

Shinkong Synthetic Fibers Corporation

Corporate Governance Best Practice Principles

(Revised by the Board of Directors on August 6, 2024)

Chapter I General Provisions

Article 1

For the purpose of establishing a sound corporate governance system and promoting the healthy development of the securities market, and with reference to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies jointly promulgated by the Taiwan Stock Exchange Corporation (hereinafter referred to as the “TWSE”) and the Taipei Exchange (hereinafter referred to as the “TPEX”), the Company hereby formulates these Corporate Governance Best Practice Principles to establish an effective corporate governance framework for compliance, which shall be disclosed on the Market Observation Post System.

Article 2 (Principles of Corporate Governance)

In establishing its corporate governance system, the Company shall, in addition to complying with applicable laws and regulations, the Articles of Incorporation, and contracts entered into with the TWSE as well as relevant regulatory requirements, adhere to the following principles:

1. Protection of shareholders’ rights and interests.
2. Strengthening of the functions of the Board of Directors.
3. Fulfillment of the functions of independent directors.
4. Respect for the rights and interests of stakeholders.
5. Enhancement of information transparency.

Article 3 (Establishment of Internal Control System)

The Company shall, in accordance with the Regulations Governing Establishment of Internal Control Systems by Public Companies, and taking into consideration the overall operational

activities of the Company and its subsidiaries, design and effectively implement its internal control system, and shall conduct continuous reviews to respond to changes in internal and external environments, so as to ensure the continued effectiveness of the design and implementation of such system.

In addition to conducting self-assessments of its internal control system, the Board of Directors and management shall, at least annually, review the self-assessment results of each department and quarterly review the audit reports issued by the internal audit unit. The Audit Committee shall further pay attention to and supervise such matters. Directors and Audit Committee members shall regularly meet with internal auditors to discuss deficiencies in the internal control system, prepare records thereof, track and implement improvements, and submit reports to the Board of Directors. The Company should establish communication channels and mechanisms between independent directors, the Audit Committee, and the chief internal auditor.

The Company's management shall place emphasis on the internal audit unit and personnel, grant them sufficient authority, and require them to diligently examine and evaluate deficiencies in the internal control system and assess operational efficiency, so as to ensure the continuous effective implementation of the system, assist the Board of Directors and management in fulfilling their responsibilities, and thereby implement the corporate governance system.

The appointment, dismissal, performance evaluation, and remuneration of internal audit personnel should be submitted to the Board of Directors for approval, or reported by the chief internal auditor to the Chairman for approval.

Article 3-1 (Personnel Responsible for Corporate Governance Affairs)

Based on its scale, business conditions, and management needs, the Company should appoint qualified corporate governance personnel or a part-time unit with an appropriate number of staff, and shall, in accordance with the requirements of the competent authority, the TWSE, or the TPEx, designate one chief corporate governance officer as the highest-ranking executive responsible for corporate governance affairs. Such officer shall possess a lawyer's or certified public accountant's professional license, or have served for at least three years in a managerial position in legal affairs, legal compliance, internal audit, finance, shareholder services, or corporate governance-related departments at securities, financial, or futures institutions or public companies.

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

1. Handling matters related to meetings of the Board of Directors and shareholders' meetings in accordance with law.
2. Preparing minutes of meetings of the Board of Directors and shareholders' meetings.
3. Assisting directors and supervisors in assuming office and engaging in continuing education.
4. Providing information required by directors and supervisors for the performance of their duties.
5. Assisting directors and supervisors in compliance with laws and regulations.
6. Other matters as stipulated in the Articles of Incorporation or contracts.

Chapter II Protecting Shareholders' Rights and Interests

Section I Encouraging Shareholders' Participation in Corporate Governance

Article 4 (Protection of Shareholders' Rights and Interests)

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

The Company shall establish a corporate governance system that ensures shareholders are fully informed of, able to participate in, and able to make decisions on the Company's major matters.

Article 5 (Convening Shareholders' Meetings and Establishing Comprehensive Rules of Procedure)

The Company shall convene shareholders' meetings in accordance with the Company Act and relevant laws and regulations, and shall establish comprehensive rules of procedure. Matters that are required to be resolved by shareholders' meetings shall be duly executed in accordance with such rules.

Resolutions adopted at shareholders' meetings shall comply with applicable laws and regulations and the Articles of Incorporation.

Article 6 (Board of Directors' Responsibilities in Arranging Shareholders' Meeting Agendas and Procedures)

The Board of Directors shall properly arrange the agendas and procedures of shareholders' meetings, establish principles for shareholder nomination of directors and independent directors and for shareholder proposals, and appropriately handle proposals lawfully submitted by shareholders. Shareholders' meetings shall be held at convenient venues, with sufficient time allocated, and with adequate and competent personnel assigned to handle registration procedures. Shareholders shall not be arbitrarily required to provide additional documentation beyond the proof of attendance prescribed by law. Reasonable discussion time shall be allocated for each agenda item, and shareholders shall be given appropriate opportunities to speak.

For shareholders' meetings convened by the Board of Directors, the Chairman should personally preside over the meeting, and more than one-half of all directors (including at least one independent director), the convener of the Audit Committee, and at least one representative of other functional committees should attend in person. Attendance shall be recorded in the meeting minutes.

Article 7 (Encouraging Shareholders' Participation in Corporate Governance)

The Company shall encourage shareholders to participate in corporate governance and should appoint professional shareholder services agents to handle shareholders' meeting affairs, ensuring that meetings are convened lawfully, effectively, and securely. The Company shall make full use of technology-based information disclosure, and shall simultaneously upload Chinese and English versions of the annual report, annual financial reports, notices of shareholders' meetings, meeting handbooks, and supplementary meeting materials. The Company shall adopt electronic voting to increase shareholder attendance at shareholders' meetings and to ensure shareholders are able to exercise their rights in accordance with law.

The Company should avoid proposing extraordinary motions or amendments to original proposals at shareholders' meetings.

The Company should arrange for shareholders to vote on proposals item by item, and shall, on the same day as the shareholders' meeting, input the results of votes for, against, and abstentions into the Market Observation Post System.

Article 8 (Minutes of Shareholders' Meetings)

The Company shall prepare minutes of shareholders' meetings in accordance with the Company Act and relevant laws and regulations, recording the year, month, day, venue, name of the chairperson, and methods of resolution, as well as a summary of proceedings and results. For the election of directors, the voting method and the number of votes obtained by each elected director shall be recorded.

Minutes of shareholders' meetings shall be permanently and properly preserved during the existence of the Company. Where the Company has established a website, such minutes should be fully disclosed thereon.

Article 9 (The Chairperson of Shareholders' Meetings Shall Be Fully Aware of and Comply with the Rules of Procedure)

The chairperson of shareholders' meetings shall be fully aware of and comply with the rules of procedure established by the Company, maintain orderly proceedings, and shall not arbitrarily announce adjournment.

To protect the rights and interests of the majority of shareholders, where the chairperson violates the rules of procedure and announces adjournment, other members of the Board of Directors should promptly assist the attending shareholders in, in accordance with statutory procedures, electing one person as chairperson with the consent of a majority of voting rights represented by attending shareholders, in order to continue the meeting.

Article 10 (Emphasis on Shareholders' Right to Know)

The Company shall place importance on shareholders' right to know and shall faithfully comply with information disclosure requirements, providing shareholders with information on the Company's financial condition, business operations, shareholdings of insiders, and corporate governance through the Market Observation Post System or the Company's website.

To ensure equal treatment of shareholders, the foregoing information should be disclosed simultaneously in English.

To protect shareholders' rights and ensure equal treatment, the Company shall establish internal rules prohibiting insiders from trading securities using undisclosed market information.

Such rules should include stock trading control measures for insiders from the date they become aware of the Company's financial reports or performance information, including prohibitions on trading during closed periods of thirty (30) days prior to the announcement of annual financial reports and fifteen (15) days prior to the announcement of quarterly financial reports.

Article 11 (Shareholders' Right to Share in Profits)

Shareholders shall have the right to share in the Company's profits. To protect shareholders' investment interests, the shareholders' meeting may, in accordance with Article 184 of the Company Act, inspect the statements prepared by the Board of Directors and the reports of the Audit Committee, and resolve on profit distribution or loss offset. In conducting such inspections, the shareholders' meeting may appoint inspectors.

Shareholders may, in accordance with Article 245 of the Company Act, petition the court to appoint inspectors to examine the Company's business accounts, financial condition, specific matters, and specific transaction documents and records.

The Company's Board of Directors, Audit Committee, and management shall fully cooperate with such inspections and shall not evade, obstruct, or refuse such inspections.

Article 12 (Material Financial and Business Activities Shall Be Approved by the Shareholders' Meeting)

The Company's acquisition or disposal of assets, lending of funds, and provision of endorsements or guarantees, and other material financial or business activities shall be handled in accordance with relevant laws and regulations, and relevant operating procedures shall be formulated and submitted to the shareholders' meeting for approval, in order to protect shareholders' rights and interests.

Where the Company engages in mergers and acquisitions or public tender offers, it shall, in addition to complying with applicable laws and regulations, pay attention to the fairness and reasonableness of the plans and transactions, information disclosure, and the soundness of the Company's financial structure after the transaction.

Personnel handling the foregoing matters shall pay attention to conflicts of interest and recusal matters.

Article 13 (Designated Personnel to Properly Handle Shareholders' Suggestions)

To protect shareholders' rights and interests, the Company should designate personnel responsible for properly handling shareholders' suggestions, inquiries, and disputes. Where resolutions of shareholders' meetings or the Board of Directors violate laws or the Articles of Incorporation, or where directors or managers violate laws or the Articles of Incorporation in the performance of their duties, thereby causing damage to shareholders' rights and interests, the Company shall appropriately handle shareholder-initiated litigation in accordance with law.

The Company should establish internal operating procedures to properly handle the foregoing matters, retain written records for reference, and incorporate such matters into the internal control system for management (audit).

Section II Establishing Interaction Mechanisms with Shareholders

Article 13-1 (The Board of Directors' Responsibility to Establish Interaction Mechanisms with Shareholders)

The Board of Directors shall have the responsibility to establish interaction mechanisms with shareholders in order to enhance mutual understanding of the Company's development objectives.

Article 13-2 (Efficient Communication with Shareholders and Gaining Support)

In addition to communicating with shareholders through shareholders' meetings and encouraging their participation, the Board of Directors shall communicate with shareholders in efficient ways, and together with management and independent directors, understand shareholders' opinions and issues of concern, clearly explain the Company's policies, and gain shareholders' support.

Section III Corporate Governance Relationships Between the Company and Affiliated Enterprises

Article 14 (Establishment of Firewalls)

The management objectives, authority, and responsibilities with respect to personnel, assets, and financial matters between the Company and its affiliated enterprises shall be clearly defined. Risk assessments shall be duly conducted, and appropriate firewalls shall be established and effectively implemented.

Article 15 (Managers Should Not Hold Concurrent Positions with Affiliated Enterprises)

Except as otherwise provided by laws and regulations, managers of the Company should not concurrently serve as managers of affiliated enterprises.

Where a director engages in conduct within the scope of the Company's business for his or her own benefit or for the benefit of others, the director shall explain the material content of such conduct to the shareholders' meeting and obtain approval.

Article 16 (Establishment of Sound Financial, Business, and Accounting Management Systems)

The Company shall establish sound management objectives and systems for finance, business, and accounting in accordance with relevant laws and regulations, and shall, together with its affiliated enterprises, conduct comprehensive risk assessments with respect to major transaction banks, customers, and suppliers, and implement necessary control mechanisms to reduce credit risk.

Article 17 (Fair and Reasonable Principles for Business Dealings with Affiliated Enterprises)

Where the Company engages in business dealings with its affiliated enterprises, it shall act in accordance with principles of fairness and reasonableness and establish regulations governing mutual financial and business operations. Contractual matters shall clearly specify pricing terms and payment methods, and non-arm's-length transactions shall be strictly prohibited.

Transactions or contractual matters between the Company and related parties or their shareholders shall also be handled in accordance with the foregoing principles, and the transfer of improper benefits shall be strictly prohibited.

Article 18 (Matters to Be Observed by Juristic Shareholders with Control Over the Company)

Juristic shareholders with control over the Company shall observe the following:

1. They shall owe a duty of good faith to other shareholders and shall not, directly or indirectly, cause the Company to engage in operations that deviate from normal business practices or are otherwise detrimental.
2. Their representatives shall comply with the Company's rules governing the exercise of rights and participation in resolutions, and shall, when attending shareholders' meetings, exercise voting rights based on the principle of good faith and in the best interests of all shareholders, and shall fulfill directors' duties of loyalty and care.
3. Nominations of directors and independent directors shall comply with relevant laws and the Articles of Incorporation and shall not exceed the authority of the shareholders' meeting or the Board of Directors.

4. They shall not improperly interfere with corporate decision-making or obstruct business operations.

5. They shall not restrict or hinder the Company's production or operations through unfair competition practices such as monopolistic procurement or closed sales channels.

6. Corporate representatives appointed as a result of election as directors shall possess the professional qualifications required by the Company and should not be arbitrarily replaced.

Article 19 (List of Major Shareholders and Ultimate Controlling Shareholders)

The Company shall at all times maintain an updated list of major shareholders holding a relatively large proportion of shares and those who can actually control the Company, as well as the ultimate controlling shareholders of such major shareholders.

The Company shall periodically disclose information regarding pledges, increases or decreases in shareholdings, or other significant matters that may result in changes in shareholdings of shareholders holding more than ten percent (10%) of the Company's shares or among the top ten shareholders, in order to enable other shareholders to exercise oversight.

Chapter III Strengthening Board Functions

Section I Board Structure

Article 20 (Overall Competencies of the Board of Directors)

The Board of Directors of the Company shall provide guidance on corporate strategy, supervise management, and be accountable to the Company and its shareholders. All corporate governance systems, operations, and arrangements shall ensure that the Board of Directors exercises its powers in accordance with applicable laws and regulations, the Articles of Incorporation, or resolutions of shareholders' meetings.

In determining the structure of the Board of Directors, the Company shall, based on the scale of operations and development and the shareholding structure of major shareholders, and taking into account practical operational needs, determine an appropriate number of director seats of no fewer than five members.

The composition of the Board of Directors shall take diversity into consideration. Except that directors concurrently serving as company managers should not exceed one-third of the total number of directors, the Company shall, based on its operations, business model, and development needs, formulate appropriate diversity policies, which should include but not be limited to the following two dimensions:

1. Basic attributes 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, and industry experience.

Members of the Board of Directors shall generally possess the knowledge, skills, and professional competence necessary to perform their duties. To achieve the objectives of corporate governance, the Board of Directors as a whole should possess the following competencies:

1. Operational judgment.
2. Accounting and financial analysis.
3. Business management.
4. Crisis management.
5. Industry knowledge.
6. Global market perspective.
7. Leadership.
8. Decision-making capability.

Article 21 (Fair, Impartial, and Transparent Procedures for Election of Directors)

In order to protect shareholders' rights and interests and treat shareholders fairly, the Company shall establish fair, impartial, and transparent procedures for the election of directors, encourage shareholder participation, and adopt the cumulative voting system in accordance with the Company Act so as to fully reflect shareholders' opinions.

Except as otherwise approved by the competent authority, more than one-half of the total number of directors shall not have spousal or kinship relationships within the second degree of consanguinity.

Where directors are dismissed for any reason resulting in fewer than five directors, the Company shall hold a by-election at the next shareholders' meeting. However, where the number of vacancies reaches one-third of the number prescribed in the Articles of Incorporation, the Company shall convene an extraordinary shareholders' meeting for a by-election within sixty (60) days from the date of occurrence.

The aggregate shareholding percentage of all directors of the Company shall comply with applicable laws and regulations. Restrictions on share transfers by directors, pledges, or changes in shareholdings shall be handled in accordance with relevant regulations, and all related information shall be fully disclosed.

Article 22 (Adoption of the Candidate Nomination System in the Articles of Incorporation)

The Company shall, in accordance with the regulations of the competent authority, stipulate in its Articles of Incorporation that the election of directors shall adopt the candidate nomination system, carefully assess the qualifications of nominees and whether any circumstances listed in Article 30 of the Company Act apply, and handle such matters in

accordance with Article 192-1 of the Company Act.

Article 23 (Clear Allocation of Authority and Responsibilities)

The responsibilities of the Chairman of the Board and the President (or equivalent position) shall be clearly defined.

The positions of Chairman of the Board and President (or equivalent position) should not be concurrently held by the same individual.

Where functional committees are established, the Company shall clearly define their respective responsibilities.

Section II Independent Director System

Article 24 (Establishment of Independent Directors)

The Company shall, in accordance with its Articles of Incorporation, appoint at least two independent directors, and the number of independent directors shall not be less than one-fifth of the total number of directors. Independent directors should not serve more than three consecutive terms. Independent directors shall possess professional knowledge, be subject to shareholding restrictions, and, in addition to complying with applicable laws and regulations, should not concurrently serve as a director (including independent director) or supervisor of more than five TWSE- or TPEX-listed companies. Independent directors shall maintain independence within the scope of their duties and shall not have any direct or indirect interest in the Company.

Where the Company or its group enterprises or organizations mutually nominate directors, supervisors, or managers of the other party as independent director candidates, such information shall be disclosed when accepting independent director nominations, together with an explanation of the suitability of such candidates. Where such candidates are elected as independent directors, the number of votes received shall be disclosed.

The term “group enterprises and organizations” as used in the preceding paragraph includes subsidiaries of TWSE/TPEX listed companies, foundations to which cumulative donations exceed fifty percent (50%), and other institutions or legal entities with substantive control.

Independent directors and non-independent directors shall not change their status during their terms of office.

Matters concerning professional qualifications, shareholding restrictions, concurrent positions, determination of independence, nomination methods, and other matters to be observed by independent directors shall be handled in accordance with the Securities and Exchange Act, the Regulations Governing Appointment of Independent Directors of Public Companies and Compliance Matters, and relevant regulations of the TWSE or TPEX.

Article 25 (Matters Required to Be Submitted to the Board of Directors for Resolution)

In accordance with the Securities and Exchange Act, the Company shall submit the following matters to the Board of Directors for resolution. Where independent directors express dissenting or qualified opinions, such opinions shall be recorded in the meeting minutes:

1. Adoption or amendment of internal control systems pursuant to Article 14-1 of the Securities and Exchange Act.
2. Adoption or amendment of procedures for acquisition or disposal of assets, derivative transactions, lending of funds to others, endorsements or guarantees for others, and other major financial and business activities pursuant to Article 36-1 of the Securities and Exchange Act.
3. Matters involving conflicts of interest of directors or supervisors.
4. Material asset or derivative transactions.
5. Material lending of funds, endorsements, or guarantees.
6. Offering, issuance, or private placement of equity-type securities.
7. Appointment, dismissal, or remuneration of the certifying CPA.
8. Appointment or dismissal of the chief financial officer, chief accounting officer, or chief internal auditor.
9. Other material matters as required by the competent authority.

Article 26 (Scope of Responsibilities of Independent Directors)

The Company shall clearly define the scope of responsibilities of independent directors and provide the necessary personnel and resources for the exercise of their powers. The Company or other members of the Board of Directors shall not obstruct, refuse, or evade the performance of duties by independent directors.

The Company shall, in accordance with applicable laws and regulations, clearly stipulate directors' remuneration, which shall adequately reflect individual performance and the Company's long-term operational performance, and shall take into account operational risks. Independent directors may be provided with remuneration different from that of non-independent directors, as appropriate.

Section III Functional Committees

Article 27 (Establishment of Functional Committees)

In order to strengthen supervisory functions and enhance management efficiency, the Board of Directors may, taking into account the Company's scale, business nature, and number of directors, establish audit, remuneration, nomination, risk management, or other functional committees. Based on the concepts of corporate social responsibility and sustainable development, the Company may also establish environmental protection, corporate social responsibility, or other committees, which shall be stipulated in the Articles of Incorporation.

Functional committees shall be accountable to the Board of Directors and submit proposals

to the Board for resolution, except where the Audit Committee exercises the powers of supervisors pursuant to Paragraph 4, Article 14-4 of the Securities and Exchange Act.

Functional committees shall adopt organizational charters, which shall be approved by the Board of Directors. The charters shall include the number of members, term of office, scope of authority, rules of procedure, and resources to be provided by the Company for the exercise of authority.

Article 28 (Audit Committee)

The Company has established an Audit Committee.

The Audit Committee shall be composed of all independent directors, numbering three members, one of whom shall serve as the convener, and at least one member shall possess accounting or financial expertise.

The exercise of authority and related matters of the Audit Committee and its independent director members shall be handled in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and relevant regulations of the TWSE or TPEX.

Article 28-1 (Remuneration Committee)

The Company has established a Remuneration Committee, more than one-half of whose members shall be independent directors. The professional qualifications of committee members, the exercise of authority, adoption of organizational charters, and related matters shall be handled in accordance with the Regulations Governing the Establishment and Exercise of Powers by Remuneration Committees of Companies Whose Stock Is Listed on the Stock Exchange or Traded Over the Counter.

Article 28-2 (Nomination Committee)

The Company should establish a Nomination Committee and adopt an organizational charter. More than one-half of the committee members should be independent directors, and the chairperson should be an independent director.

Article 28-3 (Whistleblower System)

The Company should establish and publicly announce channels for internal and external whistleblowers and a whistleblower protection system. The unit responsible for handling reports shall be independent, encrypt documents provided by whistleblowers, appropriately restrict access rights, adopt internal operating procedures, and incorporate such procedures into the internal control system.

Article 29 (Enhancement of Financial Reporting Quality)

To enhance the quality of financial reporting, the Company shall appoint a deputy accounting officer.

The deputy accounting officer shall, on an annual basis, participate in continuing education comparable to that required of the accounting officer in order to enhance professional

competence.

Accounting personnel involved in the preparation of financial reports shall also complete at least six (6) hours of professional continuing education annually, which may include internal training programs or professional courses organized by accounting training institutions.

The Company shall appoint a professional, responsible, and independent CPA to periodically audit the Company's financial condition and internal controls. With respect to abnormalities or deficiencies identified and disclosed by the CPA during the audit process, as well as specific recommendations for improvement or fraud prevention, the Company shall conduct thorough reviews and implement improvements. The Company shall also establish communication channels or mechanisms between independent directors or the Audit Committee and the CPA, adopt internal operating procedures, and incorporate such procedures into the internal control system.

The Company shall, at least once a year, evaluate the independence and suitability of the appointed CPA. Where the CPA has not been rotated for seven consecutive years, or where circumstances arise that may impair independence or result in disciplinary actions, the Company shall assess the necessity of changing the CPA and submit the assessment results to the Board of Directors.

Article 30 (Provision of Appropriate Legal Services)

The Company should retain professional and qualified legal counsel to provide appropriate legal advisory services or to assist the Board of Directors, independent directors, and management in enhancing legal knowledge, preventing violations of laws and regulations, and ensuring that corporate governance operations are conducted within the legal framework and statutory procedures.

Where directors, independent directors, or management personnel are involved in litigation arising from the lawful performance of their duties or disputes with shareholders, the Company shall, as appropriate, engage legal counsel to provide assistance.

The Audit Committee or its independent director members may, on behalf of the Company, engage attorneys, CPAs, or other professionals to conduct necessary investigations or provide consultation in connection with the exercise of their powers, and the costs thereof shall be borne by the Company.

Section IV Rules of Procedure and Decision-Making Process of the Board of Directors

Article 31 (Convening Board Meetings)

The Board of Directors shall convene meetings at least once every quarter and may convene meetings at any time in the event of emergency.

The notice of a Board meeting shall state the reasons for convening the meeting and shall be

given to all directors and independent directors at least seven (7) days in advance, together with sufficient meeting materials. Where meeting materials are insufficient, directors shall have the right to request supplementation or to resolve to postpone deliberation.

The Company shall adopt rules of procedure for Board meetings. Matters including major agenda items, operating procedures, matters to be recorded in minutes, public announcements, and other matters to be observed shall be handled in accordance with the Regulations Governing Board Meetings of Public Companies.

Article 32 (Directors' Self-Discipline)

Directors shall exercise a high degree of self-discipline. Where a director has a personal interest or represents a juristic person with an interest in a proposal on the Board meeting agenda, the director shall explain the material aspects of such interest at the meeting. Where there is a risk of prejudice to the Company's interests, the director shall not participate in discussion or voting, shall recuse himself or herself, and shall not exercise voting rights on behalf of other directors.

Matters requiring recusal by directors shall be clearly stipulated in the rules of procedure for Board meetings.

Article 33 (Independent Directors and the Board of Directors)

Independent directors shall personally attend Board meetings to express opinions on matters required to be submitted to the Board pursuant to Article 14-3 of the Securities and Exchange Act and shall not appoint non-independent directors as proxies.

Where independent directors express dissenting or qualified opinions, such opinions shall be recorded in the meeting minutes. Where independent directors are unable to attend meetings in person, except for justifiable reasons, they shall issue written opinions in advance, which shall be recorded in the meeting minutes.

Where any of the following circumstances applies to resolutions adopted by the Board of Directors, in addition to being recorded in the meeting minutes, the Company shall make a public announcement and report on the Market Observation Post System before trading hours on the business day following the Board meeting:

1. Where independent directors have expressed dissenting or qualified opinions that are recorded or stated in writing.
2. Where matters have not been approved by the Audit Committee but have been approved by two-thirds or more of all directors.

During Board meetings, the Board may notify managers of relevant departments who are not directors to attend meetings and report on the Company's business operations and respond to inquiries. Where necessary, the Board may also invite CPAs, attorneys, or other professionals to attend meetings to assist directors in understanding the Company's condition and making appropriate resolutions. Such persons shall withdraw during

discussion and voting.

Article 34 (Minutes of Board Meetings)

The Company shall faithfully record the proceedings of Board meetings, including reports, discussion summaries of each agenda item, methods of resolution, and results, in accordance with applicable regulations.

Minutes of Board meetings shall be signed or sealed by the chairperson and the recorder, and shall be distributed to all directors within twenty (20) days after the meeting. The attendance register shall form part of the minutes. Minutes shall be included among the Company's important records and properly preserved permanently during the existence of the Company. Preparation, distribution, and preservation of minutes may be conducted electronically.

The Company shall audio- or video-record the entire proceedings of Board meetings and preserve such recordings for at least five (5) years. Preservation may be conducted electronically.

Where litigation arises concerning Board resolutions before the expiration of the preservation period, relevant audio or video recordings shall continue to be preserved until the conclusion of the litigation.

Where Board meetings are convened via video conference, audio or video recordings shall form part of the minutes and shall be preserved permanently.

Where Board resolutions violate laws, the Articles of Incorporation, or resolutions of shareholders' meetings and cause damage to the Company, directors who have expressed dissent and for whom such dissent is evidenced by records or written statements shall be exempt from liability.

Article 35 (Matters Required to Be Discussed by the Board of Directors)

The following matters shall be submitted to the Board of Directors for discussion:

1. Business plans of the Company.
2. Annual financial reports and semiannual financial reports; provided that semiannual financial reports not required by law to be audited by a CPA are excluded.
3. Adoption or amendment of internal control systems pursuant to Article 14-1 of the Securities and Exchange Act, and evaluation of the effectiveness of such systems.
4. Adoption or amendment of procedures for acquisition or disposal of assets, derivative transactions, lending of funds to others, endorsements or guarantees for others, and other major financial and business activities pursuant to Article 36-1 of the Securities and Exchange Act.
5. Offering, issuance, or private placement of equity-type securities.
6. Performance evaluation and remuneration standards for managers.

7. Structure and system of directors' remuneration.
8. Appointment or dismissal of the chief financial officer, chief accounting officer, or chief internal auditor.
9. Donations to related parties or material donations to non-related parties; provided that public-interest donations for emergency relief in response to major natural disasters may be submitted for ratification at the next Board meeting.
10. Other material matters required by Article 14-3 of the Securities and Exchange Act, by applicable laws or the Articles of Incorporation, or as required by the competent authority.

Except for the foregoing matters, where the Board authorizes the exercise of its powers during recess periods in accordance with laws or the Articles of Incorporation, the scope, content, or matters of such authorization shall be specific and shall not be granted in a blanket manner.

Article 36 (Implementation of Board Resolutions)

The Company shall clearly assign the execution of Board resolutions to appropriate units or personnel, require implementation in accordance with prescribed schedules and objectives, incorporate such matters into tracking and management, and effectively evaluate implementation status.

The Board of Directors shall fully monitor implementation progress and require reports at subsequent meetings to ensure that management decisions are effectively implemented.

Section V Duties of Loyalty and Care and Responsibilities of Directors

Article 37 (Directors' Duties of Loyalty and Care)

Members of the Board of Directors shall faithfully perform their duties and exercise the duty of care of a good administrator, and shall exercise their powers with a high degree of self-discipline and prudence. Except for matters required by law or the Articles of Incorporation to be resolved by shareholders' meetings, matters concerning the execution of Company business shall be handled in accordance with resolutions of the Board of Directors.

The Company should establish procedures and methods for Board performance evaluation. In addition to conducting annual self-evaluations or peer evaluations of the Board and individual directors, the Company may engage external professional institutions or adopt other appropriate methods to conduct performance evaluations. Evaluation of Board performance should include, and be adjusted according to Company needs, the following dimensions:

1. Degree of participation in Company operations.
2. Improvement of Board decision-making quality.
3. Composition and structure of the Board.
4. Selection and continuing education of directors.

5. Internal control.

Evaluation of individual director performance (self or peer) should include, and be adjusted according to Company needs, the following dimensions:

1. Understanding of Company objectives and missions.
2. Awareness of director responsibilities.
3. Degree of participation in Company operations.
4. Management of internal relationships and communication.
5. Professional competence and continuing education.
6. Internal control.

The Company should conduct performance evaluations of functional committees.

Evaluation dimensions should include, and be adjusted according to Company needs, the following:

1. Degree of participation in Company operations.
2. Understanding of committee responsibilities.
3. Improvement of committee decision-making quality.
4. Committee composition and member selection.
5. Internal control.

The Company should submit the results of performance evaluations to the Board of Directors and use them as reference for directors' remuneration and re-nomination.

Article 37-1 (Establishment of Management Succession Planning)

The Company shall establish management succession planning, which shall be periodically evaluated by the Board of Directors to ensure sustainable operations.

Article 37-2 (Establishment of Intellectual Property Management System)

The Board of Directors shall evaluate and supervise the Company's intellectual property management direction and performance based on the following dimensions, in order to ensure the establishment of an intellectual property management system through the "Plan-Do-Check-Act" management cycle:

1. Formulation of intellectual property management policies, objectives, and systems aligned with business strategies.
2. Establishment, implementation, and maintenance of management systems for the acquisition, protection, maintenance, and utilization of intellectual property based on Company scale and nature.
3. Determination and provision of resources necessary for effective implementation and maintenance of the intellectual property management system.
4. Identification of internal and external risks or opportunities related to intellectual property management and adoption of appropriate response measures.

The Company shall plan and implement continuous improvement mechanisms to ensure

that the operation and effectiveness of the intellectual property management system meet Company expectations.

Article 38 (Requests by Shareholders or Independent Directors to Suspend Board Resolutions)

Where Board resolutions violate laws or the Articles of Incorporation, and shareholders holding shares for more than one year or independent directors request the Board to suspend the implementation of such resolutions, the Board members shall promptly and appropriately handle or suspend implementation.

Where Board members become aware of circumstances that may cause significant damage to the Company, they shall handle such matters in accordance with the preceding paragraph and immediately report to the Audit Committee or independent directors thereof.

Article 39 (Directors' Liability Insurance)

The Company shall, during directors' terms of office, obtain liability insurance for directors covering compensation liabilities arising from the performance of their duties within the scope of law, so as to reduce and disperse the risk of significant damage to the Company and shareholders due to errors or negligence.

After obtaining or renewing directors' liability insurance, the Company shall report material information regarding the insured amount, coverage scope, and insurance premium rate to the most recent Board meeting.

Article 40 (Continuing Education of Board Members)

Members of the Board of Directors should, upon assumption of office or during their terms, continuously participate in continuing education programs designated by the Company for directors and supervisors, covering topics such as corporate governance, finance, risk management, business, accounting, law, or corporate social responsibility, and shall also require employees at all levels to strengthen professional and legal knowledge.

Chapter IV Respecting Stakeholders' Rights and Interests

Article 41 (Maintaining Communication with Stakeholders and Safeguarding Their Rights)

The Company shall maintain open and effective channels of communication with its relationship banks and other creditors, employees, consumers, suppliers, communities, and other stakeholders of the Company, and shall respect and safeguard their legitimate rights and interests. The Company shall also establish a dedicated stakeholder section on its website.

Where the legitimate rights and interests of stakeholders are infringed upon, the Company shall handle such matters properly in accordance with the principle of integrity.

Article 42 (Provision of Adequate Information to Relationship Banks and Other Creditors)

The Company shall provide adequate information to its relationship banks and other creditors to enable them to make judgments and decisions regarding the Company's operations and financial condition. Where their legitimate rights and interests are infringed upon, the Company shall respond proactively and, with a responsible attitude, provide appropriate channels for creditors to obtain compensation.

Article 43 (Establishment of Employee Communication Channels)

The Company shall establish communication channels for employees and encourage employees to communicate directly with management, directors, or independent directors, and to appropriately express opinions regarding the Company's operations and financial condition or major decisions involving employees' interests.

Article 44 (Corporate Social Responsibility)

While maintaining normal business operations and striving to maximize shareholders' interests, the Company shall also pay attention to consumer rights, community environmental protection, public welfare, and other related issues, and shall place importance on fulfilling its corporate social responsibility.

Chapter V Enhancing Information Transparency

Section I Strengthening Information Disclosure

Article 45 (Information Disclosure and Online Filing System)

Information disclosure is an important responsibility of the Company. The Company shall faithfully fulfill its obligations in accordance with relevant laws and regulations and the rules of the Taiwan Stock Exchange Corporation or the Taipei Exchange.

The Company should endeavor to announce and file its annual financial reports within two (2) months after the end of each fiscal year, and announce and file its first, second, and third quarter financial reports and monthly operating results earlier than the statutory deadlines.

The Company shall establish an online information disclosure filing system, designate personnel responsible for collecting and disclosing Company information, and establish a spokesperson system to ensure that information that may affect the decision-making of shareholders and stakeholders is disclosed in a timely and appropriate manner.

Article 46 (Appointment of Spokesperson by TWSE/TPEX Listed Companies)

To enhance the accuracy and timeliness of disclosure of material information, the Company shall appoint a spokesperson and deputy spokesperson(s) who have a comprehensive understanding of the Company's financial and business matters or who are capable of coordinating with various departments to provide relevant information, and who are authorized to independently represent the Company in external communications.

The Company shall appoint one or more deputy spokespersons. Any deputy spokesperson shall be able to independently act on behalf of the spokesperson when the spokesperson is unable to perform his or her duties. The order of succession shall be clearly specified to avoid confusion.

To implement the spokesperson system, the Company shall establish unified procedures for external communications and require management and employees to maintain confidentiality of financial and business information and not to disclose information without authorization.

Where there is any change in the spokesperson or deputy spokesperson, the Company shall promptly disclose such information.

Article 47 (Establishment of a Corporate Governance Website)

The Company shall leverage the convenience of the internet to establish a website to disclose information relating to the Company's financial and business operations and corporate governance, for reference by shareholders and stakeholders, and should provide English versions of financial, corporate governance, or other relevant information.

The website shall be maintained by designated personnel. All information disclosed thereon shall be accurate, complete, and updated in a timely manner to avoid misleading stakeholders.

Article 48 (Methods for Convening Investor Conferences)

When convening investor conferences, the Company shall handle such matters in accordance with the rules of the Taiwan Stock Exchange Corporation or the Taipei Exchange and shall preserve audio or video recordings thereof.

Financial and business information disclosed at investor conferences shall be input into the Market Observation Post System in accordance with the rules of the Taiwan Stock Exchange Corporation or the Taipei Exchange, and shall be made available for inquiry through the Company's website or other appropriate channels.

Section II Disclosure of Corporate Governance Information

Article 49 (Disclosure of Corporate Governance Information)

The Company shall, in accordance with relevant laws and regulations and the rules of the Taiwan Stock Exchange Corporation or the Taipei Exchange, disclose and continuously update the following corporate governance-related information on an annual basis:

1. Board of Directors: including resumes of Board members, their authorities and responsibilities, and policies on Board diversity and their implementation status.
2. Functional Committees: including resumes of members of each functional committee and their authorities and responsibilities.
3. Corporate governance-related rules: including the Articles of Incorporation, rules of procedure for Board meetings, and organizational charters of functional committees.
4. Other material information relating to corporate governance: such as information regarding the appointment of corporate governance officers.

Chapter VI Supplementary Provisions

Article 50 (Attention to Domestic and International Developments)

The Company shall continuously pay attention to developments in domestic and international corporate governance systems, and based thereon, review and improve the corporate governance system established by the Company, in order to enhance the effectiveness of corporate governance.

Article 51 (Adoption and Amendment)

These Principles shall be implemented upon approval by resolution of the Board of Directors. The same shall apply to any amendments hereto.

Originally formulated on December 12, 2019; first amended on March 24, 2020; second amended on January 20, 2022; third amended on December 14, 2022; and fourth amended on August 6, 2024.