

Corporate Governance Principles

Section 1 General Provisions

Article 1 (Purpose)

These principles are established to strengthen and improve the company's governance system by ensuring shareholders' equity, strengthening the functions of the board of directors, developing the functions of the supervisors, and fulfilling the company's social responsibility.

Article 2 (Legal Basis)

This company's implementation of the corporate governance system shall be handled according to these principles except where otherwise stipulated in laws and charters or where the shareholders' meeting has otherwise resolved.

Article 3 (Independent Directors)

This company should establish two or more independent directors to strengthen the functions of the board of directors and to increase the professionalism and objectivity of the resolutions of the board of directors.

Article 4 (Functional Committee)

A Corporate Governance Committee, an Auditing Committee and a Remuneration Committee are established under the Company's board of directors to complete the supervisory functions of the board of director and to strengthen the management functions of the board of directors in order to improve the effectiveness and quality of the decision making. In light of the situation operating corporate governance, the board of directors shall also orderly establish other functional committees.

Article 5 (Shareholder Disputes)

This company should setup specialized personnel to handle problems such as shareholder suggestions or disputes. If the resolutions of this company's shareholders' meeting or board of directors violate laws or the company charter, or if its directors, or managers violate the stipulations of laws or the company charter in the execution of duties, leading to the damage of shareholders' equity, this company shall properly handle the reaction or legal suit of the shareholders.

Article 6 (Faithful Obligations)

Directors should faithfully execute their duties according to law, charter, resolutions of the shareholders' meeting, resolutions of the board of directors, these principles, and other related guidelines, and duly discharge the duty of care of a prudent person. If there is a violation that causes a loss to the company or injures the rights and interests of a third party, they shall assume the responsibility for damage compensation according to law.

This company should establish a "Code of Business Conduct and Ethics for the Board of Directors and Managers" to be followed.

Article 7 (Director Liability Insurance)

According to the stipulations of the company charter, this company shall purchase liability insurance for the legal liabilities faced during the time period of the directors' terms and in the scope of their duties, in order to reduce and distribute the major risks to the company and shareholders.

Article 8 (Director Training)

Directors, at the beginning of their term or during their term, should continually participate in training courses related to the company's governance such as finance, operations, business, accounting, or legal matters, and should strengthen the professional and legal knowledge of employees at all levels.

Section Two Protection of Shareholders' Equity

Article 9 (Protection of Shareholders' Equity)

In the implementation of the corporate governance system, this company should protect shareholders' equity, fairly treat all shareholders, and pursue the maximization of shareholders' equity.

Article 10

This company shall convene shareholders' meetings according to the stipulations of the Company Act and related laws and establish a complete rules of procedure; the company must accurately execute matters concerning resolutions of the shareholders' meeting according to the rules of procedure.

This company's shareholders' meeting resolution details should conform to the stipulations of laws and the company charter.

Article 11 (Shareholder Rights of Knowledge, Participation and Voting)

Matters that should be resolved by the shareholders' meeting, according to law, the charter, or shareholders' meeting resolution, shall be listed in the reason for convening the shareholders' meeting by this company's board of directors, who shall appropriately arrange the shareholders' meeting agenda and procedure, with a reasonable amount of time given to each agenda for consideration and discussion by the shareholders, and reasonable opportunity given for shareholders to speak. They also should fully use all kinds of methods and means of modern information technology equipment to raise the shareholder attendance rate at shareholders' meetings to ensure that the shareholders fully enjoy their rights to knowledge, participation, and voting.

Over half of the directors on the board of directors should be personally present at shareholders' meetings convened by the board of directors.

Article 12 (Shareholder Rights of Proposal)

Shareholders shall, at the shareholders' meeting, submit a proposal in written form or submit an amended or replacement proposal to an original proposal.

The aforementioned shareholder proposals should meet the following criteria:

1. Following the procedure and documentation set by Item 1, Article 172 of the Company Act, charter, or this company's shareholders' rules of procedure.
2. Having a clear agenda and specific a matter of resolution.

Article 13

This company should follow the stipulations of the Company Act and related laws to record the shareholders' meeting record. Where shareholders have no objections to a proposal, it should record "After consultation by the chair, all shareholders present have no objection to the passing of this proposal." Where shareholders have an objection to a proposal, it should record the voting method and voting results. In the election of directors, it should record the voting method and the number of votes for the elected directors. The shareholders' meeting record should be permanently and properly stored during the existence of this company, and it should be fully disclosed on the company website.

Article 14 (Resolutions Related to the Charter)

This company should establish the relevant operations or handling procedures for major financial or operations actions such as acquisition and disposal of assets, acquisition of real estate from stakeholders, derivative product transactions, lending capital, endorsements, or providing guarantees, and they should be approved by the Audit Committee, the board of directors and the shareholders' meeting, in order to maintain the shareholders' equity.

Article 15 (Remuneration of Directors)

The remuneration of directors for the execution of their duties includes board of directors attendance honorarium, transportation allowance, fixed remuneration, and year-end surplus distribution. According to the stipulations of the charter or this Article, the board of directors will separately set the remuneration for individual directors based on their attendance level and contribution value, in reference to national and international industry standards.

Article 16 (Information Disclosure)

In order to encourage the company's shareholders to actively participate in corporate governance, and to give them knowledge of the company's finances and operations and other business developments, the company should strengthen information disclosure methods and, according to the stipulations of laws and these principles, make instant, accurate, and complete information disclosure on the website designated by governing authorities and the company's website.

Section Three Corporate Governance Between the Company and Affiliated Companies

Article 17

The personnel, asset, and finance management powers and responsibilities of this company and its affiliate companies should be clarified, risk assessment should be accurately made, and appropriate firewalls should be established.

Article 18

Except where otherwise stipulated by law, this company's managers shall not concurrently serve as managers for affiliated companies.

The pertinent details of actions within the scope of the company's scope of business that are done for the benefit of the directors themselves or for others should be clearly explained to the shareholders' meeting, and their permission should be acquired.

Article 19

This company should, based on the standards of the relevant laws, establish a complete financial, business, and accounting management system, and should properly do overall risk assessment for the main banks, clients, and suppliers of affiliated businesses, implementing the necessary control mechanisms to reduce credit risk.

Article 20

This company should, based on fair and reasonable principles, establish mutual written standards for operations related to finance and business with those that have business connections with affiliated businesses. It should clearly establish price criteria and payment methods for signed agreements and eliminate unconventional transactions.

This company should handle transactions or signed agreements with stakeholders and shareholders according to the aforementioned principles and strictly prohibit transfer of interests.

Article 21

Corporate shareholders with controlling interest in this company should respect the following matters:

1. They have an obligation of integrity toward other shareholders, and shall not directly or indirectly cause the company to operate such that it does not meet business conventions or other illegal interests.
2. Their representatives should abide by the standards related to the exercise of rights and participation in resolutions established by public companies. When participating in the shareholders' meeting, they should exercise their voting rights based on principles of integrity and the greatest interest of all shareholders, and can fulfill the loyalty and duty of care of the directors.
3. They should abide by the stipulations of related laws and the company charter in the nomination of company directors, and shall not exceed the purview of the shareholders' meeting and the board of directors.
4. They shall not improperly interfere in this company's decision making or obstruct business activities.
5. They shall not restrict or obstruct the company's production operations through unfair competition methods like monopolizing of procurement or blocking of sales channels.

Article 22

This company should always hold a list of the major shareholders and those with ultimate control of major shareholders who have a larger proportion of shares and can realistically control the company.

This company should regularly disclose the important matters concerning shareholders with over ten percent of shares, such as pledges, increases or decreases of company shares, or other matters that could affect share variance, for the supervision of other shareholders.

The major shareholders in Item 1 refer to shareholders with ten percent of shares or more or one of the top ten shareholders, but the company shall establish lower share proportions based on the holding situations of actual control of the company.

Article 23 (Powers of Directors and Board of Directors Rules of Procedure)

The powers of directors and the board of directors should be established according to law and the stipulations of the charter.

The matters of the convening, attendance, and resolutions of the board of directors, shall be handled according to the board of directors rules of procedure established by the company, and the amendment of the board of directors rules of procedure shall be submitted by the corporate governance committee to the board of directors for resolution.

Section Four Independent Directors

Article 24 (Number of People)

When the company sets up independent directors according to the stipulations of Article 3, they are limited to natural persons.

The stipulations of this section are to be first used when independent directors are established according to law and the stipulations of the charter.

Article 25 (Qualifications and Conditions)

This company's independent directors should have independence, professionalism, a broad worldview, and practical experience, to meet the company's business development requirements and raise the company's image and position.

The aforementioned independence means that the independent directors shall have use independent judgment and not fall under any one of the following situations:

1. The employee of this company or of an affiliated business.
2. A supervisor or director of the company or of an affiliated business. However, independent directors of branch companies that directly or indirectly have voting rights on over fifty percent of shares of the company or its mother company are excluded from this.
3. Natural shareholders that have a total of one percent or more of this company's issued shares in his/her, a spouse's, minor children's, or in a third party's name or are one of the top ten shareholders.
4. The spouses and direct relatives of a second degree relationship or closer or direct blood relatives of a fifth degree relationship or closer of those that meet the three previously listed conditions.
5. Directors, supervisors, or employees of corporate shareholders that directly or indirectly have five percent or more of this company's issued stock, or directors, shareholders, or employees of one of the top five corporate shareholders.
6. Shareholders, directors, supervisors, or managers or shareholders with five percent or more of shares of specified companies or organizations that have financial or business dealings with this company.
7. A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to this company or to any affiliate of this company, or a spouse thereof, provided that this restriction does not apply to any member of the remuneration committee who exercises powers pursuant to Article 7 of the Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of Companies Whose Stock is Listed on the TWSE or Traded on the GTSM.

The specified companies or organizations mentioned in item 6 refer to those that meet the following conditions:

1. Those that hold twenty percent or more but not more than fifty percent of the company's issued shares.
2. Other companies and their directors, supervisors, and shareholders that hold more than ten percent of this company's total shares that hold thirty percent or more of that company's issued shares, when both sides have had a record of financial or business dealings. The shares held by the aforementioned persons include shares held by their spouses, their minor children, and shares held for them in another's name.
3. Thirty percent or more of the income of this company's business comes from the other company and its affiliated companies.
4. This company's major product raw material (refers to those that make up thirty percent or more of the total incoming material amount, and is a key raw material that manufactured products cannot go without) or major products (refers to those that make up thirty percent or more of total business income), and fifty percent or more of the its quantity or total incoming material amount comes from the other company and its affiliated companies.

The aforementioned mother company and affiliated companies should be identified according to the stipulations 5 and 7 of the financial and accounting principles bulletin issued by the Accounting Research and Development Foundation in Taiwan.

The professionalism mentioned in the first item means that the independent director has five years or more of work experience and should have acquired the following qualifications:

1. Public or private college lecturer or higher in a department of business, law, finance, accounting, or other department related to the needs of corporate operations.
2. Judge, prosecutor, attorney, accountant, or other national tested and certified professional or technician needed for corporate operations.
3. Having business, legal, financial or accounting work experience or other work experience needed for corporate operations.

The professionalism mentioned in the first item means that the independent director shall not concurrently hold the position of independent director or independent supervisor of more than three companies at the same time.

Those that meet the conditions of any one of the following situations shall not be permitted to serve as an independent director, and those that have been permitted to serve shall be removed:

1. Those that have any one of the situations listed in Article XXX of the Company Act.
2. Those that have been elected by government, corporation, or their representatives, according to Article XXVII of the Company Act.
3. Those that violate the qualifications of an independent director set in these principles.

Article 26 (Nomination and Selection of Independent Directors)

Concerning matters of independent director selection, the corporate governance committee shall use a candidate nomination system according to first stipulation of Article 192 of the Company Act, and shareholders should make selections from the list of independent director candidates.

Before the share registrar close date before the convening of the shareholders' meeting, the company should announce the period of receiving independent director candidate nominations, number of independent directors to be selected, the receiving location and other necessary matters. The receiving period shall not be less than 10 days.

The company shall submit the independent director candidate list by the following methods, and after board of directors evaluation of the required conditions, send it to the shareholders' meeting for selection:

1. Shareholders holding shared of one percent or more of issued stock shall submit a written list of independent director candidates to the company, and the number of nominees shall not exceed the number of independent directors to be selected.
2. The number of nominees on the independent director candidates list submitted by the shareholders' meeting shall not exceed the number of independent directors to be selected.

Before director selection, the board of directors should vet the independent director candidate recommendation list submitted by the corporate governance committee as a reference for selection of directors at the shareholders' meeting, which is not, however, limited to the names on the list. When shareholders and the board of directors provide a suggestion list according to Item 3, it should include the nominee name, education, experience, written commitment to serve as an independent director after elected, a statement that there are no circumstances as listed in Article 30 of the Company Act, and other related evidentiary documents.

If the nominee is a director, they should not be a part of the drafting or review of the suggestion list, and shall not participate interview or voting themselves or through a representative.

The board of directors or others with the power to convene the shareholders' meeting should review the nominee for independent director, and should list them on the independent director candidate list, except in the following circumstances:

1. A shareholder nominated after the announcement of receiving period is over.
2. A shareholder nominated who, at the share registrar close date, does not have shares over one percent, according to Item 2 or Item 3 of Article 165 of the Company Act.
3. The number of nominees exceeds the number of independent directors to be selected.
4. Does not include the related evidentiary documentation as required by the previous item.

The election of this company's board of directors should be handled according to Article 198 of the Company Act, and independent directors and non independent directors shall be elected at the same time, with election results calculates separately. At least one of this company's independent directors should be an accounting or financial professional.

Article 27 (Term of Independent Directors)

The term of independent directors is the same as directors; they continually serve if continually elected. However, for independent directors that have served two or more terms, the corporate governance committee must report to the board of directors about whether or not a replacement should be considered when drafting the suggestion list or the reason for continuing this suggestion, and they must disclose the reason as public information.

Article 28 (Make-up for Independent Director Openings)

If there is an opening for independent director, they still must continue to perform their duties with two people, and there will be a make-up election at the next shareholders' meeting. When independent directors are removed from office, the company should hold a special shareholders' meeting within 60 days after the occurrence to do a make-up election.

Article 29 (Business of Independent Directors)

The following items should be clearly recorded in the board of directors meeting record when a board of director resolution is passed with the objection or reservation of an independent director:

1. Establishment or amendment of internal control systems, according to the first stipulation of Article 14 of the Securities Exchange Law.
2. Establishment or correction of the disposal methods of major financial or business actions such as acquisition or disposal of assets, derivative product transactions, lending capital, endorsements, or providing guarantees, according to the first stipulation of Article 36 of the Securities Exchange Law.
3. Matters that involve the personal financial interests of directors or supervisors.
4. Major asset or derivative product transactions.
5. Major asset loans, endorsements, or pledges.
6. Public offering, issuance, or private offering of equity-based securities.
7. Appointment, removal, or remuneration of certified accountant.
8. Removal of financial or accounting internal auditing executives.
9. Other duties of the charter, board of directors resolutions, or these principles.

When the board of directors or the functional committees meet for business, they should take into full consideration the opinions of all independent directors, and list the clear opinions and reasons for their agreements or objections in the board of directors or functional committee meeting record.

For proposals that were passed by the board of directors or the functional committees to which an independent director expressed an objection, the reason for passing should be explained in the board of directors or functional committee meeting record.

Article 30 (Provided Resources)

When this company establishes the independent directors, it should give them the related manpower and material resources required to fulfill their duties. The company or other members of the board of directors shall not limit or obstruct the independent directors in the execution of their duties.

Section Five Functional Committees

Article 31 (Establishment of Functional Committees)

A Corporate Governance Committee, an Auditing Committee and a Remuneration Committee are established under the Company's board of directors, and the board of directors shall orderly establish other functional committees.

Article 32 (Definition of the Functional Committees)

The functional committees should be responsible to the board of directors, and after review, submits management-level executives or functional committee proposals for the resolutions of the board of directors.

The functional committees belong to the board of directors, and except where otherwise stipulated, shall not make any statements of opinion to the outside in their own names or representing the company or the board of directors.

Article 33 (Selection of Functional Committee Members)

The corporate governance committee should inquire about the intentions of the directors, and after taking the professional backgrounds of each director into consideration, submit a plan and suggestion for the members of each functional committee to the board of directors.

The selection process for members of the functional committees and chairman shall be handled according to the stipulations of each committee's organizational charter.

The first board of directors meeting of each term should elect the members of the corporate governance committee according to the aforementioned methods.

The Audit Committee shall be composed of the entire number of independent directors. The professional qualification and independence of the Remuneration Committee members should conform to the stipulations of "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter".

Article 34 (Constitution of the Functional Committees)

The duties to be executed by the functional committees according to these principles should be established in a constitution to be implemented after being reported to the board of directors for resolution and passing. Amendments are handled in the same manner.

The contents of the constitution of each functional committee should at least include the purpose for establishing the functional committee, its authorities and responsibilities, the organizational method, and the procedure for performing its authorities.

The functional committees should review the constitution from the first item before the end of each fiscal year.

Section Six (Deleted)

Article 35 ~ Article 39 (Deleted)

Section Seven Prevention of Conflicts of Interest

Article 40 (Identification of Related Persons)

The identification of related persons follows stipulation 6 of the financial and accounting principles bulletin issued by the Accounting Research and Development Foundation in Taiwan, except for government organizations.

When judging whether or not a transaction partner is a related person, the substantial relationship should be taken into consideration, in addition to noticing their legal forms.

Article 41 (Clarification of Relationships Between Related Person)

The management authorities of personnel, assets, and finances between the company and related persons should be clarified.

The company should establish a complete financial, business, and accounting systems according to the related legal standards, and should do overall risk assessment for the related person's main banks, clients, and suppliers, and establish appropriate risk control measures and firewalls.

Article 42 (Related Laws and Interpretations To Be Followed for Business Dealings or Transactions Between the Company and Related Persons)

The business dealings or transactions between the company and related persons should follow the stipulations of related laws like the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, and the Regulations Governing the Establishment of Internal Control Systems by Public Companies, interpretations of competent authorities, the company charter, and these principles.

Article 43 (Standards of Business Dealings of Related Persons)

Written standards for the mutual financial and business operations should be established in the business dealings, transactions, or agreements between this company and related persons and between its shareholders should, based on fair and reasonable principles. Concerning agreement matters, it should clearly establish price criteria and payment methods for signed agreements and eliminate unconventional transactions and transfer of interests.

Article 44 (Obligations of Corporate Shareholders with Controlling Ability and the Reporting Obligation of Management-Level Executives)

Corporate shareholders with controlling ability for this company and their representatives appointed to hold the positions of director shall not directly or indirectly take the following actions:

1. Cause the company to operate such that it does not meet business conventions or other illegal interests.
2. Improper actions interfering with the company's decision-making or obstructing business.
3. Restrict or obstruct the company's operations through unfair competition methods like monopolizing of procurement or blocking of sales channels.

Management-level executives that learn of any occurrence of any of the previous items should report to the board of directors for proper handling.

Article 45 (Corporate Shareholders Elected as Directors)

When the representatives of corporate shareholders are elected as directors, the corporate shareholder should ensure that the appointed representative fulfills the loyalty obligation to this company, the duty of care of a prudent person, and the confidentiality obligation.

If there is a conflict of interest between this company and the aforementioned corporate shareholder and its related persons, the appointed representative should refuse involvement, and shall not participate in the proposal review and voting in the board of directors meeting or related functional committee meetings.

Article 46 (The Disclosure of Major Shareholders with Controlling Ability)

The board of directors should do their best to keep a list of major shareholders with a greater proportion of shares and those with ultimate control over major shareholders. The disclosure of pledges, increases, decreases, or variances of shares should be handled according to stipulations of the related laws.

The major shareholders in the previous item refer to shareholders with ten percent of shares or more or one of the top ten shareholders.

Section Eight Respecting the Rights and Interests of Stakeholders

Article 47 (Protection of Rights and Interests)

This company should maintain smooth communication channels with governing authorities and banks with which it has dealings and with other creditors, employees, suppliers, contractors, communities, and other companies with which it has related interests, and respect and protect their lawful rights and interests they are entitled to. When the rights and interests of stakeholders are infringed, the company should appropriately handle it with principles of good faith.

Article 48 (Establishment of Communication Channels and Handling of Complaints)

This company should establish an Audit Committee's e-mail account and announce it on the company website to establish a communications channel between employees, investors, and other stakeholders and the Audit Committee. The company should appropriately respond to the opinions of employees, investors, and other stakeholders toward the company's business and financial situation or major decisions that involve the interests of employees, investors, and other stakeholders, and respect and protect their lawful rights and interests they are entitled to.

The Audit Committee should actively try to understand the matters related to the complaints received from the aforementioned employees, and do a review to see if this company has any illegal or improper abuses.

Article 49 (Providing Information)

This company should provide full, accurate, and complete information to banks with which it has dealings and other creditors to allow them to understand this company's business and financial situation. When their legal rights and interests have been infringed, the company should face it straightforwardly and, with a spirit of responsibility, allow the creditors to have an appropriate means of compensation.

Article 50 (Relationship with Employees)

This company endeavors to provide a safe and healthy work environment and establishes good communication channels. This company also encourages employees, management, and directors to directly communicate and appropriately respond to employee opinions about the company's business and financial situation or matters that involve the employees' rights and interests.

Article 51 (Social Responsibility)

This company should be concerned about public policy, economic development, community concern, environmental health, public safety and other public interests to advance the company's image and fulfill its social responsibility.

Section Nine Strengthened Information Disclosure

Article 52 (Information Disclosure)

This company should timely, accurately, and completely handle information disclosures such as announcements or reports according to the stipulations of law and these principles.

Article 53 (Disclosure Methods)

This company handles information disclosure, in addition to recording in annual reports and prospectuses according to law, should announce or report on the information reporting website designated by the governing authorities, and also announce the related information on the company website according to the stipulations of Article 54.

Article 54 (Disclosure on Website)

This company should disclose the company financial, business, and corporate governance information on the website, and regularly or timely update the website contents according to these principles.

The aforementioned website contents should at least include the following matters:

1. Most recent year's annual report.
2. Most recent year's financial reports reviewed and certified by the certified accountant.
3. The company's operations situation.
4. Documentation of the company's applications, announcements, and reports to the governing authorities.
5. The company's equity structure and shareholder equity.
6. Information related to corporate governance.
7. This company's organizational structure.

Article 55 (Instant Information Disclosure)

Instant information disclosure is handled according to the regulations of the governing authorities

Article 56 (Spokesperson)

The company should establish a spokesperson to represent the company to speak to the outside world.

Article 57 (Investors Conference, Press Conferences, Media Reports, and Responses)

Based on the principle of equality among shareholders, this company should endeavor to allow all shareholders to timely acquire this company's information and fully enjoy the rights to knowledge, including but not limited to the following matters:

1. For investors conference held by this company or for press conferences of any form, the company shall not reveal related information to specified parties before the investors conference or the press conference is held. This company should announce this information related to the investors conference or press conference on the website designated by the governing authorities on the same day.
2. For media reports on this company and the response of the company, this company should immediately announce this information on the website designated by the governing authorities after its knowledge or after the response.

Section Ten Supplementary Provisions

Article 58 (Formulation, Revision, Repeal)

The formulation of these principles should be implemented after passing by the board of directors, and revisions are to be made in the same way. The amended articles approved by the 18th Meeting of the Board of Directors shall enter into force from the 13th term Board of Directors.

Article 59 (Interpretation of Principles)

The interpretation and practice of these principles should seek as its goal the realistic meaning according to corporate governance, and they are not limited to their literal meaning. If there are disputes, the corporate governance committee will make a proposal and request the board of directors to negotiate it