attention to the fairness and reasonability of the plan and transaction of the merger, acquisition, or public tender offer as well as the information disclosure and the soundness of the Company's financial structure afterwards.

Personnel handling the matters related to the merger, acquisition, or public tender offer in the preceding paragraph shall pay attention to the need for avoiding conflicts of interest.

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

#### Article 13

To protect the rights and interests of shareholders, the Company should designate responsible personnel to handle the recommendations, inquiries, and disputes of shareholders.

The Company shall properly deal with the legal actions taken by shareholders to claim for damage to their rights and interests caused by a resolution adopted by the meeting of shareholders or the Board in violation of laws, regulations, or the Company's Articles of Incorporation, or by directors or managers in violation of laws, regulations, or the Company's Articles of incorporation while performing their duties.

The Company should establish internal operating procedures to appropriately handle the matters stated in the preceding two paragraphs, maintain relevant records in writing for reference, and incorporate such procedures in the internal control system for control.

#### Article 13-1

It is the Board's responsibility to establish a mechanism for interacting with shareholders to improve the mutual understanding of the development of the Company's goals.

## Article 13-2

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

## **Section 3 Corporate Governance Relationships Between the Company and Affiliates**

### Article 14

The management objectives and authority and responsibility of personnel, assets, and finance between the Company and affiliates shall be clarified, risk assessments shall be implemented properly, and appropriate firewalls shall be established.

### Article 15

Unless otherwise provided for by laws and regulations or with the Company's prior approval, managers shall not concurrently be managers of affiliates.

Directors engaging in transactions within the Company's scope of business for themselves or others shall explain the major contents of such transactions to the meeting of shareholders and acquire its consent.

### Article 16

Apart from establishing proper objectives and systems for managing finance, operations, and accounting in accordance with the relevant laws and regulations, the Company and affiliates together shall properly conduct integrated risk assessments of the major transaction banks, customers, and suppliers and adopt the necessary control mechanisms to lower credit risk.

### Article 17

When conducting business with affiliates, the Company shall sign a written agreement governing the relevant financial and business operations between both parties upon the principles of fairness and reasonableness. The price and payment terms shall be clearly stipulated in such agreements, and non-arm's length transactions shall be eliminated.

All transactions or agreements between the Company and a related party and its shareholders shall be subject to the principles set forth in the preceding paragraph, and pay-to-play is strictly prohibited.

## Article 18

Corporate shareholders having controlling power over the Company shall comply with the following:

- I. Maintain good faith to other shareholders and not directly or indirectly cause the Company to engage in non-arm's length or other disadvantageous transactions.
- II. Its representatives shall exercise voting rights at the meetings of shareholders upon the principle of good faith and in the best interest of all shareholders in accordance with the Rules Governing the Exercise of Rights and Participation in Resolutions by Legal Person Shareholders with Controlling Power and exercise the fiduciary duty and duty of care as a director.
- III. Nominate directorial candidates in accordance with the relevant laws and regulations and the Company's Articles of Incorporation without overstepping the authority of the meeting of shareholders and the Board.
- IV. No improper intervention with corporate policy-making or obstruction of corporate operational activities.
- V. Neither limit nor interfere with the Company's production and operations by means of unfair competitions such as monopolizing procurements or foreclosing sales channels.
- VI. Assign a corporate representative with the required expertise as the director without arbitrary replacement.

## Article 19

The Company shall retain at all times a list of major shareholders holding a relatively higher percentage of shares and having controlling power over the Company and a list of the ultimate controllers of such shareholders.

The Company shall disclose periodically the important information regarding the pledge, increase, or reduction of shares of shareholders holding over 10% of the Company's outstanding shares, or other matters that may possibly trigger a change in the ownership of shares to facilitate the supervision of other shareholders.

"Major shareholders" as stated in the first paragraph refers to shareholders holding 5% or more of the Company's outstanding shares or the top ten shareholders by stake. However, the Company may set a lower shareholding threshold according to the actual shareholding that controls the Company.

## **Chapter 3 Enhancement of Board Competence**

### **Section 1 Structure of the Board**

#### Article 20

The Board shall direct corporate strategies, supervise the management, and take responsibility for to the Company and shareholders. All operations and arrangements of corporate governance shall ensure that the Board exercises its powers according to the laws and regulations, the Company's Articles of Incorporation, or the resolutions of the meetings of shareholders.

A minimum of five directors is determined for the Board with respect to the scale of operations, corporate development, the structure of shareholders, and practical operational needs.

Diversity shall be considered for Board composition. It is advisable that no more than one third of directors shall concurrently serve as corporate managers, and an appropriate policy on diversity shall be established based on the Company's operation, business model, and development needs. The policy should include, but not be limited to, the following two general standards:

- I. Basic requirements and value: Gender, age, nationality, and culture.
- II. Professional knowledge and skills: Professional backgrounds (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

Board members shall be equipped with the knowledge, skills, and competencies required for performing their duties. To achieve the ideal goal of corporate governance, the Board shall be equipped with the following abilities:

- I. Ability to make operational judgments.
- II. Ability to perform accounting and financial analysis.
- III. Ability to conduct operations and administration.
- IV. Ability to conduct crisis management.
- V. Knowledge of the industry.
- VI. An international market view.
- VII. Leadership ability.
- VIII. Policy-making ability.

#### Article 21

The Company shall establish fair, impartial, and open procedures for electing directors based on the principles of protecting the rights and interests and equitable treatment of shareholders and encourage shareholder participation. The Company shall also adopt the cumulative voting mechanism in accordance with the Company Act to fully reflect the views of shareholders.



Unless the competent authority otherwise grants an approval, no spousal relationship or familial relationship within the second degree of kinship is allowed in over one half of the Company's directors.

When the number of directors falls below five due to the discharge of directors for any reason, the Company shall hold a by-election of directors in the next meeting of shareholders. When the number of directors falls short by one third of the total number prescribed in the Articles of Incorporation, the Company shall convene an extraordinary meeting of shareholders within 60 days after the occurrence of the fact for a by-election of directors.

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

#### Article 22

The Company shall specify in the Articles of Incorporation that the candidate nomination system is adopted for directorial elections in accordance with the laws and regulations of the competent authorities, carefully review the qualifications of nominees and the candidate restrictions set forth in Article 30 of the Company Act, and proceed with the election in accordance with Article 192-1 of the Company Act.

#### Article 23

The Company shall clearly define the duties and responsibilities of the chairperson and the president.

It is inappropriate for the chairperson to also act as the president or play an equivalent role. If the chairperson is also the president or both roles have a spousal relationship or are relatives of kinship within the first degree, it is advised to increase the number of independent directors.

The Company shall clearly define the duties and responsibilities of each functional committee, if any.

### **Section 2 Independent Director System**

#### Article 24

The Company shall appoint a minimum of three independent directors in accordance with the Articles of Incorporation, and the number of independent directors may not be less than one third of the total number of directors.

Independent directors shall be equipped with professional knowledge, and their shareholding shall be limited. In addition to following the related laws and regulations, it is inappropriate for independent directors to be directors (including independent directors) or supervisors of over five TWSE/TPEX listed companies. Independent directors shall also maintain independence within the scope of their directorial duties and shall have no direct or indirect interests in the Company.

If the Company and its business group and another company and its affiliates and organizations nominate for each other any director, supervisor, or manager as a candidate for an independent director of the other, the Company shall disclose the fact and explain the suitability of the candidate for independent director when receiving the nomination of independent directors. If the candidate is elected as an independent director, the Company shall disclose the number of votes cast in favor of the independent director elected.

“Business group” as stated in the preceding paragraph shall include the Company’s subsidiaries, foundations to which the Company’s cumulative direct or indirect contribution of funds exceeds 50% of its endowment, and other institutions or legal persons effectively controlled by the Company.

Status switching between independent directors and non-independent directors during the term of office is prohibited.

The professional qualifications, limitations on both shareholding and concurrent positions held, determination of independence, method of nomination, and other requirements with regard to the independent directors shall be specified in accordance with the Securities and Exchange Act, the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and the rules and regulations of the Taiwan Stock Exchange or Taipei Exchange.

## Article 25

The Company shall submit the following matters to the Board for approval by resolution in accordance with the Securities and Exchange Act. The dissenting opinions or qualified opinions held by independent directors shall be noted in the minutes of the Board meeting:

- I. Establishment or amendment of the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
- II. Establishment of or amendment to the procedures for material financial and business transactions including the acquisition and disposal of assets, engagement in derivatives trading, lending funds to others, making endorsements or providing guarantees for others in accordance with Article 36-1 of the Securities and Exchange Act.
- III. Matters involving conflicts of interest with a director.
- IV. Transactions of material assets or derivatives.

- V. Lending funds, making endorsements, or providing guarantees to and for others.
- VI. Offering, issuance, or private placement of any marketable securities.
- VII. Hiring, discharge, or compensation of an attesting CPA.
- VIII. Appointment or discharge of a financial, accounting, or internal auditing officer.
- IX. Other material matter as specified by the competent authorities.

## Article 26

The Company shall define the scope of duties of independent directors and empower them with labor and physical support related to the exercise of their powers. The Company or other Board members shall not obstruct, reject or circumvent the performance of duties by the independent directors.

The Company shall stipulate the remuneration for directors in accordance with the related laws and regulations. The remuneration for directors shall fully reflect the personal performance and long-term management performance of the Company, and the overall operational risks of the Company shall also be considered. Different but reasonable remuneration from that of other directors may be set for the independent directors.

## **Section 3 Functional Committees**

### Article 27

To optimize the supervisory function and strengthen the management mechanism, the Board may establish functional committees for auditing, remuneration, nomination, risk management, or any other functions in consideration of the scale and type of operations and the number of Board members. In addition, the Board may also establish committees for environmental protection, corporate social responsibility, or other needs to fulfill corporate social responsibility and achieve sustainable development. These functional committees shall be stated in the Articles of Incorporation.

Functional committees shall answer to the Board and submit their proposals to the Board for approval, except for the Audit Committee which exercises the duty of supervisors in accordance with Article 14-4, paragraph 4 of the Securities and Exchange Act.

Functional committees shall establish organizational charters approved by the Board. The organizational charter shall contain information including the numbers, term of office, and powers of committee members, as well as the rules of procedure and resources provided by the Company for exercising their powers.

## Article 28

The Company shall establish an audit committee. The committee with a minimum of three seats shall be composed of all independent directors. One of them shall be the convener, and at least one member shall specialize in accounting or finance.

The Audit Committee and independent directors shall exercise their powers and implement related matters in accordance with the Securities and Exchange Act, Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the rules and regulations of TWSE.

## Article 28-1

The Company shall establish a remuneration committee. It is advisable that over one half of the committee members are independent directors. The professional qualifications of committee members, the exercise of powers, the establishment of the organizational charter, and related matters shall be subject to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.

## Article 28-2

The Company shall establish and announce channels for internal and external whistleblowers and have a whistleblower protection mechanism in place. The unit accepting whistleblower reports shall be independent, encrypt and protect the files submitted by whistleblowers, and set appropriate access control to such files. The Company shall also establish internal procedures and incorporate such procedures into the internal control system for control.

## Article 29

To improve the quality of financial reports, the Company shall establish a substitute for the chief accounting officer (CAO).

To improve the professional competence of the substitute CAO stated above, the annual continuing professional development of the CAO shall apply *mutatis mutandis* the substitute CAO.

Accounting personnel preparing financial reports shall also participate in relevant professional development courses for a minimum of 6 hours each year. The accounting personnel may participate in the Company's internal training activities or take the professional courses offered by professional development institutions for CAOs.

The Company shall select professional, responsible, and independent CPAs to implement periodic audits of the Company's financial status and internal control performance. The Company shall also faithfully review the anomalies or defects found and disclosed in the audit and the specific corrective and preventive action advised by the CPAs. The Company should establish channels or mechanisms to facilitate communication between the CPAs and independent directors or Audit Committee members and the internal operating procedures and incorporate them into the internal control system for control.

The Company shall assess the independence and suitability of CPAs periodically (at least once a year). If the same CPAs are not replaced for 7 consecutive years or the CPAs are subject to disciplinary action or other circumstances prejudicial to their independence, the Company shall assess the need to replace the CPAs and submit the conclusions to the Board.

#### Article 30

The Company should hire a professional and competent legal counsel to provide appropriate legal consultation services or assist the directors and the management in improving their legal knowledge to prevent any infractions of laws or regulations by the Company or related personnel and ensure that corporate governance is implemented under the relevant legal frameworks and statutory procedures.

If directors or the management are involved in lawsuits or disputes with shareholders while performing their lawful duties, the Company shall retain a legal counsel to provide assistance as necessary.

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

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

#### Article 31

A Board meeting shall be held at least once each quarter or convened as necessary in case of emergency. The purpose of the meeting shall be stated in the meeting notice delivered to all directors seven days before the meeting date. Sufficient meeting materials shall also be prepared and enclosed in the meeting notice. If the meeting materials are deemed insufficient, directors are entitled to request for supplementation or postpone the meeting by resolution of the Board.

The Company shall establish the Rules of Procedure for Board Meetings. The agenda, operating procedures, contents required for recording in the meeting minutes, public announcements, and other compliance requirements for Board meetings shall be subject to the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.

#### Article 32

Directors shall maintain a high degree of self-discipline. When a proposal on the agenda constitutes a conflict of interest, the director or the legal person represented involved in such a conflict shall state the critical conflicting contents at the Board meeting. When there is a threat of harming the Company's interests, they shall not join the discussion and voting on the conflicting proposal, and they shall recuse themselves from the discussion or voting and may not represent other directors to vote.

Matters requiring the voluntary recusal of directors shall be stated in the Rules of Procedure for Board Meetings.

#### Article 33

For matters requiring referral to the Board meeting for approval by resolution as stated in Article 14-3 of the Securities and Exchange Act, independent directors shall attend such Board meetings personally and shall not seek representation by non-independent directors. The dissenting opinions or qualified opinions expressed by independent directors shall be noted in the Board meeting minutes. Except with acceptable reasons, independent directors unable to attend the Board meeting to express the dissenting opinions or qualified opinions in person shall make a written opinion expression in advance. Such expressions shall be noted in the Board meeting minutes.

In addition to stating them in the Board meeting minutes, Board resolutions shall be announced and filed on the MOPS two hours before the beginning of trading hours on the next business day after the Board meeting date under any one of the following circumstances:

- I. An independent director expresses a dissenting or qualified opinion in recorded or written statement.
- II. A matter unapproved by the Audit Committee, if any, but approved by over two thirds of all directors.

Based on the proposals discussed at the meeting, non-director managers from the relevant departments may sit in a Board meeting to report the status of operations and answer the inquiries of directors. Where necessary, a CPA, legal counsel, or other professionals may also sit in the Board meeting to assist the directors in understanding the status of operations to facilitate the making of appropriate resolutions. However, these roles shall leave the meeting during the deliberation or voting.

## Article 34

The notetaker of a Board meeting shall take meeting notes faithfully according to the relevant regulations. These notes shall include the summary of the discussion, the method of making resolutions, and voting results of each proposal.

The Board meeting minutes shall be signed by the chairperson and notetaker of the meeting and delivered to each director within 20 days after the meeting. The director attendance record shall form part of the meeting minutes and shall be treated as an important corporate record and kept safe permanently for the duration of the Company's existence.

Meeting minutes may be produced, distributed, and preserved electronically.

The Company shall maintain an audio or video record of the entire Board meeting and preserve the record for at least five years either electronically or otherwise.

The retention period in the preceding paragraph shall not apply when Board meeting resolutions are involved in lawsuits prior to the expiration of record retention, and such audio or video records shall be preserved continuously.

The audit or video recordings of a virtual Board meeting shall form a part of the meeting minutes and shall be preserved permanently.

When a Board resolution in violation of the laws and regulations or the Company's Articles of Incorporation causes harm to the Company, directors expressing dissenting opinions in recorded or written statements will be exempt from liability for damages.

## Article 35

The Company shall refer the following matters to the Board for discussion:

- I. Corporate business plans.
- II. Annual and semi-annual financial reports, except for semi-annual financial reports for which CPA attestation is not required law.
- III. Establishment of or amendment to the internal control system in accordance with Article 14-1 of the Securities and Exchange Act, and the effectiveness evaluation of the internal control system.
- IV. Establishment of or amendment to the procedures for material financial and business transactions including the acquisition and disposal of assets, engagement in derivatives trading, lending funds to others, making endorsements or providing guarantees for others in accordance with Article 36-1 of the Securities and Exchange Act.
- V. Offering, issuance, or private placement of any marketable securities.

- VI. The performance evaluation and remuneration standard of managers.
- VII. The structure and system of directorial remuneration.
- VIII. Appointment or discharge of a financial, accounting, or internal auditing officer.
- IX. Donations to a related party or major donations to a non-related party, except for charitable donations for the emergency relief of severe natural disasters for which ratification may be made in the next Board meeting.
- X. Matters required for approval by resolution by the meeting of shareholders or Board as stated in Article 14-3 of the Securities and Exchange Act or other laws and regulations or the Company's Articles of Incorporation or material matters as specified by the competent authorities.

Except for matters requiring referral to Board discussion as stated in the preceding paragraph, when it is necessary for the Board in recess to authorize its powers by law or according to the Company's Articles of Incorporation, the level, content, and matter of authorization shall be clearly defined, and no collective authorization may be allowed.

#### Article 36

The Company shall hand over missions assigned by Board resolution to appropriate implementation units or personnel and request them to implement such matters according to the project schedules and targets. Follow-up shall be implemented to audit the status of implementation.

The Board shall keep track of the progress of implementation and present reports at the next Board meeting to ensure that management decisions are faithfully implemented.

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

#### Article 37

Board members shall faithfully conduct corporate business, carry out the duty of care as a good administrator, and exercise powers with a high degree of self-discipline and prudence. Except for matters required for Board resolutions by law or according to the Company's Articles of Incorporation, Board members shall conduct corporate business in exact accordance with the Board resolution.

The Company should establish regulations and procedures for board performance evaluation. In addition to the annual self-evaluation or peer evaluation of the Board and individual directors, performance evaluation may be outsourced to external professional institutions or implemented by other appropriate means. The board performance evaluation shall cover the following aspects, and appropriate indicators shall be established in reference to the Company's needs.



- I. Degree of involvement in the Company's operations.
- II. Improvement of the Board's decision-making quality.
- III. Composition and structure of the Board.
- IV. Election and continuing professional development of directors.
- V. Internal control.

The performance evaluation of Board members (self-evaluation or peer evaluation) shall cover the following aspects, with appropriate adjustments based on the Company's needs:

- I. Understanding of the Company's goals and missions.
- II. Awareness of the duties of directors.
- III. Degree of involvement in the Company's operations.
- IV. Development of internal relationships and communication.
- V. Expertise and continuing professional development of directors.
- VI. Internal control.

The Company should evaluate the performance of functional committees, with evaluation contents covering the following aspects and appropriate adjustments based on the Company's needs:

- I. Degree of involvement in the Company's operations.
- II. Awareness of duties of the committee.
- III. Improvement of the committee's decision-making quality.
- IV. Composition of functional committees and member selection.
- V. Internal control.

The Company should submit the results of performance evaluation to the Board for the reference of determining the remuneration and nomination for the second term of individual directors.

#### 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 as necessary to ensure sustainable development.

#### Article 37-2

The Board should evaluate and supervise the Company's direction and performance in intellectual property operations in terms of the following aspects to ensure that an intellectual property management system (IPMS) is established according to the Plan-Do-Check-Act cycle:

- I. Establish policies, objectives, and systems for intellectual property management in relation to the operational strategies.
- II. Establish, implement, and maintain a system for managing the acquisition, protection, maintenance, and utilization of intellectual property based on the scale and style.
- III. Determine and provide the resources needed to effectively implement and maintain the IPMS.
- IV. Observe internal and external risks and opportunities related to intellectual property management and take countermeasures.
- V. Plan and implement a continuous improvement mechanism to ensure the operation and effectiveness of the IPMS meets the Company's expectations.

#### Article 38

When a shareholder holding shares continuously for over one year or an independent director requests for the suspension of a Board resolution in violation of laws and regulations or the Company's Articles of Incorporation, Board members shall take appropriate action or suspend the said resolution as quickly as possible.

After detecting likely harm to the Company, Board members shall take action according to the preceding paragraph and immediately report to the Audit Committee or the independent directors who are members of the Audit Committee.

#### Article 39

The Company shall arrange liability insurance for directors during their term of office to cover the damage liability within the scope of their business to lower and spread the risk of significant harm caused to the Company and shareholders by the mistakes or negligence of directors.

After arranging or renewing the liability insurance for directors, the Company shall report to the upcoming Board meeting the insured amount, coverage, premium rate, and other material information of the liability insurance.

#### Article 40

Before taking up or during the office, Board members should constantly participate in professional development courses covering such governance-related topics as finance, risk management, business, commerce, accounting, law, or corporate social responsibility offered by institutions designated in the Company's Directions for the Implementation of Continuing Education for Directors and Supervisors and instruct employees at all levels to improve their professional and legal knowledge.

## **Chapter 4 Respect for the Rights and Interests of Stakeholders**

### Article 41

The Company shall maintain unfettered communication channels with transaction banks and creditors, employees, consumers, suppliers, communities, or other interested parties; respect and maintain their legal rights and interests; and designate a stakeholder section on the Company's website.

When the legal rights or interests of stakeholders are harmed, the Company shall take appropriate action upon the principle of good faith.

### Article 42

The Company shall provide sufficient information for banks and creditors to facilitate their evaluation of the Company's operational and financial conditions and decision-making. When their legal rights or interests are harmed, the Company shall make a positive response and ensure that creditors are compensated through proper means in a responsible manner.

### Article 43

The Company shall establish channels for communication with employees and encourage employees to communicate directly with the management and directors to appropriately reflect their opinions on the Company's management, finance, and important decisions involving the employee's interests.

### Article 44

When maintaining normal business development and maximizing profit for shareholders, in addition to paying attention to the rights and interests of consumers, environmental protection of local communities, and public interests, the Company shall emphasize corporate social responsibility.

## **Chapter 5 Enhancement of Information Transparency**

### **Section 1 Strengthening Information Disclosure**

#### Article 45

Information disclosure is the Company's major responsibility. The Company shall faithfully perform its obligations in accordance with the related laws and regulations and the rules of TWSE.

The Company should publish and file the annual financial report within two months after the end of the fiscal year, as well as the financial reports for the first, second, and third quarters and monthly performance before the specified deadline.

Besides establishing an open online information reporting system, the Company shall designate responsible personnel to gather and disclose corporate information and establish a spokesperson system to ensure the timely and fair disclosure of information that may affect the decision-making of shareholders and stakeholders.

#### Article 46

To enhance the accuracy and timeliness of disclosure of material information, the Company shall designate a spokesperson and acting spokespersons who thoroughly understand the Company's financial and business situations or who can coordinate departments to provide relevant information and represent the Company in making statements independently.

The Company shall designate more than one acting spokesperson who can represent the Company in making statements externally when the spokesperson cannot perform their duties. However, the order of authority shall be established to avoid confusion.

To ensure the operability of the spokesperson system, the Company shall standardize the process of making external statements and request the management and employees to keep confidential the Company's financial and trade secrets and not disclose such information without permission.

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

#### Article 47

To keep shareholders and stakeholders fully informed, the Company shall set up a corporate website with the convenience of the internet to disclose information regarding the Company's finances, operations, and corporate. The Company should also provide financial, corporate governance, and other relevant information in English.

To avoid misleading information, the said website shall be maintained by specified personnel, and the information provided shall be accurate, detailed, and updated in a timely manner.

#### Article 48

The Company shall hold investor conferences in compliance with the regulations of TWSE and maintain records with audio or video recordings. The financial and business information disclosed at the investor conference shall also be disclosed on the MOPS as requested by TWSE and accessible on the Company's website or through other channels.

## **Section 2 Disclosing Corporate Governance Information**

### Article 49

The Company shall set up a special area in its website to disclose the following related

information about corporate governance and update it continuously:

- I. Board of Directors: such as the curriculum vitae of board members and their rights and responsibilities, the policy of board membership diversity and its implementation.
- II. Functional Committees: such as the curriculum vitae of the members of the functional committees and their powers and responsibilities.
- III. Relevant rules and regulations on corporate governance: such as the Company's Articles of Incorporation, the board of directors' deliberations and the organizational rules of the functional committees.
- IV. Important information related to corporate governance: such as information on setting up a corporate governance officer.

## **Chapter 6 Supplementary Provisions**

### Article 50

The Company shall keep constant track of domestic and international developments in corporate governance for the reference of reviewing and improving the Company's own corporate governance system to enhance the effectiveness of corporate governance.

### Article 51

These Principles shall be implemented upon the approval of the Board. The same shall apply to amendments thereto.

These Principles were established on May 12, 2017.

The 1st amendment was made on May 10, 2019.

The 2nd amendment was made on February 25, 2021.

The 3rd amendment was made on May 5, 2022.