

## ASMedia Technology Inc. Corporate Governance Best Practice Principles

### 1. Foreword

#### Article 1

The Corporate Governance Best Practice Principles (the “**Principles**”) were adopted pursuant to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies by the ASMedia Technology Incorporated (the “**Company**”) in order to set up a robust governance structure.

#### Article 2

To establish the corporate governance system, the Company shall not only comply with the law, the Articles of Incorporation, contracts signed with the competent authorities and relevant regulations, but also adhere to the following principles:

1. Protect shareholders’ rights and interests.
2. Strengthen the Board of Directors’ responsibilities and functions.
3. Fulfill the Audit Committee’s functions.
4. Respect stakeholders’ rights and interests.
5. Improve transparency of information.

#### Article 3

The Company shall follow the Regulations Governing Establishment of Internal Control Systems by Public Companies and take into account the entire business activities of the Company and of its subsidiaries while designing and executing internal controls. The Company shall also constantly review internal controls to enable quick response to changing conditions of the internal and external environments, and ensure continuous effectiveness of the design and execution of internal controls.

The Company shall conduct self-evaluations of internal controls. The Board of Directors and the management team shall review both the evaluation results of each department and the audit reports every year, and the Audit Committee shall monitor the process. The Company shall build communication channels and mechanisms among independent directors, the Audit Committee and the internal audit supervisor. The evaluation of the effectiveness of internal controls shall be approved by more than half of the Audit Committee members and presented to the Board for approval.

In order to establish effective governance, the Company's management team shall value the importance of the internal audit unit and staff and give them sufficient authority to properly inspect and review errors and the efficiency of operations of internal controls. This is to ensure that internal controls may be executed in a continuous and effective way and that the Board and the management team can fulfill their duties.

The hiring, dismissal or evaluation of, and compensation to the internal audit staff shall be presented to the Board or submitted to the Chairman for ratification by the audit supervisor.

### **Article 3-1**

The Company shall designate an appropriate number of suitable personnel to be in charge of corporate governance based on the size, business conditions and management of the Company. According to the competent authorities or the Taiwan Stock Exchange Corporation, the Company shall assign a corporate governance officer to supervise all the matters related to the Company's governance. The officer shall be a qualified lawyer and accountant or has served in the manager position for more than three years in such units as law, legal compliance, internal audit, finance, stock, or corporate governance in a securities company, financial institution, and firm engaging in futures or a public company.

The matters related to corporate governance in the preceding paragraph shall include at least the following items:

1. Organize matters related to the Board meetings or shareholders' meetings.
2. Create Board meeting minutes and shareholders' meeting minutes.
3. Assist directors in taking office and receiving continuous training and education.
4. Provide directors with the materials they need when they perform the required duties.
5. Assist directors in complying with the law and rules.
6. Review whether the independent directors' qualifications comply with the relevant laws and rules during the nomination, election and service, and report the review results to the Board.
7. Handle matters related to change in directors.
8. Any items that are established according to the Articles of Incorporation or contracts.

## **2. Protect Shareholders' Rights and Interests**

### **2.1 Encourage Shareholders to Participate in Corporate Governance**

#### **Article 4**

The Company's governance system shall protect shareholders' rights and interests, and treat all shareholders fairly.

The Company shall build a corporate governance system that ensures the shareholders' rights to have sufficient knowledge of, participate in and make decisions on the material issues.

#### **Article 5**

The Company shall convene shareholders' meetings and establish appropriate meeting rules in accordance with the Company Act and relevant rules. For matters approved by the shareholders' meetings, the Company needs to carry out the items specified in the meeting rules.

The resolutions in the Company's shareholders' meetings shall conform to the laws and the Articles of Incorporation.

#### **Article 6**

The Board shall arrange the agenda items and procedures of a shareholders' meeting in a proper way. They shall establish the principles and operational procedures for shareholders to nominate directors and make proposals, and properly handle the proposals that shareholders make based on law. The shareholders' meeting shall be held in a place that is convenient for shareholders to attend in person and supplemented by live video streaming. Sufficient time shall be reserved for shareholders to register and a suitable number of personnel shall be assigned to offer assistance with the registration process. No arbitrary requirements for additional documents beyond those required for admission to the meeting shall be imposed on the shareholders. Based on the complexity of each proposal, sufficient time shall be reserved for discussion, and shareholders shall be given opportunities to express their points of views.

The Chairman of the Board shall preside over the shareholders' meeting which is convened by the Board, and more than half of the directors (or at least one independent director), the convener of the Audit Committee, and at least one member from each

functional committee shall be present. All attendance shall be recorded in the meeting minutes.

#### **Article 7**

The Company shall encourage shareholders to participate in corporate governance, and partner with a third party to provide shareholder services, so that the shareholders' meeting can proceed on a legal, effective and secure basis. In order to improve shareholders attendance and ensure that they exercise shareholders' rights according to the law, the Company shall exploit technologies to disclose information through various methods and channels, such as uploading both the Chinese and English annual reports simultaneously, annual financial reports, meeting notices, meeting manuals/handbooks and supplementary materials, as well as holding the electronic voting.

The Company shall avoid proposing any extempore motions or amendments of the original motions in the shareholders' meeting.

The Company shall lead the shareholders to vote on the motions on a case-by-case basis, and enter the results of shareholders' approvals, objections or abstentions to the Market Observation Post System (MOPS) later on the day of the shareholders' meeting.

#### **Article 8**

The Company shall record in the shareholders' meeting minutes the year, month, day and place of the meeting, the name of the chairperson, the methods used to pass resolutions, and a summary of the essential points of the proceedings as well as the results of the meeting. With respect to the election of the Board directors, both the method of voting and the total number of votes for each elected director shall be recorded.

The shareholders' meeting minutes shall be maintained as long as the Company legally exists, and be disclosed on the Company's website.

#### **Article 9**

The chairperson shall be fully aware of and compliant with the meeting rules, keep the meeting running smoothly, and must not adjourn the meeting at will.

To protect the rights and interests of the majority of shareholders, if the chairperson declares the meeting adjourned in violation of the meeting rules, the other members of

the Board shall immediately assist the shareholders present in electing a new chairperson by a majority of votes from the shareholders according to legal procedures and continue the meeting.

#### **Article 10**

The Company shall respect shareholders' right to know, and comply with the regulations on disclosing the Company's information, including financial conditions, business operations, insider ownership, and corporate governance. The Company shall constantly provide the information for shareholders via the MOPS or the Company's website.

To treat all shareholders fairly, the Company shall publish the above information in English and Chinese simultaneously.

To protect shareholders' rights and interests and ensure equal treatment, the Company has established the Prevention Management of Insider Trading to prohibit any insiders from trading securities using information that is not yet disclosed to the market.

The rules in the preceding paragraph include measures to control and manage stock trading from the day when the Company's insiders know the financial reports or relevant business performance. The measures include but are not limited to those that prohibit directors from trading their stocks during the closed period, which comprises 30 days prior to the announcement of the annual financial report or 15 days prior to the announcement of a quarterly financial report.

#### **Article 11**

The shareholders shall have the right to share the Company's profit. To protect the shareholders' right to invest their money, the shareholders' meeting may inspect the reports or books prepared by the Board and the Audit Committee's reports, and determine the distribution of surplus earnings or the deficit-offset program pursuant to Article 184 of the Company Act. The shareholders' meeting may appoint the inspectors to conduct inspections of the above items.

The shareholders may, pursuant to Article 245 of the Company Act, apply to the court to assign inspectors to examine the Company's accounting records, financial situations, particular items, as well as the documents and records of particular transactions.

The Board, the Audit Committee and general managers shall fully cooperate with inspectors in the examination processes referred to in the two preceding paragraphs, and shall not obstruct, reject or circumvent the processes.

#### **Article 12**

When the Company conducts substantial financial transactions or activities such as acquisitions or disposals of assets, lending fund, giving endorsements or guarantees, it shall comply with applicable laws and regulations, and establish the operational procedures that are submitted to the shareholders' meeting for approval so as to protect shareholders' rights and interests.

When a merger or public acquisition takes place, the Company shall, in addition to obeying relevant laws, pay attention to the fairness and reasonableness of the merger or acquisition plans as well as the robustness of the financial structure upon the time when the information is published and thereafter.

The people handling the preceding matters shall understand and avoid potential conflicts of interest.

#### **Article 13**

To protect shareholders' rights and interests, the Company appoints specialized personnel to properly handle shareholders' suggestions, inquiries and disputes.

When a resolution of a shareholders' meeting or of a Board meeting violates the law or the Articles of Incorporation, or a Board director or manager violates the law or the Articles of Incorporation while carrying out business activities, which in any case infringes shareholders' rights and interests, the Company shall properly handle any ensuing lawsuit that the shareholder(s) files against the Company based on law.

### **2.2 Establish the Mechanism to Engage with Shareholders**

#### **Article 13-1**

The Board bears responsibility for setting up communication mechanisms with shareholders in order to gain a mutual understanding of the Company's development goals.

## **Article 13-2**

Apart from taking shareholders' meetings as an opportunity to communicate with shareholders and encouraging shareholders to participate in shareholders' meetings, the Board also utilizes efficient means to contact shareholders, and works with managers and independent directors to understand shareholders' opinions and concerns and clarify the Company's policies to obtain their support.

## **2.3. The Relationship between the Company and Its Affiliates in Corporate Governance**

### **Article 14**

The Company and its affiliated companies shall clearly identify the management goals and division of authority relating to personnel, assets and finance, conduct risk assessments rightly and establish appropriate firewalls.

### **Article 15**

Unless otherwise specified by law, the Company's and its affiliated company's managers shall not simultaneously hold another position in the same rank in each other's company.

A director who engages in any act for himself/herself or for another person that is within the scope of the Company's business shall explain the major content of the act(s) to the shareholders' meeting and obtain the meeting's consent.

### **Article 16**

The Company shall develop comprehensive management goals and mechanisms for finance, business and accounting in accordance with relevant laws and rules. The Company shall also carry out a comprehensive risk assessment of the major banks, customers and suppliers of its affiliated companies, and enforce control mechanisms so as to reduce credit risk.

### **Article 17**

When the Company and its affiliated parties engage in finance activities or transactions with each other, they shall, based on the principles of fairness and rationality, establish written regulations governing the finance transactions. They shall specify conditions of pricing and payment methods in the contract, and forbid any unusual transactions and improper conveyance of interest.

The written regulations referred to in the preceding paragraph shall include the management procedures concerning purchase and sales transactions, acquisitions or disposals of assets, loan of funds, and endorsements and guarantees. Significant transactions shall be passed by the Board meeting, submitted to the shareholders' meeting for ratification, or reported at the shareholders' meeting.

### **Article 18**

A juristic person shareholder with controlling power over the Company shall comply with the following rules:

1. The shareholder shall adhere to the duty of good faith, and may not directly or indirectly cause the Company to conduct business that is contrary to normal business practices or that is not profitable.
2. Its representative shall follow the rules about their rights and participation in the resolutions that are established by the Company. When participating in the shareholders' meeting, its representative shall also exercise the voting rights, the fiduciary duty and duty of care of a director based on good faith and in the best interests of shareholders.
3. The shareholder shall comply with the law and the Articles of Incorporation to nominate the Company's directors, and may not overstep the boundaries of authority granted by the shareholders' meeting or the Board's meeting.
4. The shareholder may not meddle in the Company's decision-making or interfere with its business activities in an improper way.
5. The shareholder may not use unfair methods of competition, including monopoly procurement or closure of certain sales channels, to restrict or impede the Company's production management.
6. The juristic person's representative that is assigned when a corporate shareholder is elected to be a Board director shall meet the professional qualifications required by the Company; arbitrary reassignment of the representative is not appropriate.

### **Article 19**

The Company shall, at all times, know well the list of major shareholders who own a relatively higher percentage of shares and have the power to control the Company as well as the list of those ultimate controlling shareholders.

The Company shall regularly disclose to other shareholders the important matters relating to the shareholders' pledging of shares, adding or reducing shares who own



shares greater than ten percent of the total shares, or matters that may cause changes in shares so that the other shareholders can supervise the matters.

The major shareholders mentioned in the first paragraph refer to those owning more than five percent of equity stake or those listed among the top ten shareholders owning equity stake, but the Company may set a lower equity ratio based on the equity stake owned by the companies with controlling power.

### **3. Strengthen the Board of Directors' Responsibilities and Functions**

#### **3.1 Structure of the Board of Directors**

##### **Article 20**

The Board shall guide the Company's strategies, supervise the management team and take responsibility for the shareholders. The Board shall ensure that it will exercise its authority regarding procedures and arrangements of the Company's governance mechanism in accordance with the law, the Articles of Incorporation or resolutions in the shareholders' meetings.

The Board composition shall take diversity into account and develop a proper diversity approach based on its operations, business types and development need. They shall consider at least the standards in the following two broad categories:

1. Basic standards and values: gender, age, nationality, culture, etc.
2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills, industry experience, etc.

The Board members shall have the knowledge, skills and competence that is required to perform their duties. To reach the Company's ideal goals of governance, the Board shall possess the following abilities:

1. Ability to make sound judgements regarding the operations.
2. Accounting and financial analysis skills.
3. Business management skills.
4. Risk management skills.
5. Industry knowledge.
6. Global market view.
7. Leadership skills.

## 8. Decision-making skills

### **Article 21**

The Company shall establish a Board election process that is fair, impartial and open based on the principles of protection of shareholders' rights and interests and of equitable treatment of shareholders. It shall encourage shareholder participation and adopt cumulative voting in accordance with the Company Act to fully reflect shareholders' views.

Unless permitted by the competent authorities, no spousal relationship nor a second degree of consanguinity may exist in more than half of the Board directors.

If the number of vacancies on the Board of Directors reaches one-third of the total directors specified in the Articles of Incorporation, the Company shall convene an extraordinary general meeting and hold a by-election within 60 days from the date that the aforementioned matter takes place

The proportion of total stock held by the entire Board shall conform to the law. Restrictions on transfer of each director's shares, and making, canceling or changing any director's pledges shall all be based on the relevant rules. Each piece of information shall be fully disclosed.

### **Article 22**

Based on the Company Act, the Company specifies the board nomination process to elect directors in the Articles of Incorporation. It carefully evaluates the qualifications of nominees against the list in Article 30 of the Company Act, and conducts the nomination process pursuant to Article 192-1 of the Company Act.

### **Article 23**

There shall be clear distinctions between the roles and responsibilities of the Company's Chairman and those of the President

The Chairman, President or any position with similar roles and responsibilities should not be held by the same person simultaneously.

The Company shall specify the roles and responsibilities of each of its functional

committee.

### 3.2 Independent Directors

#### **Article 24**

According to the Articles of Incorporation, the Company shall appoint independent directors, the number of which shall not be less than three and shall not be less than one-fifth of the Board members.

The independent directors shall have professional knowledge, and their shares shall be limited in accordance with law. They should not hold multiple director (including independent director) positions in more than five listed or over-the-counter companies simultaneously, and should remain independence regarding their job duties and boundaries, which may not have a direct or indirect relation with the Company.

The Company shall adopt the nomination process to elect independent directors in accordance with Article 192-1 of the Company Act, and specify the relevant procedures in the Articles of Incorporation. The shareholders shall elect the independent directors from the nomination list. The election of independent and non-independent directors is held at the same time, and the numbers of different types of elected directors shall be calculated separately.

Independent and non-independent directors may not exchange roles during their terms of service.

If, due to any reason, an independent director is dismissed and hence the number of members falls below the number required in the first paragraph or in the Articles of Incorporation, then a by-election shall be held at the latest shareholders' meeting to fill the vacancy. If all the independent directors are dismissed, the Company shall convene a shareholders' meeting to hold a by-election and fill all the vacancies within 60 days from the date that the aforementioned matter takes place.

The judgement of independent directors' professional qualifications, restrictions on their number of shares and concurrent positions, recognition of independence, nomination process, and other legal and regulatory compliance matters shall comply with the Securities and Exchange Act, the Regulations Governing Appointment of Independent

Directors and Compliance Matters for Public Companies as well as relevant rules and regulations specified by competent authorities.

#### **Article 25**

The Company shall submit the following items to the Board for approval in accordance with the Securities and Exchange Act. If independent directors express opposing views or withhold their views, this shall be specified in the Board's meeting minutes.

1. Design or amend internal controls in accordance with Article 14-1 of the Securities and Exchange Act.
2. Design or amend the procedures for handling material financial transactions or business activities pursuant to Article 36-1 of the Securities and Exchange Act, including acquisitions or disposals of assets, derivative trading, loan of funds, and endorsements or guarantees made to others.
3. Matters with regard to which a director or a supervisor is an interested party.
4. Material transactions relating to assets or derivative trading.
5. Material loans, endorsements, or guarantees.
6. The offering, issuance, or private placement of equity securities.
7. The hiring or dismissal of, or compensation to a certified public accountant (CPA).
8. The appointment or discharge of a financial, accounting, or internal audit manager.
9. Any material issue that is specified by competent authorities.

#### **Article 26**

The Company or any other member from the Board may not restrain or hinder independent directors from performing their duties and responsibilities.

The Company shall determine the remuneration of directors in accordance with relevant laws and regulations. The directors' compensation shall sufficiently reflect their individual performances and the Company's long-term management performance, and shall take overall business risks into consideration as well. The Company may consider offering independent directors reasonable but different remuneration from that of general directors.

### **3.3 Functional Committees**

#### **Article 27**

In order to strengthen supervision and management, the Board may establish an Audit

Committee, Remuneration committee and other functional committees by considering the Company's size, business types, and number of Board members. It may establish an environmental committee, a corporate social responsibility (CSR) committee or other committees based on the Company's commitment to CSR and sustainability management, and define the establishment of the committees in the Articles of Incorporation.

The functional committees shall be responsible for the Board, and submit their motions to the Board for approval. But if the Company has an Audit Committee, which shall perform the duties and responsibilities of a supervisor as specified in paragraph 4, Article 14-4 of the Securities and Exchange Act, the above rule will not apply here.

The functional committees shall establish committee charters and submit to the Board for approval. The committee charters outline details about number of committee members, terms of service, responsibilities and authority, meeting rules, and resources that the Company shall provide when they exercise the authority.

#### **Article 28**

The Audit Committee is composed of all independent directors, and the number of members shall not be less than three. One of them is the convener, and at least one of them needs to specialize in accounting or finance.

The Audit Committee and its independent directors shall exercise the authority and deal with related matters in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies and rules specified by competent authorities.

#### **Article 28-1**

The Company shall establish and publish both internal and external whistleblowing channels and formulate policies to protect whistleblowers. The unit that responds to whistleblowers' reports shall remain independence, and shall encrypt the documents provided by whistleblowers, enforce access control, establish internal operating procedures, and incorporate the above procedures into internal controls.

#### **Article 28-2**

More than half of the members in the Remuneration Committee shall be independent

directors. The committee members' professional qualifications, exercise of authority, committee charter and relevant matters shall comply with 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 29**

The Company shall choose professional, responsible and independent CPAs to audit the Company's financial conditions and internal controls on a regular basis. The Company shall faithfully review and improve the abnormal situations or errors that CPAs discover during the auditing process and shall consider their concrete suggestions and measures to prevent wrongdoings. The Company shall also establish the communication channels or mechanisms for independent directors or the Audit Committee to communicate with CPAs, establish internal operating procedures, and incorporate the above procedures into internal controls.

The Company shall evaluate its CPAs' independence and suitability against the Audit Quality Indicators (AQIs) on a regular basis (i.e., at least once a year). If the Company does not change its CPAs for seven consecutive years or if its CPAs engage in acts that result in punishment or compromise their independence, the Company shall evaluate whether there is a need to change CPAs, and submit the evaluation report to the Board.

## **Article 30**

The Company shall appoint professional and competent lawyers to give legal advice to the Company, or to assist the Board and the management team to increase their legal literacy so that the Company and relevant personnel can avoid breaking the law and the matters relating to corporate governance can be handled in accordance with law and legal procedures.

In the event of a lawsuit that involves a director or the management team while they perform the required duties or of a dispute that occurs between them and shareholders, the Company shall appoint the lawyer(s) to assist them if circumstances require it.

The Audit Committee or its independent directors may represent the Company to appoint lawyers, CPAs or other professional personnel to conduct necessary audits or give advice on matters relating to the exercise of their powers. The Company shall pay the relevant cost.

### 3.4 Board Meeting Rules and Decision-Making Process

#### **Article 31**

The Board shall hold a meeting quarterly, and may convene a meeting anytime when an emergency occurs. The Board shall specify the reasons to convene a Board meeting, notify each director seven days before the meeting, and prepare sufficient meeting materials. A notice of meeting shall be sent to the directors with all the relevant information and materials attached. If there is a lack of meeting materials, the Board has the right to ask for the required materials to be submitted on time or may postpone the meeting after the Board's resolution.

The Company shall formulate the Board meeting rules. The main content of the agenda, operational procedures, required items in the meeting minutes, public announcements and other matters relating to regulatory compliance shall comply with the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.

#### **Article 32**

The directors shall exercise a high degree of self-discipline. When a director or a juristic person represented by the director has a conflict of interest regarding any motion in the meeting, he/she shall declare any conflicts of interest at the Board meeting. If the interest is likely to harm the interests of the Company, he/she may not participate in the discussion or vote, and shall recuse himself/herself from related discussions or votes, and may not represent any other director to exercise the voting rights. The directors shall be self-disciplined and may not improperly assist each other.

The matters that the directors avoid shall be specified in the meeting minutes.

#### **Article 33**

The Company's independent directors shall attend in person the discussions on matters listed in Article 14-3 of the Securities and Exchange Act, namely, matters required to be submitted for approval by the Board, and they may not appoint any non-independent director to be their proxy. If independent directors have opposing or reserved opinions, this should be specified in the meeting minutes. If independent directors cannot attend the Board meeting to express opposing opinions or reserve opinions, unless they have legitimate reasons, they shall submit their opinions in written form and record the details

in the meeting minutes.

If the resolutions in the Board meeting involve any of the following matters, these shall be recorded in detail in the meeting minutes and published to the MOPS two hours before the market opening hours on the next business day following the Board meeting.

1. Independent directors have opposing or reserved opinions that are recorded or have a corresponding written statement.
2. Matters that are not passed by the Audit Committee but have been approved by more than two-thirds of the entire Board directors.

When a Board meeting is held, the general managers (not serving as directors) from relevant departments may be notified to attend the meeting depending on the content of the proposals, as they may report the Company's current business conditions and answer directors' inquiries about relevant issues. The CPAs, attorneys, or other professionals may also be invited to attend the meeting when necessary, to assist the Board in understanding the Company's current conditions and making informed resolutions, but they shall leave the meeting when the discussion and voting take place.

#### **Article 34**

The minute taker of the Board meeting shall fully and accurately record all relevant notes, summary of each proposal, methods of resolutions and results in accordance with relevant regulations.

The minutes of a Board meeting shall bear the signatures or seals of both the chairperson and the minute taker, and a copy of the minutes shall be sent to each director within 20 days from the date of the meeting. The signing in books are part of the meeting minutes and shall be treated as important corporate records and maintained properly during the existence of the Company.

The meeting minutes may be created, distributed, and maintained in electronic form.

The Company shall record on audio or videotape the entire proceedings of a Board meeting, and keep the records for at least five years in electronic form.

If any resolution of the Board meeting involves a lawsuit before the records mentioned above expire, then all the records, including the audios and videos shall be kept until the



lawsuit is settled; the preceding paragraph does not apply here.

If a Board meeting is held virtually via video-conferencing, the audio and video recordings will count as part of the meeting minutes and shall be maintained properly.

If a Board resolution violates the law, the Articles of Incorporation or resolutions in a shareholders' meeting which results in loss to the Company, the directors who expressed opposing opinions that are recorded or have a corresponding written statement are not liable for compensation.

### **Article 35**

The matters listed below shall be raised for discussion at a Board meeting:

1. The Company's operational plan.
2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be audited and certified by CPAs.
3. Design or amend the Company's internal controls in accordance with Article 14-1 of the Securities and Exchange Act.
4. Design or amend the procedures for handling material financial transactions or business activities pursuant to Article 36-1 of the Securities and Exchange Act, including acquisitions or disposals of assets, derivative trading, loan of funds, and endorsements or guarantees made to others.
5. The offering, issuance, or private placement of equity securities.
6. Performance evaluation and remuneration standards of general managers.
7. Remuneration structure and policy of the directors.
8. The appointment or discharge of a financial, accounting, or internal audit manager.
9. A donation to a related party or a major donation to a non-related party. However, a proposal relating to a charitable contribution for any major natural disaster relief shall be submitted to and approved by the next Board meeting.
10. Under Article 14-3 of the Securities and Exchange Act and applicable law or the Articles of Incorporation, any matter that needs to be approved by resolution at a shareholders' meeting or a Board meeting, or any material issue that is specified by the competent authorities.

In addition to the aforementioned matters that shall be raised in the Board meeting for discussion, during the Board's recess, the Board authorizes the person(s) to perform

relevant duties in accordance with the law or the Articles of Incorporation, but the level of authorization, authorized content or items shall be concrete and clear and the authorization cannot be general.

#### **Article 36**

The Company shall entrust suitable unit(s) or personnel to carry out the actions required by the Board's resolutions, ask them to follow the planned schedule and goals, incorporate the execution progress into the tracking and management system and assess the implementation progress.

The Board shall remain fully aware of the implementation progress, report it to the next meeting, and ensure business decisions are implemented.

### **3.5 Duty of Loyalty, Duty of Care and Responsibilities of the Board**

#### **Article 37**

The Board directors shall take on the responsibility to conduct business with integrity, perform duty of care of a good manager, and exercise the authority in a highly self-disciplined and careful manner. When carrying out the Company's business, except for the matters that shall be passed by a shareholders' meeting pursuant to the law or the Articles of Incorporation, they shall follow the Board's resolutions.

The Company shall set up the Board performance evaluation method and procedures, regularly conduct self- or peer- evaluations of the Board and individual directors each year, and may entrust an external professional agency or use other proper means to conduct performance reviews. The Company shall include the following aspects in the Board performance evaluation, and design suitable performance indicators depending on the need of the Company:

1. Participation in the Company's operations.
2. Improve the Board's decision-making skills.
3. Board composition and structure.
4. Election of the Board directors and their continuous education and training.
5. Internal controls.

The (self- or peer-) evaluation of Board directors' performance shall include the following aspects, and be properly adjusted based on the Company's need:

1. Understanding of the Company's goals and missions.
2. Understanding of the Board's roles and responsibilities.
3. Participation in the Company's operations.
4. Management and communication of the internal relationship.
5. Board's professions and continuous education and training.
6. Internal controls.

The Company shall include the following aspects in the performance evaluation of the functional committees, and make appropriate adjustments according to the Company's need:

1. Participation in the Company's operations.
2. Understanding of the functional committees' roles and responsibilities.
3. Improve the functional committees' decision-making skills.
4. Composition of functional committees and election of members.
5. Internal controls.

The Company shall present the performance evaluation reports to the Board, and use the reports as reference when considering individual directors' remuneration and nomination for consecutive terms.

### **Article 38**

If the Board resolutions violate the law or the Articles of Incorporation, and the shareholders who continuously own the shares for at least one year or independent directors already notify the Board to stop executing the actions in the resolutions, the Board directors shall properly handle or stop executing the relevant resolutions as soon as possible.

If a Board director finds out that the Company is at risk from significant losses, s/he shall handle the matter according to the preceding paragraph, and immediately report to the Audit Committee or the independent director(s) of the committee.

### **Article 39**

The Company may, in accordance with the Articles of Incorporation, purchase liability insurance for the Board directors during their terms of service. The liability insurance will cover the cost of compensation claims made against the directors when they perform their duties based on the law, and will reduce and spread risks of significant losses to the

Company and shareholders caused by the directors' mistakes or negligences

After the purchase or renewal of liability insurance, the Company shall present the important information about the liability insurance at the most recent Board meeting, including the sum insured, scope of insurance cover, and the insurance rates.

#### **Article 40**

The Board directors shall, at the time of their appointment or during their terms, continuously participate in the education and training on corporate governance topics ranging from finance, risk management, sales, business, accounting, law and corporate social responsibility. The providers of the courses or trainings shall be included in the types of institutions that are designated in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies. The directors shall also ask the employees at all levels to extend their professional and legal knowledge.

### **4. Respect Stakeholders' Rights and Interests**

#### **Article 41**

The Company shall maintain clear communication channels with the banks, other creditors, employees, customers, suppliers, communities, or other stakeholders. It shall respect and protect their legal rights and interests, and set up a stakeholders' section on the corporate website.

When the stakeholders' legal rights and interests are infringed, the Company shall properly handle the matters based on good faith.

#### **Article 42**

The Company shall provide sufficient information for the banks and other creditors, so that they can make decisions based on the Company's operations and financial conditions.

When their legal rights and interests are infringed, the Company shall directly respond to the matters in a responsible manner, and allow the creditors to use appropriate means to receive compensation.

#### **Article 43**

The Company shall establish employee communication channels, and encourage the employees to communicate directly with the management team, Board directors or the Audit Committee and provide their opinions about the Company's operations and financial conditions or significant decisions relating to the interests of employees.

#### **Article 44**

As the Company maintains normal operations and maximizes shareholders' interests, it shall also pay attention to issues concerning customers' rights and interests, environmental protection in the communities and charitable activities, and care about corporate social responsibility.

### **5. Improve Transparency.**

#### **5.1 Improve Corporate Disclosure**

#### **Article 45**

It is the Company's crucial responsibility to disclose information. The Company shall comply with relevant laws and rules established by competent authorities to faithfully carry out its responsibilities.

The Company shall establish an Internet-based reporting system for public information, appoint specialized personnel to perform tasks on collecting and disclosing the Company's information, and provide a spokesperson mechanism to ensure that information that may affect shareholders and stakeholders will be disclosed timely and properly.

#### **Article 46**

In order to improve the accuracy and timeliness of material information, the Company shall appoint a spokesperson and deputy spokespersons who fully understand the financial and business conditions, or can coordinate departments to provide relevant information and can represent the Company to make public announcements.

The Company has deputy spokespersons, and the deputy spokesperson shall be able to make public announcements alone when the spokesperson cannot perform his/her duties.

In order to implement a proper communication system of spokespersons, the Company shall specify the procedures for spokespersons to make public announcements, and ask the management team and the employees to keep private the financial and business information and not disseminate any information without authorization.

In the event of a change in spokesperson or deputy spokesperson(s), the information shall be made public immediately.

#### **Article 47**

The Company shall utilize the convenience of the Internet to create its corporate website, and establish sections that disclose information about the Company's financial conditions, business and corporate governance, so that shareholders and stakeholders and use them for reference.

The website mentioned above shall be maintained by specialized personnel, and the information on the website shall be accurate and be updated timely to avoid misleading people.

#### **Article 48**

The Company shall organize the earnings call based on the rules issued by competent authorities, and shall record and keep the earnings call via audio or video. The financial and business information of the earnings call shall be uploaded to the designated Internet information reporting system in accordance with the rules issued by competent authorities, and the Company shall publish the information on the corporate website or other channels for interested parties to check.

### **5.2 Disclosure of Corporate Governance**

#### **Article 49**

The Company shall set up specific sections on its corporate website to disclose information about corporate governance and keep the relevant information updated:

1. Board of Directors: resumes of directors, their roles and responsibilities, Board diversity policy and its implementation.
2. Functional committees: resumes of functional committees' members, their roles and responsibilities.
3. Policies and rules relating to corporate governance: the Articles of Incorporation,

rules and procedures of the Board meeting, rules and guidelines of functional committees.

4. Important information on corporate governance: information about appointing a corporate governance officer.

## **6. Supplementary Provisions**

### **Article 50**

The Company shall keep up with the development of both domestic and international corporate governance systems at all times, and review and improve the Company's corporate governance system based on the knowledge obtained so as to increase the effectiveness of the corporate governance.

### **Article 51**

The Principles and any amendment will take effect after the approval of the Board of Directors.

The Principles were created on December 30, 2015.

The first amendment was made on November 8, 2017.

The second amendment was made on January 18, 2021.

The third amendment was made on January 11, 2023.

The fourth amendment was made on November 8, 2023.