

# **Wellell Incorporation**

## **Code of Corporate Governance Practices**

### **Chapter 1 General Provisions**

Article 1 In order to establish a good corporate governance system, the Company hereby formulates this Code with reference to the relevant provisions of the " Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies " for compliance.

Article 2 In addition to complying with the provisions of the laws and the Articles of Incorporation, as well as the contracts signed with the competent authorities and related regulations, the Company shall establish a corporate governance system in accordance with the following principles The Company shall establish a corporate governance system in accordance with the following principles:

- I. To establish an effective corporate governance structure.
- II. Protecting shareholders' rights and interests.
- III. Strengthening the functions of the Board of Directors.
- IV. Functioning of the Audit Committee.
- V. Respecting the rights and interests of stakeholders.
- VI. Enhance the transparency of information.

Article 3 The Company establishes an effective internal control system in accordance with the Guidelines Governing the Establishment of Internal Control Systems by Public Companies, taking into account the overall operating activities of the Company and its subsidiaries. The Company shall establish an effective internal control system in accordance with the requirements of the Guidelines for the Establishment of Internal Control Systems by Public Companies, taking into account the overall operating activities of the Company and its subsidiaries, and shall review the system from time to time to respond to changes in the internal and external environments of the Company, in order to ensure the continued effectiveness of the design and implementation of the system.

Unless approved by the competent authorities, the establishment or amendment of the internal control system shall be approved by at least one-half of all members of the Audit Committee and submitted to the Board of Directors for resolution; any dissenting opinion or reservation by the independent directors shall be set forth in the minutes of the Board of Directors' meeting. Any dissenting opinions or reservations expressed by the independent directors shall be set forth in the minutes of the board of directors' meetings.

In addition to the self-assessment of the Company's internal control system, the Board of Directors and management should review the results of each department's self-assessment and the audit report of the auditing unit at least annually. The effectiveness of the internal control system shall be evaluated by the Board of Directors and the management at least annually. The evaluation of the effectiveness of the internal control system should be approved by at least one-half of all Audit Committee members and submitted to the Board of Directors for resolution. The management of the Company shall attach importance to the internal audit unit and personnel and give them sufficient authority to ensure that the internal control system is reviewed and evaluated for deficiencies and to measure the efficiency of the operations to ensure that the system is continuously

and effectively implemented, and to assist the Board of Directors and the management in the implementation of the internal control system. It should also assist the Board of Directors and management in fulfilling their responsibilities and further implementing the corporate governance system.

In order to implement the internal control system and strengthen the professional ability of the internal auditors' agents to enhance and maintain the quality and effectiveness of the audit, the Company shall establish the duty agent of the internal auditors. The Company shall establish a functional agent for the internal auditors.

The Guidelines for the Establishment of a System of Internal Control for Publicly Traded Companies stipulate the conditions and requirements for internal auditors, which are applicable to the former duty agents.

#### Article 3.1

The Company shall, in accordance with the regulations of the competent authorities, the stock exchange or the over-the-counter trading centre, appoint the highest executive in charge of corporate governance-related affairs, who shall have obtained the qualification of practicing as a lawyer or accountant, or who has been engaged in the legal, legal compliance, internal audit or corporate governance-related affairs unit for at least three years in the securities, finance, futures-related institutions or public offering companies. He or she shall have been engaged in legal affairs, legal compliance, internal audit, finance, stock affairs, or the head of a corporate governance-related unit in a securities, finance, futures-related institution or public offering company for at least three years.

The preceding corporate governance-related matters shall include at least the following:

- I. Matters related to the meetings of the Board of Directors and the Shareholders' Meeting in accordance with the law.
- II. Preparation of minutes of Board and shareholders' meetings.
- III. To assist the Directors and Independent Directors in their appointment and continuing education.
- IV. Provide the directors and independent directors with information necessary for the execution of their business.
- V. Assisting directors and independent directors in complying with laws and regulations.
- VI. Report to the Board of Directors on the results of its review of the compliance of the qualifications of independent directors with relevant laws and regulations at the time of their nomination and election and during their term of office.
- VII. To deal with matters relating to the change of directors.
- VIII. Other matters in accordance with the Company's Articles of Incorporation or contract.

## **Chapter 2**

### **Protecting Shareholders' Rights and Interests**

#### **Encouraging Shareholders' Participation in Corporate Governance**

Article 4 The Company's corporate governance system shall be implemented with the objective of protecting shareholders' rights and interests, treating all shareholders

fairly, and ensuring that shareholders have the rights to know, participate in and make decisions on significant matters of the Company in accordance with the law.

Article 5 The Company shall convene a shareholders' meeting in accordance with the provisions of the Company Law and relevant laws and regulations and shall formulate comprehensive rules for the conduct of business. Matters that should be resolved at the shareholders' meeting shall be implemented in accordance with the rules for the conduct of business. The contents of the resolutions of the shareholders' meeting shall be in compliance with the laws and regulations and the Company's Articles of Incorporation.

Article 6 The Board of Directors of the Company shall properly organise the topics and procedures of the shareholders' meetings, and the shareholders' meetings shall allow a reasonable time for discussion of the topics and give the shareholders an appropriate opportunity to speak.

Article 7 The Company shall encourage shareholders to participate in corporate governance and shall ensure that shareholders' meetings are held in a lawful, effective and safe manner. The Company shall facilitate the attendance of shareholders at shareholders' meetings through various reasonable means and channels and adopt technological means of information disclosure and voting, and enable shareholders to exercise their shareholders' rights at shareholders' meetings in accordance with the law.

It is desirable for the Company to adopt an electronic voting and candidate nomination system for the election of directors at shareholders' meetings. It is appropriate for the Company to conduct a poll on the resolutions of the shareholders' meeting on a case-by-case basis and to input the results of the shareholders' approval, disapproval or abstention into the Internet information reporting system designated by the Company on the day after the shareholders' meeting is convened.

Article 8 The Company shall, in accordance with the Company Law and relevant laws and regulations, make minutes of the shareholders' meetings and record the main points of the proceedings and the results thereof. The election of directors shall include the method of voting and the number of elected rights of the elected directors. The minutes of the shareholders' meetings shall be kept permanently and properly during the company's existence and shall be posted on the company's website.

Article 9 The chairman of the shareholders' meeting shall be fully aware of and comply with the Company's rules of procedure and shall maintain a smooth flow of business and shall not arbitrarily and illegally adjourn the meeting. In order to protect the rights and interests of the majority of the shareholders, in the event that the chairman violates the rules of procedure and declares the meeting adjourned, the other members of the Board of Directors shall promptly assist the shareholders present in accordance with the legal procedures and elect a chairman with the consent of a majority of the shareholders present to continue the meeting.

Article 10 The Company attaches importance to the shareholders' right to know and complies with the relevant regulations on information disclosure by providing shareholders with information on the Company's finances, business, shareholding by insiders, and corporate governance in accordance with the law on a regular basis and in a timely manner through the Market Observation Post System (MOPS) or a website set up by the Company.

In order to provide equal treatment to the Shareholders, it is desirable that the

disclosure of each of the foregoing information should be made in English at the same time.

The foregoing should include controls on stock trading by company insiders from the date the company's financial report or related results are made known to them, including, but not limited to, a closure period of 30 days prior to the announcement of the annual financial report and 15 days prior to the announcement of the quarterly financial report, during which directors may not trade in their shares. Closed period.

#### Article 11

Shareholders have the right to share in the Company's earnings in accordance with the law. In order to ensure shareholders' investment rights, the shareholders' meeting may, in accordance with Article 184 of the Company Act, examine the forms prepared by the Board of Directors and the report of the Audit Committee, and resolve on the appropriation of earnings or loss. The shareholders' meeting may elect an inspector to perform the foregoing inspection.

Shareholders may request the court to appoint an inspector to inspect the company's business accounts and property in accordance with Article 245 of the Company Act.

The Board of Directors, the Audit Committee, and the Manager shall not obstruct, refuse, or circumvent the inspection operations of the first two inspectors.

#### Article 12

The Company has complied with relevant laws and regulations in acquiring or disposing of assets, loans of funds, endorsements and guarantees, and other significant financial operations, and has formulated relevant operating procedures to be submitted to the shareholders' meeting for approval, in order to protect shareholders' rights and interests.

#### Article 13

In order to ensure shareholders' rights and interests, shareholders' proposals, doubts and disputes are properly handled by the shareholders' affairs staff. In the event that shareholders' rights and interests are damaged by a resolution of the shareholders' meeting or board of directors' meeting that violates the laws or the Company's Articles of Incorporation, or by a director or manager who violates the laws or the Company's Articles of Incorporation in the performance of his or her duties, the Company shall handle the litigation initiated by the shareholders in accordance with the law. The Company shall handle any litigation brought by shareholders in accordance with the law.

### **Corporate Governance Relationships between the Company and its Related Parties**

#### Article 14

The management rights and responsibilities of personnel, assets and financial affairs between the Company and its affiliates should be clarified and implemented. Risk assessment and establishment of appropriate firewalls.

#### Article 15

Unless otherwise provided by law, the Company's managers shall refrain from concurrently serving as managers of affiliated companies. Directors shall explain to the shareholders' meeting the important contents of their acts and obtain their permission to perform acts within the scope of the Company's business for themselves or for others.

#### Article 16

The Company should establish a sound financial, business, and accounting management system in accordance with relevant laws and regulations. The Company should also properly conduct comprehensive risk evaluations of its major banks, customers, and suppliers with its affiliates in order to reduce credit risk. The Company and its affiliates should appropriately conduct a comprehensive risk assessment of major banks, customers and suppliers and implement necessary control mechanisms to reduce credit risk.

#### Article 17

When the Company has financial transactions with its related parties and shareholders, the Company shall, based on the principle of fairness and reasonableness, establish written regulations on the financial business related operations between them. The price and payment terms of contracts should be clearly defined, and irregular transactions and improper transfers of benefits should be eliminated.

The foregoing written regulations shall include procedures for the management of transactions such as purchase and sale of goods, acquisition or disposal of assets, lending of funds, and endorsement and guarantee, etc., and the related material transactions shall be submitted to the board of directors for resolution and approval, or to the shareholders' meeting for approval or report.

#### Article 18

The Company shall at all times maintain a list of substantial shareholders who hold a significant proportion of the Shares and who have effective control over the Company and the ultimate controllers of the substantial shareholders.

The Company regularly discloses to other shareholders the pledge, increase or decrease in the Company's shares by shareholders holding more than 10 per cent of the Company's shares, or the occurrence of other important events that may result in changes in the Company's shares, so as to enable other shareholders to monitor the Company's activities.

The major shareholders referred to in Item 1 are shareholders with an equity interest of 5% or more or the top ten shareholders in terms of equity interest.

### **Chapter 3: Enhancing the Board's Functions**

#### **Board Structure**

Article 19 The Company's Board of Directors is accountable to the Shareholders' Meeting for the operation of the Company's corporate governance system, and its operations and arrangements shall ensure that the Board of Directors exercises its powers and functions in accordance with the laws and regulations, the Company's Articles of Incorporation, or the resolutions of the Shareholders' Meeting.

The composition of the Board of Directors shall take diversity into consideration and shall formulate appropriate diversity policies with respect to its own operation, business style and development needs, which shall include but not limited to the following two major criteria:

1. Basic requirements and values: gender, age, nationality and culture, etc., with the proportion of female directors reaching one-third of the number of directors.
2. Professional knowledge and skills: professional background (e.g. law, accounting, industry, finance, marketing or technology) professional skills and industrial experiences, etc.

The members of the Board generally possess the knowledge, skills and qualities necessary for the performance of their duties. The competencies that the Board as a whole should possess in order to achieve the desired objectives of corporate governance are as follows:

- I. Operational judgement.
- II. Accounting and financial analysis skills.
- III. Business management skills.
- IV. Crisis management skills.
- V. Industry knowledge.
- VI. International market view.
- VII. Leadership skills.
- VIII. Decision-making ability.

#### Article 20

The Company shall establish fair, just and open procedures for the election of directors and shall adopt a cumulative voting system in accordance with the Company Law to adequately respond to shareholders' opinions.

Unless otherwise approved by the competent authority, more than one-half of the board of directors shall hold office, and the directors shall not be related to each other by marriage or consanguinity.

In the event that the number of Directors reaches one-third of the number of seats stipulated in the Articles of Incorporation, the Company shall, within sixty (60) days from the date of the occurrence of the event, convene an extraordinary shareholders' meeting to hold a by-election for the purpose of filling the vacancy.

The aggregate shareholding ratio of all directors on the board of directors shall be in compliance with laws and regulations, and r e s t r i c t i o n s on transfer of shares, creation or release of pledges, and changes in shareholdings of each director shall be in accordance with relevant regulations, and information shall be fully disclosed in accordance with laws and regulations.

#### Article 21

Before the Company convenes a shareholders' meeting for the re-election of directors, it is appropriate for the Company to conduct a prior review of the qualifications, academic background, and the existence of any of the circumstances set forth in Article 30 of the Company Act of the Company in respect of the director candidates recommended by the shareholders or the directors and to provide the results of the review to the shareholders for their reference in order to elect suitable directors. The results of such examination shall be provided to the shareholders for their reference in order to elect suitable directors.

The duties and responsibilities of the Chairman of the Board of Directors and the General Manager of the Company shall be clearly delineated.

### **Independent directorships**

#### Article 23

The Company shall have independent directors in accordance with the provisions of the Articles of Association of the Company, which shall not be less than one-third of the total number of directors, and the independent directors shall be appointed by the Board of Directors of the Company.

It is not desirable to have more than three consecutive terms of office.

Independent directors have professional knowledge, their shareholdings and concurrent positions should be limited, and they should be independent in the

execution of their business and should not be directly or indirectly interested in the Company.

The election of independent directors shall be conducted in accordance with Article 192-1 of the Company Act under a candidate nomination system and shall be set forth in the Articles of Incorporation, and shareholders shall elect the independent directors from the list of candidates. Independent directors and non-independent directors shall be elected together in accordance with Article 198 of the Company Act, and the number of candidates elected shall be calculated separately.

Independent Directors and Non-Independent Directors are not permitted to change their status during their tenure of office.

If the number of independent directors is less than the number specified in the Articles of Incorporation due to their termination for any reason, a by-election shall be held at the most recent shareholders' meeting. In the event that all of the Independent Directors are terminated, the Company shall, within 60 days from the date of such termination, convene an extraordinary shareholders' meeting to hold a by-election.

The professional qualifications, restrictions on shareholdings and concurrent positions, recognition of independence, method of nomination, and other compliance requirements for independent directors shall be handled in accordance with the Securities and Exchange Act, the Regulations Governing the Establishment and Compliance of Independent Directors of Public Companies, and the regulations of the Stock Exchange. Securities and Exchange Act, the Regulations Governing the Establishment and Compliance of Independent Directors of Public Companies, and the regulations of the Stock Exchange.

#### Article 24

The following matters shall be proposed to the Board of Directors for resolution; any dissenting views or reservations of the Independent Directors shall be set out in the minutes of the Board of Directors' meetings:

I. Establish or amend the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.

Establishing or amending the procedures for handling significant financial operations such as acquiring or disposing of assets, engaging in derivative transactions, lending funds to others, and endorsing or providing guarantees for others in accordance with Article 36-1 of the Securities and Exchange Act.

Matters in which a director or the Audit Committee has a personal interest. Significant asset or derivative transactions.

Loans, endorsements or guarantees of significant financial instruments.

To raise, issue, or privately place securities of an equity nature. Appointment, dismissal or remuneration of certified public accountants.

Appointment or removal of the head of finance, accounting or internal audit. Other important matters as stipulated by the competent authorities.

#### Article 25

Neither the Company nor any other member of the Board of Directors shall restrict or impede an independent director in the performance of his or her duties.

The Company should specify the remuneration of directors in the articles of association. The remuneration of directors should fully reflect their individual performance and the Company's long-term operating results, and should also take into account the Company's operating risks.

If the Company sets aside a special reserve in accordance with the Company's Articles of Incorporation, a resolution of the shareholders' meeting, or an order of the competent authority, the special reserve shall be appropriated in the order in which the legal reserve is appropriated, and the special reserve shall be reversed and consolidated into the unappropriated earnings before the distribution of the remuneration to the directors and the bonus to employees as provided in the Company's Articles of Incorporation. The Company's Articles of Incorporation prescribe the method of distributing earnings when the special reserve is reversed and consolidated into unappropriated earnings before distributing directors' remuneration and employees' bonuses.

#### **Audit Committee and other functional committees**

##### **Article 26**

The Board has established a Board of Directors for the purpose of strengthening its supervisory function and management function, taking into account the size of the Board and the number of independent directors.

The Board has established audit, remuneration or other functional committees.

The Functional Committee is accountable to the Board of Directors and submits the proposed resolutions to the Board of Directors for resolution. However, the Audit Committee shall be exempted from exercising the supervisory authority pursuant to Article 14-4, Paragraph 4 of the Securities and Exchange Act.

The Functional Committee has set up an organisational structure, which has been approved by the Board of Directors. The organisational structure should include the number of members, term of office, terms of reference, rules of procedure, and resources to be provided by the Company in exercising the duties and responsibilities of the committee.

##### **Article 27**

The Company has established an Audit Committee; the Audit Committee shall consist of all independent directors and shall not be less than three persons, one of whom shall be the convenor and at least one of whom shall have accounting or financial expertise.

The exercise of the duties and responsibilities of the Audit Committee and its independent board members and related matters shall be handled in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Duties and Responsibilities of the Audit Committee of Public Companies, and the regulations of the Stock Exchange.

##### **Article 28**

The Company has established a Compensation Committee. The professional qualifications of its members, the exercise of their duties, the establishment of organisational procedures and related matters shall be governed by the "Regulations Governing the Establishment and Exercise of Duties by Compensation Committees of Companies Whose Stocks are Listed on the Stock Exchange or Traded on the Stock Exchange".

The Compensation Committee shall faithfully perform the following duties with the care of a good steward and shall submit its recommendations to the Board of Directors for discussion:

To establish and periodically review the policies, systems, standards and structures for performance evaluation and compensation of directors and managers.

(b) Evaluate and set the compensation of directors and managers on a regular basis. When the Compensation Committee performs the preceding duties, it shall be guided by the following principles:

The performance evaluation and remuneration of directors and managers should be based on the industry norms, taking into account the reasonableness of the connection with individual performance, the Company's operating results and future risks.

Directors and managers should not be induced to engage in behaviour that exceeds the Company's risk appetite in pursuit of remuneration. The proportion of bonus to be paid to directors and senior managers for short-term performance and some changes in the payment of remuneration.

The timing should be determined taking into account the characteristics of the industry and the nature of the Company's business.

#### Article 29

In order to improve the quality of financial reporting, the Company should establish a duty agent for the controller.

The agents of the former accounting controller should be subject to annual continuing education in line with that of the accounting controller in order to strengthen the accounting controller's agents.

Professional competence.

Accounting personnel involved in the preparation of financial reports are also encouraged to take at least six hours of professional related courses per year, either through in-house education and training or through professional courses organised by the Accounting Supervisor's Institute for Continuing Education.

The Company shall select a professional, responsible and independent certified public accountant to conduct regular audits of the Company's financial condition and internal controls. The Company shall review and improve the irregularities or deficiencies discovered and disclosed by the certified public accountants in the course of the audits, as well as the specific suggestions for improvement or prevention of fraud, and shall establish a communication channel or mechanism between the independent directors and the certified public accountants, as well as formulate internal operating procedures and incorporate them into the internal control system for control. It is also advisable to establish communication channels or mechanisms between the independent directors and the certified public accountants, and to establish internal operating procedures and incorporate them into the internal control system. The Company shall periodically (at least once a year) evaluate the independence of the appointed accountants with reference to the Audit Quality Indicators (AQIs). If the Company has not changed its accountants for seven consecutive years, or if the accountants have been subject to disciplinary actions, or if there are circumstances that impair the independence of the accountants, the Company shall consider whether it is necessary to change the accountants and report the results of the evaluation to the Board of Directors.

The Company has a legal department to provide appropriate legal advisory services to the Company or to assist the Board of Directors and the management to enhance their legal literacy so as to prevent the Company and the related personnel from violating the laws and regulations, and to ensure that the corporate governance operations are operated under the relevant legal frameworks and statutory

procedures.

In the event that a director or management is involved in litigation or a dispute with shareholders in connection with the execution of business in accordance with the law, the Company will, depending on the circumstances, use legal resources to provide assistance.

The Audit Committee or the Independent Directors may, on behalf of the Company, appoint an attorney, accountant, or other professional to conduct necessary audits or provide advice on matters related to the exercise of their duties and responsibilities at the Company's expense.

## **Rules of Procedure and Decision-making Procedures of the Board of Directors**

### **Article 30**

The Board of Directors of the Company shall meet at least quarterly and may be convened at any time in case of emergency. The Board of Directors

The Board of Directors will notify each director seven days in advance of the convening of the meeting by stating the reasons for the convening of the meeting and provide sufficient information for the meeting, which will be sent together with the convening notice. If there is insufficient information for a meeting, the Directors have the right to request for additional information or to postpone the meeting after the Board of Directors has resolved to do so.

The Company has formulated the Rules Governing the Conduct of Board Meetings; the main contents of the meetings, the operating procedures, the items to be included in the minutes of the meetings, and other matters to be complied with shall be in accordance with the Rules Governing the Conduct of Meetings of the Board of Directors of Public Companies.

### **Article 31**

The directors of the Company shall exercise a high degree of self-discipline and shall refrain from participating in the discussion of and voting on the motions of the Board of Directors that involve their own interests to the detriment of the Company's interests. They should not join in the discussion and voting, and should not exercise their voting rights on behalf of other directors. Directors should also exercise self-discipline and should not fail to support each other. The issue of self-avoidance by Directors has been set out in the Rules of Procedure of the Board of Directors.

### **Article 32**

The Company has independent directors, who are required to attend board meetings in accordance with Article 14-3 of the Securities and Exchange Act and may not be represented by non-independent directors. If an independent director has any objections or reservations, they shall be stated in the minutes of the board meeting. If an independent director is unable to attend the board meeting in person to express his/her objections or reservations, he/she shall, unless he/she has a justifiable reason, express them in advance. If an independent director is unable to attend a board meeting in person to express his/her objection or reservation, he/she shall, unless he/she has a valid reason, give his/her opinion in writing in advance, which shall be set out in the minutes of the board meeting.

If any of the following circumstances apply to a resolution of the Board of Directors, it shall be stated in the minutes of the meeting and shall be reported in an announcement on the information reporting website designated by the competent authority within two days of the date of the Board of Directors' meeting:

I. The independent directors have objections or reservations which are recorded or stated in writing.

II. For companies with an audit committee, matters not approved by the audit committee shall be approved by at least two-thirds of all directors. Depending on the content of the motion, the Board of Directors may notify the managers of the relevant departments who are not directors to attend the meeting to report on the current business overview of the Company and to answer questions from the directors. If necessary, accountants, lawyers or other professionals may also be invited to attend the meeting to assist the Directors to understand the current situation of the Company and make appropriate resolutions.

#### Article 33

The officers of the Board of Directors of the Company shall ensure that reports of meetings and summaries of proceedings, methods of resolution and results of each motion are recorded in detail in accordance with the relevant regulations. The minutes of the Board of Directors' meetings shall be signed or sealed by the chairman of the meeting and the recording officer, and shall be sent to each director within 20 days after the meeting. The sign-in book of the Board of Directors shall be part of the minutes, which shall be included in the important files of the Company and shall be properly preserved for the duration of the Company's existence. The production, distribution and retention of minutes are currently done in paper/electronic form.

The Company shall record or videotape the entire proceedings of the Board of Directors' meetings and keep them for at least five years in electronic form. In the event of litigation concerning relevant resolutions of the Board of Directors before the expiration of the retention period of the preceding paragraph, the relevant audio-recorded or video-recorded data shall continue to be retained, and the provisions of the preceding paragraph shall not apply.

If the board of directors meets by video conference, the audio and video recordings of the meeting shall be part of the minutes and shall be properly preserved for the duration of the company's existence.

In the event that the Board of Directors' resolution violates the law, the Articles of Incorporation, or the resolution of the shareholders' meeting and causes damage to the Company, the directors who have expressed their dissenting opinions shall be exempted from the liability to pay compensation if such dissenting opinions are supported by the records or a written statement.

#### Article 34

The following matters should be brought to the attention of the Board of Directors for discussion:

- I. Company business plan
- II. Annual, half-yearly and quarterly financial reports.
- III. Establishing or amending the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
- IV. Establishing or amending procedures for the acquisition or disposal of assets, engaging in derivative transactions, lending funds to others, and endorsing or providing guarantees for others, which are significant financial operations, in accordance with the provisions of Article 36-1 of the Securities and Exchange Act.
- V. To raise, issue, or privately place securities of an equity nature.
- VI. Appointment or removal of the head of finance, accounting or internal audit.
- VII. Donations to related parties or significant donations to unrelated parties. However, donations of public welfare nature for emergency relief due to

major natural disasters may be submitted to the next board of directors for approval.

- VIII. If the compensation of directors and managers recommended by the Compensation Committee is not adopted or amended as recommended by the Compensation Committee, a resolution shall be adopted with the approval of at least two-thirds of all directors present and a majority of the directors present, and shall state in the resolution whether the compensation approved by the Board of Directors is superior to that recommended by the Compensation Committee. The Board of Directors shall also state in the resolution whether the compensation approved by the Board of Directors is more favourable than the recommendation of the Compensation Committee.
- IX. In accordance with Article 14-3 of the Securities and Exchange Act, or any other matters that should be resolved by the shareholders' meeting or submitted to the board of directors as stipulated by law or by the Articles of Association, or any other significant matters as stipulated by the competent authorities.

Related parties as referred to in paragraph 7 of the preceding paragraph refer to the related parties regulated by the Criteria Governing the Preparation of Financial Reports by Securities Issuers; Significant donations to unrelated parties refer to donations where the amount of each donation, or the cumulative amount of donations to the same party within one year, reaches NT\$100 million or more, or reaches one percent of the net operating revenues or five percent of the paid-in capital in the most recent year's financial report certified by a certified public accountant. or more.

The one-year period referred to in the preceding paragraph is based on the date of the current board meeting, and is projected backward one year, and the portion that has been proposed and approved by the board of directors is exempted from recalculation.

Except for the matters that should be mentioned in the first item for discussion by the Board of Directors, when the Board of Directors authorises the exercise of the Board of Directors' powers and functions between Board of Directors' meetings, in accordance with the provisions of the Act or the Articles of Association of the Company, the level, content or matters of the authorisation shall be specific and shall not be authorised in a general way.

#### Article 35

The Company shall clearly assign the items resolved by the Board of Directors to the appropriate executive units or personnel and require them to be implemented in accordance with the schedule and objectives of the plan, and at the same time, include them in the tracking and management process to ensure that the implementation status is evaluated. The Company shall also include them in the tracking management and assess their implementation status.

The Board of Directors should keep abreast of the progress of implementation and report at the next meeting so that the Board's business decisions can be implemented.

### **Directors' Duty of Fidelity and Responsibility**

#### Article 36

The members of the Board shall faithfully carry out their business and exercise due care as good stewards and shall exercise a high degree of self-discipline and

prudence.

The Board of Directors shall exercise its powers and functions in accordance with the laws and regulations of the Company and, in the execution of the Company's business, shall act in accordance with the resolutions of the Board of Directors, except for matters that should be resolved by the shareholders' meeting in accordance with the laws and regulations of the Company's Articles of Incorporation. Resolutions of the Board of Directors involving the Company's business development and major decision-making directions shall be carefully considered and shall not affect the promotion and operation of corporate governance.

The independent directors shall perform their duties in accordance with the requirements of the relevant laws and regulations and the Company's Articles of Incorporation in order to safeguard the interests of the Company and its shareholders.

The Company shall establish practices and procedures for the evaluation of the performance of the Board of Directors. In addition to regular self or peer appraisal of the Board of Directors and individual Directors on a yearly basis, the Company may also appoint external professional organisations or other appropriate means to conduct performance appraisal; the evaluation of the performance of the Board of Directors shall include the following components The evaluation of the performance of the Board of Directors shall include the following aspects and set appropriate evaluation indicators taking into account the needs of the Company:

- I. Participation in the Company's operations.
- II. Enhancement of the quality of the Board's decision-making.
- III. Composition and structure of the Board of Directors.
- IV. Election of Directors and Continuing Education.
- V. Internal control.

The following components shall be included in the evaluation of the performance of the Board members, with appropriate adjustments to take into account the needs of the Company:

- I. Mastery of the Company's objectives and tasks.
- II. Recognition of Directors' Duties.
- III. The extent of participation in the Company's operations.
- IV. Internal relationship management and communication.
- V. Directors' professionalism and continuing education.
- VI. Internal control.

The Company shall evaluate the performance of the Functional Committee, which shall include the following components and shall be adjusted appropriately taking into account the needs of the Company:

- I. The degree of participation in the company's operation.
- II. Functional Committee responsibilities.
- III. Enhancing the quality of decision-making in functional committees. Composition and selection of functional committee members.
- IV. Internal control.

The Company shall report the results of the performance evaluation to the Board of Directors as a reference for nomination for reappointment.

Article 36-1

It is appropriate for the Company to establish a management succession plan and for the Board of Directors to periodically evaluate the development and implementation of the plan to ensure sustainable operations.

#### Article 36-2

The Board of Directors evaluates and monitors the direction and performance of the Company's intellectual property operations with respect to the following components to ensure that the Company establishes an intellectual property management system based on the management cycle of "plan, execute, review and act". The Board of Directors should evaluate and supervise the following components to ensure that the Company establishes an intellectual property management system based on the management cycle of "plan, execute, check and act":

- I. Establishment of policies, objectives and systems for the management of intellectual property in connection with the business strategy.
- II. Establish, implement, and maintain a management system for the acquisition, protection, maintenance, and use of intellectual property in accordance with its scale and type.
- III. Determine and provide resources necessary for the effective implementation and maintenance of the intellectual property management system.
- IV. Observe and respond to internal and external risks or opportunities related to intellectual property management.
- V. Planning and implementing a continuous improvement mechanism to ensure that the operation and effectiveness of the Intellectual Property Management System meets the Company's expectations.

#### Article 37

In the event that a resolution of the Board of Directors violates laws and regulations or the Company's Articles of Incorporation, and upon the request of shareholders who have held shares for more than one year or independent directors, or upon notification by the Audit Committee to the Board of Directors to cease execution of the resolution, the members of the Board of Directors shall appropriately handle or cease execution of the relevant resolution as soon as possible. The Board of Directors shall promptly and appropriately handle or stop the execution of the relevant resolution.

When a member of the Board of Directors discovers that the Company is in danger of sustaining material damage, he or she shall act in accordance with the foregoing provisions and immediately report the matter to the Audit Committee or the independent members of the Audit Committee.

#### Article 38

In accordance with the Company's Articles of Incorporation or the resolution of the shareholders' meeting, the Company may, during the term of office of the directors, purchase liability insurance for the directors in respect of their liabilities for indemnification of the scope of their duties and responsibilities under the law, in order to reduce and diversify the risk of material damages to the Company and its shareholders arising from the directors' wrongful or negligent acts.

#### Article 39

Members of the Board of Directors, when newly appointed or during their term of office, continue to attend refresher courses in finance, business, commerce, accounting or law related to corporate governance topics organised by the institutions specified in the "Highlights of Refresher Courses for Directors and Audit

Committee of Listed and OTC Companies", and to instruct staff at all levels to enhance their professional and legal knowledge. We are also responsible for enhancing the professional and legal knowledge of our staff at all levels.

### **Functioning of the Audit Committee**

#### **Article 40**

Matters that should be exercised by the Supervisors as stipulated in the Securities and Exchange Act, the Company Act, and other laws and regulations shall be exercised by the Audit Committee, with the exception of the matters of authority stipulated in Article 14-4, Paragraph 4 of the Securities and Exchange Act.

Article 14-4, Paragraph 4 of the Securities and Exchange Act, which states that the provisions of the Company Act relating to the conduct of supervisors or the representation of the Company shall apply to the independent board members of the Audit Committee. Article 43 The members of the Audit Committee shall faithfully perform their duties as set forth in the Articles of Association of the Company's Audit Committee with the care of a good steward and shall be accountable to the Board of Directors, and shall submit the proposed resolutions to the Board of Directors for resolution.

#### **Article 41**

The independent board members of the Audit Committee shall recuse themselves from the meetings of the Audit Committee if they have an interest in the matters that may be harmful to the Company's interests.

In the event that the Audit Committee is unable to make a resolution due to the provisions of the preceding paragraph, the Audit Committee shall report the matter to the Board of Directors and the Board of Directors shall make a resolution on the matter. Article 45 The Audit Committee shall be familiar with relevant laws and regulations, understand the rights, obligations and responsibilities of the directors of the Company, as well as the division of duties and operations of the departments, and attend the Board of Directors' meetings frequently to supervise the operation of the Board of Directors and present its opinions in a timely manner, so as to have a good grasp of or detect irregularities in advance.

#### **Article 42**

The Audit Committee shall supervise the execution of the Company's business and the due diligence of the directors and managers, and pay attention to the implementation of the Company's internal control system in order to minimise the Company's financial crises and operational risks.

The Audit Committee shall act as the Company's representative when a Director is engaged in a sale, purchase, loan or other legal transaction with the Company, whether for himself or for another person.

#### **Article 43**

The Audit Committee may investigate the Company's business and financial condition from time to time, and the relevant departments of the Company shall cooperate with the Company by providing the necessary documents in the books and records required for such investigation.

The Audit Committee may, on behalf of the Company, appoint an attorney or a certified public accountant to audit the Company's financial and business affairs, but the Company shall inform the relevant personnel of the obligation of confidentiality. The Board of Directors or the Manager shall submit a report in response to the request of the Audit Committee, and shall not hinder, circumvent, or refuse the examination actions of the Audit Committee for any reason.

The Company shall provide necessary assistance to the Audit Committee in the performance of its duties, and the reasonable expenses incurred shall be borne by the Company.

Article 44

The Audit Committee shall periodically review matters related to the organisational procedures and provide the Board of Directors with amendments.

Article 45

In exercising its duties, the Audit Committee may, if it deems it necessary in the light of the interests of the Company and its shareholders as a whole, make a determination as to whether or not it is appropriate to do so.

The exchange of views shall take place in a meeting, but shall not prejudice the independent exercise of the powers and functions of the members of the Audit Committee.

Article 46

The Company may, in accordance with the Company's Articles of Incorporation or the resolution of the shareholders' meeting, purchase liability insurance for the Audit Committee during its term of office with respect to its liability for indemnification of the scope of its business in accordance with the law, so as to reduce and disperse the risk of material damage to the Company and the shareholders caused by the Audit Committee's wrongful or negligent acts. The Audit Committee shall take out liability insurance to reduce and spread the risk of material damage to the Company and the shareholders due to errors or negligent acts of the Audit Committee.

Article 47

The Audit Committee is encouraged to attend continuing education programmes on financial, business, commercial, accounting or legal topics related to corporate governance organised by the institutions specified in the "Highlights of Continuing Education for Directors and Audit Committees of Listed and OTC Companies" upon appointment or during the term of the Audit Committee.

## **Respect for the rights and interests of stakeholders**

### **Article 48**

The Company shall cooperate with its bankers and other creditors, employees, consumers, suppliers, community or corporate interests.

The Company shall maintain an open communication channel with those who have interests in the Company, and shall respect and protect their legitimate rights and interests. In the event of a management buyout, the Company shall pay attention to the soundness of the Company's financial structure in the future.

When the legitimate rights and interests of a stakeholder are infringed upon, the Company shall handle the matter appropriately and in good faith.

### **Article 49**

Correspondent banks and other creditors should be provided with sufficient information to enable them to make an informed decision on the Company's operations and finances.

The Company shall make judgement and decisions in accordance with the situation of the creditors. When their legitimate rights and interests are infringed upon, the Company should respond positively and in a responsible manner so that creditors can obtain compensation through appropriate channels.

### **Article 50**

The Company shall establish employee communication channels and encourage employees to communicate directly with management and directors to appropriately reflect employees' views on the Company's operations and financial condition or on major decisions involving employees' interests. The Company shall establish communication channels to encourage employees to communicate directly with management and directors.

### **Article 51**

While maintaining normal business development and maximising shareholders' interests, the Company should pay attention to issues such as consumers' rights and interests, community environmental protection and public welfare, as well as corporate social responsibility.

## **Enhancing Information Transparency and Disclosure**

### **Article 52**

Disclosure of information is an important responsibility of the Company. The Company shall comply with the relevant laws and regulations and the rules of the stock exchange.

In the event of a breach of the provisions of this Ordinance, the Government shall faithfully fulfil its obligations under this Ordinance.

The Company has established an online reporting system for public information, designated a person to be responsible for the collection and disclosure of corporate information, and established a spokesperson system to ensure the timely and appropriate disclosure of information that may affect the decisions of shareholders and stakeholders. A spokesperson system has been established to ensure that information that may affect the decisions of shareholders and stakeholders is disclosed in a timely and appropriate manner.

### **Article 53**

In order to enhance the accuracy and timeliness of the disclosure of material information, the Company appoints persons who have a comprehensive understanding of the Company's finances and operations, or who can coordinate the

provision of relevant information from various departments, and who can speak on behalf of the Company independently, to serve as the Company's spokespersons and surrogate spokespersons.

The Company has a proxy speaker and the proxy speaker should be able to speak on behalf of the speaker alone when the speaker is not available to perform his/her speaking duties, but the order of representation should be confirmed to avoid confusion.

In order to implement the spokesperson system, the Company shall require management and employees to maintain financial and business confidentiality and not to arbitrarily disseminate information without authorisation.

In the event of any change in the Spokesperson or Acting Spokesperson, the information shall be disclosed immediately.

#### Article 54

The Company uses the convenience of the Internet to set up the Company's website and builds and maintains information related to the Company's financial business and corporate governance information for the benefit of shareholders and stakeholders.

The Company's website is maintained by a responsible unit, and the information listed should be accurate and up-to-date in order to avoid any misleading.

#### **The Government of the United States of America.**

#### Article 55

The Company shall hold regular explanatory meetings in accordance with the rules and regulations of the Stock Exchange of Hong Kong Limited, and it is advisable to hold such meetings by means of audio-visual or video-recording.

The financial and business information of the Company shall be entered into the Internet information reporting system designated by the Securities and Exchange Commission. The financial and business information of the Corporation shall be entered into the Internet information reporting system designated by the Stock Exchange in accordance with the regulations of the Stock Exchange, and shall be made available for inquiry through appropriate channels.

#### **Disclosure of Corporate Governance Information**

#### Article 56

The Company's website should have a dedicated area to disclose the following corporate governance-related information, which should be updated on an ongoing basis:

I. Board of Directors: such as the biographies of board members and their powers and responsibilities, the policy on diversity among board members and its implementation.

Functional committees: such as brief biographies of the members of the functional committees and their powers and responsibilities.

C. Corporate governance related rules and regulations: such as the Articles of Association of the Company, the Rules of Procedure of the Board of Directors and the Organisational Procedures of the Functional Committee, and other corporate governance related rules and regulations.

Important information related to corporate governance, such as the establishment of the head of corporate governance.

#### **Supplementary Provisions**

#### Article 57

The Company shall keep abreast of the development of domestic and international

corporate governance systems and review and improve the corporate governance system established by the Company accordingly in order to enhance the effectiveness of corporate governance.

Article 58

This "Code of Corporate Governance Practices" was adopted by the Board of Directors of the Company and implemented, and amended as well. This Code was adopted on 4 May 2017 in the Republic of China.

The first amendment to this Code was adopted on 5 May 2021 in the Republic of China. The second revision of this Code was adopted on 9 May 2022 in the Republic of China.

The third amendment to the Code was adopted on 29 March 2023 in the Republic of China.