



Winbond Electronics Corporation Corporate Governance Practice Guidelines

Chapter 1 General Provisions

Article 1 (Purpose of Legislation)

In order to strengthen corporate governance and establish an effective corporate governance structure, these guidelines have been formulated by the company.

Article 2 (Principles of corporate governance)

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

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

Article 3 (Establishment of an internal control system)

The company shall follow the Regulations Governing Establishment of Internal Control Systems by Public Companies and take into consideration the overall operational activities of itself and its subsidiaries to establish an effective internal control system, and shall conduct continuing reviews of the system, in order to ensure the continued effectiveness of its design and implementation in light of changes in the company's internal and external environment.

The establishment or amendment of the company's internal control system shall be approved by more than half of all members of the audit committee and submitted to the board of directors for resolution. If an independent director has any objection or reservation, it shall be recorded in the minutes of the board of directors.

In addition to properly conducting the self-assessment of the internal control system, the board of directors and management shall review the self-assessment results of each department and the audit reports of the audit unit at least annually, and the audit committee shall pay attention to and supervise them. The company should establish a communication channel and mechanism between the independent directors or the audit committee and the internal audit officer. The tracking and implementation of improvements to internal control system deficiencies shall be reported regularly to the audit committee and the board of directors.



The assessment of the effectiveness of the company's internal control system shall be approved by more than half of all members of the audit committee and submitted to the board of directors for resolution.

The management of the company shall pay special attention to the internal audit department and its personnel, fully empower them and urge them to conduct audits effectively, to evaluate problems of the internal control system and assess the efficiency of its operations to ensure that the system can operate effectively on an on-going basis, and to assist the board of directors and the management to perform their duties effectively so as to ensure a sound corporate governance system.

In order to implement the internal control system, strengthen the professional ability of internal audit personnel agents, and improve and maintain the quality and effectiveness of the audit, the company shall set up agents for the internal audit personnel.

The provisions of Article 11, Paragraph 3 of the Regulations Governing Establishment of Internal Control Systems by Public Companies, concerning the qualifications of internal audit personnel, along with Articles 16, 17, and 18, shall be applied to the agents of the duties referenced in the previously mentioned paragraph.

Article 3-1

(Personnel responsible for corporate governance affairs)

The company's governance-related affairs are handled by the corporate governance officer.

The governance-related affairs referred to in the preceding paragraph shall include at least the following:

1. Handling matters relating to board meetings and shareholders meetings according to laws.
2. Producing minutes of board meetings and shareholders meetings.
3. Assisting in onboarding and continuous development of directors.
4. Furnishing information required for business execution by directors.
5. Assisting directors with legal compliance.
6. Reporting to the board of directors the results of examination as to whether the qualifications of independent directors at the time of their nomination and election and during their term of office conform to applicable laws and regulations.
7. Handling matters related to director changes.
8. Other matters set out in the articles of incorporation or contract.

Chapter II

Protection of Shareholders' Rights and Interests



- Section 1 Encouraging Shareholders to Participate in Corporate Governance
- Article 4 (Protecting shareholder rights is the ultimate goal)
- The corporate governance system of the company shall protect shareholders' rights and interests and treat all shareholders equitably.
- The company shall establish a corporate governance system which ensures shareholders' rights of being fully informed of, participating in and making decisions over important matters of the company.
- Article 5 (The company convenes the shareholders' meeting and establishes comprehensive rules of procedure.)
- The company shall convene shareholders meetings in accordance with the Company Act and relevant laws and regulations and provide comprehensive rules for such meetings. The company shall faithfully implement resolutions adopted by shareholders meetings in accordance with the rules for the meetings.
- Resolutions adopted by shareholders meetings of the company shall comply with laws, regulations and articles of incorporation.
- Article 6 (The board of directors should properly arrange the agenda and procedures for the shareholders' meeting.)
- The board of directors of the company shall properly arrange the agenda items and procedures for shareholders meetings and formulate the principles and procedures for shareholder nominations of directors and submissions of shareholder proposals. The board shall also properly handle the proposals duly submitted by shareholders. Arrangements shall be made to hold shareholders meetings at a convenient location, advisably with videoconferencing available and sufficient time allowed and sufficient number of suitable personnel assigned to handle attendance registrations. No arbitrary requirements shall be imposed on shareholders to provide additional evidentiary documents beyond those showing eligibility to attend. Shareholders shall be granted reasonable time to deliberate each proposal and an appropriate opportunity to make statements.
- A shareholders' meeting convened by the board of directors should be chaired by the chairman in person and should be attended in person by a majority of the directors (including at least one independent director), as well as by at least one representative of each functional committee. Attendance details should be recorded in the shareholders meeting minutes.
- Article 7 (The company should encourage shareholder participation in corporate governance)



The company shall encourage its shareholders to actively participate in corporate governance and ensure that the shareholders' meeting can proceed on a legal, effective and secure basis.

The company shall seek all ways and means, including fully exploiting technologies for information disclosure, to upload annual reports, annual financial statements, notices, agendas and supplementary information of shareholders meetings in both Chinese and English concurrently, and shall adopt electronic voting, in order to enhance shareholders' attendance rates at shareholders meetings and ensure their exercise of rights at such meetings in accordance with laws.

The company adopts electronic voting for the shareholders' meeting, and besides using the candidate nomination system to elect directors, it should also avoid making temporary motions and amendments to the original proposals.

The company arrange their shareholders to vote on each separate proposal in the shareholders meeting agenda, and follow conclusion of the meeting, to enter the voting results the same day, namely the numbers of votes cast for and against and the number of abstentions, on the Market Observation Post System.

When the company distributes souvenirs to shareholders at the shareholders' meeting, it should not have any differential or discriminatory treatment.

Article 8

(The shareholders meeting minutes)

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

When the shareholders' meeting is held by video conference, the minutes of the meeting shall include, in addition to the matters required by the preceding paragraph, the start and end time of the meeting, the method of convening the meeting, the names of the chairman and the recorder, and the handling method and situation when the video conference platform or the participation by video is disrupted by natural disasters, accidents, or other force majeure events.



When the company holds a video shareholders' meeting, in addition to complying with the provisions of the preceding paragraph, it shall also state in the minutes the alternative measures provided for shareholders who have difficulty participating in the shareholders' meeting by video.

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

Article 9

(The chairman of the shareholders' meeting should be fully aware of and comply with the rules of procedure established by the company.)

The chairman of the shareholders meetings shall be fully familiar and comply with the rules governing the proceedings of the shareholders meetings established by the company. The chairman shall ensure the proper progress of the proceedings of the meetings and may not adjourn the meetings at will.

In order to protect the interests of most shareholders, if the chairman declares the adjournment of the meeting in a manner in violation of rules governing the proceedings of the shareholders meetings, the other members of the board of directors other than the chairman of the shareholders meeting should promptly assist the attending shareholders at the shareholders meeting in electing a new chairman of the shareholders meeting to continue the proceedings of the meeting, by a resolution to be adopted by a majority of the votes represented by the shareholders attending the said meeting in accordance with the legal procedures.

Article 10

(The company should value the shareholders' right to know and prevent insider trading.)

The company shall place high importance on the shareholder right to know and shall faithfully comply with applicable regulations regarding information disclosure in order to provide shareholders with regular and timely information on company financial conditions and operations, insider shareholdings, and corporate governance status through the MOPS or the website established by the company.

To treat shareholders equally, the information mentioned in the preceding paragraph should be disclosed concurrently in English.

To protect its shareholders' rights and interests and ensure their equal treatment, the company shall adopt internal rules prohibiting company insiders from trading securities using information not disclosed to the market.

The rules mentioned in the preceding paragraph include stock trading control measures



from the date insiders of the company become aware of the contents of the company's financial reports or relevant results. Measures include, without limitation, those prohibiting a director from trading its shares during the closed period of 30 days prior to the publication of the annual financial reports and 15 days prior to the publication of the quarterly financial reports.

Article 11

(The shareholders shall be entitled to profit distributions by the company.)

The shareholders shall be entitled to profit distributions by the company. In order to ensure the investment interests of shareholders, the shareholders meeting may, pursuant to Article 184 of the Company Act, examine the statements and books prepared and submitted by the board of directors and the reports submitted by the audit committee, and may decide profit distributions and deficit off-setting plans by resolution. In order to proceed with the above examination, the shareholders meeting may appoint an inspector.

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

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

Article 12

(Material financial and business transactions shall approved by the shareholders meeting)

In entering into material financial and business transactions such as acquisition or disposal of assets, lending funds, and making endorsements or providing guarantees, the company shall proceed in accordance with the applicable laws and/or regulations and establish operating procedures in relation to these material financial and business transactions which shall be reported to and approved by the shareholders meeting so as to protect the interests of the shareholders.

When the company is involved in a merger, acquisition, or public tender offer, in addition to proceeding in accordance with the applicable laws and/or regulations, it shall not only pay attention to the fairness, rationality, etc. of the plan and transaction of the merger, acquisition or public tender offer, but information disclosure and the soundness of the company's financial structure thereafter.

The relevant personnel of the company handling the matters in the preceding paragraph shall pay attention to the occurrence of any conflicts of interest and the need for recusal.

Section 2

Establishing a Mechanism for Interaction with Shareholders



- Article 13 (The company should have a dedicated person to properly handle shareholders' proposals.)
In order to protect the interests of the shareholders, the company should designate personnel exclusively dedicated to handling shareholder proposals, inquiries, and disputes.
- The company shall properly deal with any legal action duly instituted by shareholders in which it is claimed that shareholder rights and interests were damaged by a resolution adopted at a shareholders meeting or a board of directors meeting in violation of applicable laws, regulations, or the company's articles of incorporation, or that such damage was caused by a breach of applicable laws, regulations or the company's articles of incorporation by any directors, or managers in performing their duties.
- The company should adopt internal procedures for the appropriate handling of the matters referred to in the preceding two paragraphs, keeping relevant written records for future reference and incorporating the procedures into its internal control system for management purposes.
- Article 13-1 (The board of directors has the responsibility to establish a mechanism for interaction with shareholders.)
The board of directors of the company is responsible for establishing a mechanism for interaction with shareholders to enhance mutual understanding of the development of company's objectives.
- Article 13-2 (Efficient communication with shareholders to gain their support)
In addition to communicating with shareholders through shareholders meetings and encouraging shareholders to participate in such meetings, the board of directors of the company together with officers and independent directors shall engage with shareholders in an efficient manner to ascertain shareholders' views and concerns, and expound company policies explicitly, in order to gain shareholders' support.
- Article 13-3 The company should formulate and disclose its operational strategies and business plans, clearly explaining the specific measures to enhance corporate value. These should be reported to the board of directors and actively communicated with shareholders.
- Section 3 Corporate Governance Relationships Between the Company and Related Parties
- Article 14 (Establishment of a firewall)
The company shall establish written rules for the financial transactions or dealings with its related parties and shareholders based on the principle of fairness and reasonableness. The contractual matters shall clearly stipulate the price conditions and payment methods and prevent any irregular transactions and improper transfer of benefits.



The content of the written rules in the preceding paragraph shall include the management procedures for transactions such as purchase and sale of goods, acquisition or disposal of assets, lending and borrowing of funds, and endorsement and guarantee. The relevant significant transactions shall be reported to the board of directors and the shareholders' meeting in accordance with the regulations of the competent authority.

Article 15 (A manager of the company may not serve as a manager of its affiliated enterprises.)
Unless otherwise provided by the laws and regulations, a manager of the company may not serve as a manager of its affiliated enterprises.

A director who engages in any transaction for himself or on behalf of another person that is within the scope of the company's operations shall explain the major content of such actions to the shareholders meeting and obtain its consent.

Article 16 (To establish a sound financial, operational and accounting management system)
The company shall establish sound objectives and systems for management of finance, operations, and accounting in accordance with applicable laws and regulations and shall conduct appropriate comprehensive risk assessment with its affiliated enterprises on major banks, customers and suppliers, and implement necessary control mechanisms to reduce credit risk.

Article 17 (If the company has business transactions with its affiliates, it should be based on fair and reasonable principles.)
When the company and its affiliates enter into financial or business dealings or transactions, a written agreement governing the relevant financial and business operations between them shall be made in accordance with the principle of fair dealing and reasonableness. Price and payment terms shall be definitively stipulated when contracts are signed, and non-arm's length transactions and improper channeling of interests shall be prohibited.

The company shall also handle transactions or contracts with related parties and their shareholders in accordance with the principle of the preceding paragraph, and strictly prohibit the transfer of benefits.

The content of the written regulation mentioned in the first paragraph should include management procedures for transactions involving purchases and sales, acquisition or disposal of assets, lending of funds, and endorsements and guarantees. Furthermore, significant related transactions should be approved by the board of directors, consented to or reported to the shareholders' meeting.

Article 18 (Matters to be complied with by corporate shareholders who have controlling power over



the company)

A corporate shareholder having controlling power over the company shall comply with the following provisions:

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

Arbitrary replacement of the corporate shareholder's representative is inappropriate.

Article 19

(Major shareholders and the persons with ultimate control over those major shareholders)

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

The company shall disclose periodically important information about its shareholders holding more than 10 percent of the outstanding shares of the company relating to the pledge, increase or decrease of share ownership, or other matters that may possibly trigger a change in the ownership of their shares.

The major shareholder indicated in the first paragraph refers to those who owns 5 percent or more of the outstanding shares of the company or the shareholding stake thereof is on the top 10 list.

Chapter III

Enhancing the Functions of the Board of Directors

Section 1

Structure of the Board of Directors



Article 20

(The capabilities that the board of directors should possess)

The board of directors of the company shall direct company strategies, supervise the management, and be responsible to the company and shareholders. The various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, its articles of incorporation, and the resolutions of its shareholders meetings. Therefore, the minimum attendance rate for directors to attend the board of directors in person should be above 50%.

The structure of the company's board of directors should take into account the company's business development scale, the shareholding situation of major shareholders, and the diversification of members, such as having different professional backgrounds (law, accounting, industry, finance, marketing or technology, etc.), gender, age, nationality, race, ethnicity, culture or work field, etc., and weigh the practical operation needs to determine the appropriate number of directors of 5 or more.

The composition of the board of directors should pay attention to gender equality and generally possess the knowledge, skills, and literacy necessary to perform their duties. In order to achieve the ideal goal of corporate governance, the overall capabilities that the board of directors should possess are as follows:

1. Ability to make operational judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. Ability to lead.
8. Ability to make policy decisions.

The company shall arrange continuing professional education for its directors. A director shall complete continuing education for up to three hours in the year he/she assumes office each term.

Article 21

(The company should establish a fair, just , and open procedure for the election of directors.)

The company shall, according to the principles for the protection of shareholder rights and interests and equitable treatment of shareholders, establish a fair, just, and open procedure for the election of directors, encourage shareholder participation, and adopt the cumulative voting mechanism pursuant to the Company Act in order to fully reflect shareholders'



views.

Unless the competent authority otherwise grants an approval, a spousal relationship or a familial relationship within the second degree of kinship may not exist among more than half of the directors of the company. Directors should possess professional knowledge, and their shareholding and concurrent positions should be restricted. In addition to complying with relevant laws and regulations, directors who serve concurrently as employees should preferably not serve as directors (including independent directors) or supervisors in more than four other publicly listed companies.

When a director of the company resigns or is replaced according to Article 27 Paragraph 3 of the Company Act, the resigning director or the legal entity shareholder shall immediately notify the company and the corporate governance officer.

The company or its corporate governance officer shall proceed in accordance with applicable laws and regulations upon receipt of the notice in the preceding paragraph.

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

The aggregate shareholding percentage of all of the directors of the company shall comply with the laws and regulations. Restrictions on the share transfer of each director and the creation, release, or changes of any pledges over the shares held by each director shall be subject to the relevant laws and regulations, and the relevant information shall be fully disclosed.

Article 22

(The company shall specify in its articles of incorporation that it adopts the candidate nomination system for elections of directors)

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

Article 23

(The authorities and responsibilities of the chairman and the general manager should be clearly distinguished)

Clear distinctions shall be drawn between the responsibilities and duties of the chairman of the board of the company and those of its general manager.



It is inappropriate for the chairman to also act as the general manager or an equivalent post. If the chairman and general manager are the same person or are spouses or first-degree relatives, the number of independent directors should be increased.

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

Section 2

Independent Director System

Article 24

(The company shall appoint independent directors in accordance with its articles of incorporation)

The company may appoint two or more independent directors as stipulated in the Articles of Incorporation, and the number of independent directors should not be less than one-fifth of the total number of directors.

Independent directors should possess professional knowledge, and their shareholding and concurrent positions should be restricted. In addition to complying with relevant laws and regulations, they should preferably not serve as directors (including independent directors) or supervisors in more than four other publicly listed companies. They must maintain independence within the scope of their duties and should not have any direct or indirect interest in the company.

Election of independent directors shall adopt the candidate nomination system prescribed in Article 192-1 of the Company Act and shall be specified in the articles of incorporation. Shareholders shall elect from the list of candidates for independent directors. Independent and non-independent directors shall be elected at the same time in accordance with the provisions of Article 198 of the Company Act, but the quota shall be calculated separately.

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

The "group enterprises and organizations" in the preceding paragraph comprise the subsidiaries of the company, any foundation to which the company's cumulative direct or



indirect contribution of funds exceeds 50 percent of its endowment, and other institutions or juristic persons that are effectively controlled by the company.

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

If an independent director resigns for any reason, resulting in the number of independent directors being less than the first paragraph or articles of the company, a by-election shall be held at the next shareholders' meeting. When all independent directors resign, the company shall convene a shareholders' meeting within 60 days from the date of the occurrence of the event to elect new independent directors.

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

Article 25 (Delete)

Article 26 (The company shall stipulate the scope of duties of the independent directors)

The company shall stipulate the scope of duties of the independent directors and empower them with manpower and physical support related to the exercise of their power. The company or other board members shall not, restrict or obstruct the performance of duties by the independent directors.

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

The company shall, according to its articles of incorporation, the resolution of the shareholders' meeting, or the order of the competent authority, reserve special surplus reserves in addition to the legal surplus reserves. The order of such reservation shall be after the legal surplus reserves and before the distribution of directors' remuneration and employees' remuneration, and shall follow the method of dividend distribution specified in



the articles of incorporation when the special surplus reserves are reversed and merged into the unappropriated surplus.

Section 3

Functional Committees

Article 27

(Set up functional committees)

For the purpose of developing supervisory functions and strengthening management mechanisms, the board of directors of the company, in consideration of the company's scale and type of operations and the number of its board members, may set up functional committees for auditing, remuneration, nomination, risk management or any other functions, and based on concepts of corporate social responsibility and sustainable operation, may set up environmental protection, or other committees.

Functional committees shall be responsible to the board of directors and submit their proposals to the board of directors for approval, provided that the performance of supervisor's duties by the audit committee pursuant to Article 14-4, paragraph 4 of the Securities and Exchange Act shall be excluded.

Functional committees shall adopt a committee's charter to be approved by the board of directors. The committees charter shall contain the numbers, terms of office, and powers of committee members, as well as the meeting rules and resources to be provided by the company for exercise of power by the committee.

Article 28

(The audit committee)

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

The provisions of the Securities and Exchange Act, the Company Act, other laws and regulations, and the Corporate Governance Best Practice Principles for Listed Companies promulgated by the Taiwan Stock Exchange Corporation for supervisors shall apply mutatis mutandis to the Audit Committee; when a director engages in buying, selling, borrowing, lending, or other legal acts with the company for himself or others, the independent director members of the Audit Committee shall represent the company.

The following matters of the Company shall be approved by more than half of the members of the Audit Committee and submitted to the Board of Directors for resolution:

1. Adoption or amendment of an internal control system pursuant to Article 14-1.
2. Assessment of the effectiveness of the internal control system.



3. Adoption or amendment, pursuant to Article 36-1, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
 4. A matter bearing on the personal interest of a director.
 5. A material asset or derivatives transaction.
 6. A material monetary loan, endorsement, or provision of guarantee.
 7. The offering, issuance, or private placement of any equity-type securities
 8. The hiring or dismissal of an attesting CPA, or the compensation given thereto.
 9. The appointment or discharge of a financial, accounting, or internal auditing officer.
 10. Annual and interim financial reports signed or sealed by the chairman, managerial officer, and accounting officer.
 11. Any other material matter so required by the company or the Competent Authority.
- The exercise of power by audit committee and independent directors and related matters shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the rules and regulations of the TWSE.

Article 28-1

(The company shall establish a Compensation Committee)

The company shall establish a Compensation Committee, which shall be appointed by the board of directors to be composed of all independent directors; the professional qualifications of its members, the exercise of their powers, the formulation of Committee Charter, and related matters shall be handled in accordance with the provisions of 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".

The Committee shall exercise the care of a good administrator to faithfully perform the following duties and present its recommendations to the board of directors for discussion.

1. Establishing and periodically reviewing the performance assessment, compensation policy, systems, standards, and structure for the compensation of the directors, and managerial officers of the Company.
2. Periodically assessing and determining the remuneration of directors and managerial officers.
3. Periodically reviewing this Charter and making recommendations for amendments.

When performing the duties of the preceding paragraph, the Compensation Committee



shall do so in accordance with the following principles:

1. The performance evaluation and remuneration of directors and managerial officers shall be based on the usual level of remuneration in the same industry, taking into account the reasonableness of the relationship between individual performance, company performance, and future risks.
2. There shall be no incentive for the directors or managerial officers to pursue compensation by engaging in activities that exceed the tolerable risk level of the Company.
3. For directors and senior managerial officers, the percentage of remuneration to be distributed based on their short-term performance and the time for payment of any variable compensation shall be decided with regard to the characteristics of the industry and the nature of the Company's business.
4. Ensuring that the compensation arrangements of the Company comply with applicable laws and regulations and are sufficient to recruit outstanding talent.
5. Members of the committee shall not participate in discussions and voting on the determination of their own remuneration.

Article 28-2

(A whistleblowing system)

The company should establish and announce channels for internal and external whistleblowers and have whistleblower protection mechanisms in place. The unit that handles whistleblowers' reporting shall be independent, provide encrypted protection for the files furnished by whistleblowers, and appropriately restrict access to such files. It shall also formulate internal procedures and incorporate those procedures into the company's internal control system for management purposes.

Article 29

(Strengthening and improving the quality of financial reporting)

To improve the quality of its financial reports, the company shall establish the position of deputy to its principal accounting officer.

To enhance the professional abilities of the deputy accounting officer of the preceding paragraph, the deputy's continuing education shall proceed following the schedule of the principal accounting officer.

Accounting personnel handling the preparation of financial reports shall also participate in relevant professional development courses for 6 hours or more each year. Those courses may be company internal training activities or may be professional courses offered by professional development institutions for principal accounting officers.

The company shall select as its external auditor a professional, responsible, and



independent attesting CPA, who shall perform regular reviews of the financial conditions and internal control measures of the company. With regard to any irregularity or deficiency discovered and disclosed in a timely manner by the auditor during the review, and concrete measures for improvement or prevention suggested by the auditor, the company shall faithfully implement improvement actions. The company should establish channels and mechanisms of communication between audit committee and the attesting CPA, and incorporate procedures for that purpose into the company's internal control system for management purposes.

The company shall, based on Audit Quality Indicators (AQIs) as reference, evaluate the independence of the CPA engaged by the company regularly, and no less frequently than once annually. In the event that the company engages the same CPA without replacement for 7 years consecutively, or if the CPA is subject to disciplinary action or other circumstances prejudicial to the CPA's independence, the company shall consider the necessity of replacing the CPA and submit its conclusion to the Audit Committee and the board of directors.

Article 30

(Provide appropriate legal services to the company)

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

When, as a result of performing their lawful duties, directors or the management are involved in litigation or a dispute with shareholders, the company shall retain a legal counsel to provide assistance as circumstances require.

The audit committee or an independent director may retain the service 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 power, at the expense of the company.

Section 4

Rules and decision-making procedures of the board of directors.

Article 31

(Convening of the board of directors)

The board of directors shall meet at least once every quarter or convene at any time in case of emergency. To convene a board meeting, a meeting notice which specifies the



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

The company shall adopt rules of procedure for board meetings, which shall follow the Regulations Governing Procedure for Board of Directors Meetings of Public Companies with regard to the content of deliberations, procedures, matters to be recorded in the meeting minutes, public announcements, and other matters for compliance.

Article 32

(Directors are expected to exercise a high degree of self-discipline)

Company directors shall exercise a high degree of self-discipline. If a director or a juristic person represented by the director is an interested party with respect to any proposal for a board meeting (including the spouse of the Director, blood relatives within the second degree of kinship, or a company with a controlling and subordinate relationship with the Director), the director shall state the important aspects of the interested party relationship at the meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that proposal and shall enter recusal during the discussion and voting. The director also may not act as another director's proxy to exercise voting rights on that matter.

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

Article 33

(Independent directors and the board of directors)

When a board meeting is convened to consider any matter submitted to it pursuant to Article 14-3 of the Securities and Exchange Act, an independent director of the company shall attend the board meeting in person and may not be represented by a non-independent director via proxy. When an independent director has a dissenting or qualified opinion, it shall be noted in the minutes of the board of directors meeting; if the independent director cannot attend the board meeting in person to voice his or her dissenting or qualified opinion, he or she should provide a written opinion before the board meeting unless there are justifiable reasons for failure to do so, and the opinion shall be noted in the minutes of the board of directors meeting.

In any of the following circumstances, decisions made by the board of directors shall be noted in the meeting minutes, and in addition, publicly announced and filed on the MOPS two hours before the beginning of trading hours on the first business day after the date of



the board meeting:

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

During a board meeting, managers from relevant departments who are not directors may, in view of the meeting agenda, sit in at the meetings, make reports on the current business conditions of the company and respond to inquiries raised by the directors. Where necessary, a CPA, legal counsel, or other professional may be invited to sit in at the meetings to assist the directors in understanding the conditions of the company for the purpose of adopting an appropriate resolution, provided that they shall leave the meeting when deliberation or voting takes place.

Article 34

(Minutes of the Board of Directors)

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

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

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

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

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

Where a board of directors meeting is held video conference, the audio or video recordings of the meeting form a part of the meeting minutes and shall be preserved



permanently.

When a resolution of the board of directors violates laws, regulations, the articles of incorporation, or resolutions adopted in the shareholders meeting, and thus causes an injury to the company, dissenting directors whose dissent can be proven by minutes or written statements will not be liable for damages.

Article 35

(Matters that should be submitted to the board of directors for discussion)

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

- (1) Corporate business plans.
- (2) Annual financial report and interim financial report signed or sealed by the chairman, manager, and accounting officer.
- (3) Adoption or amendment to an internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- (4) Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, to the handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
- (5) The offering, issuance, or private placement of any equity-type securities.
- (6) Recommendations made by the Compensation Committee.
- (7) In addition to the preceding paragraph, other matters recommended by the Functional Committee.
- (8) The appointment or discharge of a financial, accounting, or internal audit officer.
- (9) A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the next board meeting for retroactive recognition.
- (10) Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or article of incorporation to be approved by resolution at a shareholders meeting or to be approved by resolution at a meeting of the board of directors, or any such significant matter as may be prescribed by the competent authority.

With the exception of the items to be submitted for discussion by the board of directors under the preceding paragraph, with respect to the delegation by the board of directors, in accordance with laws and regulations or the company's articles of incorporation, of powers of the board exercisable during periods when it is not in session, the levels of such delegation and the content and matters covered by it shall be specific; general authorization is not permitted.

Article 36

(The board of directors should clearly deliver the resolution to the appropriate execution



unit or personnel)

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

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

Section 5

The duty of loyalty and care of directors

Article 37

(Members of the board of directors shall faithfully conduct corporate affairs and perform the duty of care of a good administrator)

Members of the board of directors shall faithfully conduct corporate affairs and perform the duty of care of a good administrator. In conducting the affairs of the company, they shall exercise their powers with a high level of self-discipline and prudence. Unless matters are otherwise reserved by law for approval in shareholders meetings or in the articles of incorporation, they shall ensure that all matters are handled according to the resolutions of board of directors.

Board resolutions involving the company's business development and major decision direction should be carefully considered and should not affect the promotion and operation of corporate governance.

The company shall formulate rules and procedures for board of directors performance assessments. Each year, in respect of the board of directors, functional committee, and individual directors, it shall conduct regularly scheduled performance assessments through self-assessments or peer-to-peer assessments and may also do so through outside professional institutions or in any other appropriate manner. A performance assessment of the board of directors shall include the following aspects, and appropriate assessment indicators shall be developed in consideration of the company's needs:

1. The degree of participation in the company's operations.
2. Improvement in the quality of decision making by the board of directors.
3. The composition and structure of the board of directors.
4. The election of the directors and their continuing professional education.
5. Internal controls.

The performance assessments of board members (self-assessments or peer-to-peer



assessments) shall include the following aspects, with appropriate adjustments made on the basis of the company's needs:

1. Their grasp of the company's goals and missions.
2. Their recognition of director's duties.
3. Their degree of participation in the company's operations.
4. Their management of internal relationships and communication.
5. Their professionalism and continuing professional education.
6. Internal controls.

The company conducts performance assessments of functional committees, covering the following aspects and making appropriate adjustments based on the company's needs.

1. Their degree of participation in the company's operations.
2. Their recognition of the duties of the functional committee.
3. Improvement in the quality of decision making by the functional committee.
4. The composition of the functional committee, and election and appointment of committee members.
5. Internal control.

The Company shall submit the results of performance assessments to the Compensation Committee and the Board of Directors and use them as one of the references for individual directors' compensation and nomination for reappointment.

Article 37-1

(Establish a succession plan for the management)

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

Article 37-2

(Establishment of an intellectual property regulatory system)

The board of directors shall evaluate and monitor the following aspects of operation and performance in connection with intellectual properties, ensuring the development of an intellectual property regulatory system that aligns with the Plan-Do-Check-Act cycle:

1. Formulate intellectual property regulatory policies, objectives and systems that are slightly associated with the operational strategies.
2. Develop, implement and maintain on the basis of scale and form its regulatory systems governing the procurement, protection, maintenance and utilization of intellectual properties.
3. Identify and provide the necessary resources sufficient to ensure effective implementation and maintenance of the intellectual property regulatory system.



4. Observe internally and externally the risks and opportunities that intellectual property regulation may present and adopt corresponding measures.
5. Plan for and implement a continuous improvement mechanism to ensure the operation and effects of the intellectual property regulatory regime meet the company's expectations.

Article 38 (Shareholders or independent directors request or the Audit Committee notifies the Board of Directors to stop the implementation of the resolution)

If a resolution of the board of directors violates law, regulations or the company's articles of incorporation, then at the request of shareholders holding shares continuously for a year or an independent director, or at the notice of the audit committee to discontinue the implementation of the resolution, members of the board shall take appropriate measures or discontinue the implementation of such resolution as soon as possible.

Upon discovering a likelihood that the company would suffer material injury, members of the board of directors shall immediately report to the Audit Committee, or an independent director member of the Audit Committee in accordance with the foregoing paragraph.

Article 39 (Directors' Liability Insurance)

The company should take out directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of occupancy so as to reduce and spread the risk of material harm to the company and shareholders arising from the wrongdoings or negligence of a director.

When the company purchases or renews directors' liability insurance, it shall report to the board of directors the important contents such as the amount, coverage, and other major contents of the liability insurance

Article 40 (Attendance of board members at training courses)

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

Chapter IV (Delete)

Chapter V Respecting Stakeholders' Rights



- Article 51 (The company should communicate and protect the interests of its stakeholders.)
The company shall maintain channels of communication with its banks, other creditors, employees, consumers, suppliers, community, or other stakeholders of the company, respect and safeguard their legal rights and interests, and designate a stakeholders section on its website.
- When any of a stakeholder's legal rights or interests is harmed, the company shall handle the matter in a proper manner and in good faith.
- Article 52 (Provide sufficient information to banks and other creditors)
The company shall provide sufficient information to banks and its other creditors to facilitate their evaluation of the operational and financial conditions of the company and its decision-making process. When any of their legal rights or interest is harmed, the company shall respond with a responsible attitude and assist creditors in obtaining compensation through proper means.
- Article 53 (The Company shall establish communication channels for employees)
The company shall establish channels of communication with employees and encourage employees to communicate directly with the management, directors, or the Audit Committee so as to reflect employees' opinions about the management, financial conditions, and material decisions of the company concerning employee welfare.
- Article 54 (Social Responsibility of the Company)
In developing its normal business and maximizing the shareholders' interest, the company shall pay attention to consumers' interests, environmental protection of the community, and public interest issues, and shall give serious regard to the company's social responsibility.
- Chapter VI Improving Information Transparency**
- Section 1 Enhancing Information Disclosure
- Article 55 (Information disclosure and Internet-based reporting system)
Disclosure of information is a major responsibility of the company. The company shall perform its obligations faithfully in accordance with the relevant laws and the related TWSE rules. The company shall establish an Internet-based reporting system for public information, where each responsible unit is in charge of collecting its own information, and a designated specialized unit is responsible for disclosing the information. The company shall also establish a spokesperson system to ensure that information that may affect the decisions of shareholders and stakeholders can be disclosed in a timely and appropriate manner.



The company should publish and report its annual financial report within two months after the end of a fiscal year and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline.

Article 56

(The company should set up a spokesperson)

In order to enhance the accuracy and timeliness of the material information disclosed, the company shall appoint a spokesperson and acting spokesperson(s) who understand thoroughly the company's financial and business conditions and who are capable of coordinating among departments for gathering relevant information and representing the company in making statements independently.

The company shall appoint one or more acting spokespersons who shall represent the company, when the spokesperson cannot perform his/her duties, in making statements independently, provided that the order of authority is established to avoid any confusion.

To implement the spokesperson system, the company maintains a stringent internal process for managing material information that is to be disclosed to the public, in accordance with Regulations for Spokespersons, Deputy Spokesman, and Media Interviews. The company also requires the management and employees to maintain the confidentiality of financial and operational secrets and prohibit their disclosure of any such information at will.

The company shall disclose the relevant information immediately whenever there is any change to the position of a spokesperson or acting spokesperson.

Article 57

(Setting up a corporate governance website)

In order to keep shareholders and stakeholders fully informed, the company should utilize the convenience of the Internet and set up a website containing the information regarding the company's finances, operations, and corporate governance. The company should also furnish the financial, corporate governance, or other related information in English.

To avoid misleading information, the aforesaid website shall be maintained by specified personnel, and the recorded information shall be accurate, detailed and updated on a timely basis.

Article 58

(Method of holding an investor conference)

The company shall hold an investor conference in compliance with the regulations of the TWSE and should keep an audio or video record of the meeting. The financial and business information disclosed in the investor conference shall be disclosed on the Market Observation Post System and provided for inquiry through the website established by the



company, or through other channels, in accordance with the TWSE rules.

Section 2 Disclosure of Information on Corporate Governance

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

1. Board of directors: such as resumes and authorities and responsibilities of board members, board member diversification policy and the implementation thereof.
2. Functional committees: such as resumes and authorities and responsibilities of members of each functional committee.
3. Corporate governance bylaws: such as articles of incorporation, procedure of board of directors meetings, charter of each functional committee, and other relevant corporate governance bylaws.
4. Important corporate governance information: such as information of establishment of corporate governance executive officers.

Chapter VII **Supplementary Provisions**

Article 60 (Attention to Domestic and International Developments)

The company shall at all times monitor domestic and international developments in corporate governance as a basis for review and improvement of the company's own corporate governance mechanisms, so as to enhance their effectiveness.

Article 61 (Implementation)

This Guidelines shall be implemented after being approved by the board of directors, and the apply to any amendments.