



PharmaEngine, Inc.

Corporate Governance Best Practice Principles

Chapter 1 General Provisions

Article 1

In order to establish a sound corporate governance system, PharmaEngine, Inc. (the “Company”) formulated the Corporate Governance Best Practice Principles (“the Principles”) based on the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies jointly stipulated by the Taiwan Stock Exchange Corporation (“TWSE”) and the Taipei Exchange (“TPEX”).

The Company is advised to establish a practical corporate governance framework with reference to the Principles and disclose it through the Market Observation Post System.

Article 2

Establishment of the corporate governance system by the Company, in addition to complying with relevant laws, regulations, articles of incorporation, contracts signed with the TWSE or TPEX, and other relevant regulations, shall follow the following principles:

1. Protect the rights and interests of shareholders.
2. Strengthen the functions of the board of directors.
3. Respect the rights and interests of stakeholders.
4. Enhance information transparency.

Article 3

1. The Company follows the Regulations Governing Establishment of Internal Control Systems by Public Companies and considers the overall operational activities of itself and its subsidiaries to design and fully implement its Internal Control System (“ICS”). The Company shall also conduct continuing reviews of the ICS to respond to changes in the Company’s internal and external environment and ensure the continued effectiveness of its design and implementation.
2. The Company shall perform full self-assessments of the ICS. Its board of directors and management (director-level and above) shall review the results of the self-assessments by each department at least annually and the audit reports of the audit department quarterly. The Audit Committee shall also attend to and supervise these matters. Directors shall periodically hold discussions with their internal auditors about reviews of ICS deficiencies, for which records shall be kept, follow-ups conducted, improvements implemented, and reports submitted to the board of directors. The Company is advised to establish channels and mechanisms of communication between its independent directors, Audit Committee, and chief internal auditor, and the communications between members of the audit committee and the chief internal auditor shall be reported.
3. The management of the Company shall pay special attention to the internal audit

department and its personnel, fully empower them, and urge them to conduct audits effectively, evaluate problems of the ICS, and assess the efficiency of its operations to ensure that the system can continue to operate effectively and to assist the board of directors and the management in performing their duties effectively so as to ensure a sound corporate governance system.

4. Appointment, dismissal, evaluation, salary, and compensation of internal auditors of the Company shall be reported to the board of directors or submitted by the chief auditor to the board chairperson for approval.

Article 3-1 (Personnel responsible for corporate governance affairs)

The Company is advised to have an adequate number of corporate governance personnel with appropriate qualifications based on the size of the Company, business situations, and management needs and shall appoint, as per the requirements of the competent authorities or TPEx, a chief corporate governance officer as the most senior officer to be in charge of corporate governance affairs. The said officer shall be a qualified, practice-eligible lawyer or accountant or have been in a managerial position for at least three years in a securities, financial, or futures related institution or a public company in handling legal affairs, legal compliance, internal audit, financial affairs, stock affairs, or corporate governance affairs. The corporate governance affairs mentioned in the preceding paragraph shall at least include the following:

1. Handling matters relating to board meetings and shareholders' meetings according to laws.
2. Producing minutes of board meetings and shareholders' meetings.
3. Assisting in onboarding and continuous development of directors.
4. Providing information required for business execution by directors.
5. Assisting directors with legal compliance.
6. Other matters set out in the articles of incorporation or contracts

Chapter 2 Protection of Shareholders' Rights and Interests

Section 1 Encouraging Shareholders to Participate in Corporate Governance

Article 4 The protection of shareholders' rights and interests is the primary goal

The corporate governance system of the Company shall be designed to protect shareholders' rights and interests and treat all shareholders equitably.

The Company shall establish a corporate governance system that ensures shareholders' rights to be fully informed of, participate in, and make decisions over important matters of the Company.

Article 5

The Company shall convene shareholders' meetings as per the Company Act and applicable laws and regulations and formulate comprehensive rules of procedure. It shall faithfully implement resolutions adopted by shareholders' meetings as per the rules of procedure. Resolutions adopted by shareholders' meetings shall comply with laws, regulations, and articles of incorporation.



Article 6 The board of directors of the Company shall properly arrange the agenda items and procedures for shareholders' meetings

The board of directors of the Company shall properly arrange the agenda items and procedures for shareholders' meetings and formulate the principles and procedures for shareholder nominations of directors and submissions of shareholder proposals. The board shall also properly handle the proposals duly submitted by shareholders. Shareholders' meetings shall be arranged at a convenient location, advisably with videoconferencing available, sufficient time allowed, and a sufficient number of suitable personnel assigned to handle attendance registrations. Shareholders shall not be arbitrarily required to provide additional evidentiary documents beyond those showing attendance eligibility. They shall be granted reasonable time to deliberate each proposal and an appropriate opportunity to make statements.

For a shareholders' meeting called by the board of directors, it is advisable that the board chairperson chair the meeting, that a majority of the directors (including at least one independent director) and convener of the audit committee attend in person, and that at least one member of other functional committees attend as representative. Attendance details should be recorded in the shareholders' meeting minutes.

Article 7 The Company shall encourage its shareholders to participate in corporate governance

1. The Company shall encourage its shareholders to participate in corporate governance. It is advisable that the Company engage a professional shareholder services agent to handle shareholders' meeting matters so that shareholders' meetings can proceed on a legal, effective, and secure basis. In order to enhance shareholders' attendance rates at the shareholders' meetings and ensure their exercise of rights at such meetings as per laws, the Company shall seek all ways and means, including fully exploiting technologies for information disclosure, to upload annual reports, annual financial reports, shareholders' meetings' notices, agenda handbooks, and supplementary information in both Chinese and English concurrently, and shall adopt electronic voting.
2. The Company is advised to avoid raising extempore motions and amendments to original proposals at a shareholders' meeting.
3. The Company is advised to arrange for its shareholders to vote on each separate proposal in the shareholders' meeting agenda and, following the conclusion of the meeting, to enter the shareholders' voting results, namely the number of votes cast for, against, and abstained, on the same day into the Market Observation Post System.

Article 8

1. The Company, as per the Company Act and other applicable laws and regulations, shall record in the shareholders' meeting minutes the date and place of the meeting, the name of the chairperson, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. For the election of directors, the meeting minutes shall record the method of voting adopted, the number of votes with which the directors were elected, and the list of those not elected with the number of votes they received.
2. The shareholders' meeting minutes shall be properly and perpetually kept by the Company

during its legal existence and shall be sufficiently disclosed on its website.

Article 9

1. The chairperson of the shareholders' meetings shall be fully familiar with and comply with the rules of procedure established by the Company. The chairperson shall ensure the proper progress of the proceedings of the meetings and may not adjourn the meetings at will.
2. In order to protect the rights and interests of most shareholders, if the chairperson declares the adjournment of the meeting in violation of the rules of procedure, it is advisable for the other members of the board of directors to promptly assist the attending shareholders in electing a new chairperson as per statutory procedures to continue the meeting, by agreement of a majority of the votes represented by the attending shareholders.

Article 10 The Company shall place high importance on the shareholders' right to know and prevent insider trading

1. The Company shall place high importance on the shareholders' right to know and faithfully comply with applicable regulations regarding information disclosure in order to provide shareholders with regular and timely information on the Company's financial conditions, operations, insider shareholdings, and corporate governance status through the Market Observation Post System or the website established by the Company.
2. To treat all shareholders equally, it is advisable that the Company concurrently disclose the information under the preceding paragraph in English.
3. To protect its shareholders' rights and interests and ensure their equal treatment, the Company shall formulate internal rules prohibiting its insiders from trading securities using information not disclosed to the market.
4. It is advisable that the rules mentioned in the preceding paragraph include stock trading control measures from the date insiders of the Company become aware of the contents of its financial reports or relevant results. Measures include, without limitation, prohibiting a director from trading shares during the closed period of 30 days prior to the publication of the annual financial reports and 15 days prior to the publication of the quarterly financial reports.

Article 10-1 Reporting at a shareholders' general meeting the remuneration received by directors

It is advisable that the Company report at a shareholders' general meeting the remuneration received by directors, including the remuneration policy, individual remuneration package, amount, and association with outcomes of performance reviews.

Article 11

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



2. The shareholders may, under Article 245 of the Company Act, apply with the court to select an inspector to examine the Company's accounting records, assets, particular matters, and particular transaction documents and records.
3. The board of directors, audit committee, and managers of the Company shall fully cooperate in the examination conducted by the inspector in the two paragraphs above without any circumvention, obstruction, or rejection.

Article 12

1. In entering into material financial and business actions such as the acquisition or disposal of assets, lending funds, and making endorsements or providing guarantees, the Company shall proceed as per the applicable laws and regulations and establish related operating procedures, which shall be reported to and approved by the shareholders' meeting, to protect the rights and interests of the shareholders.
2. When the Company is involved in a merger, acquisition, or public tender offer, in addition to proceeding as per the applicable laws and regulations, it shall not only pay attention to the fairness, rationality, and so forth of the plan and transaction of the merger, acquisition, or public tender offer, but information disclosure and the soundness of the Company's financial structure thereafter.
3. The personnel of the Company handling related matters in the preceding paragraph shall pay attention to the occurrence of any conflicts of interest and the need for recusal.

Article 13

1. In order to protect the rights and interests of the shareholders, it is advisable that the Company designate personnel exclusively dedicated to handling shareholders' proposals, inquiries, and disputes.
2. The Company shall properly deal with any legal action duly instituted by shareholders in which it is claimed that shareholders' rights and interests were damaged by a resolution adopted at a shareholders' meeting or a board meeting or performance of duties by any directors or managers in violation of applicable laws, regulations, or articles of incorporation.
3. It is advisable that the Company establish internal operating procedures for appropriately handling matters referred to in the preceding two paragraphs, keep written records for future reference, and incorporate the procedures in its ICS for management purposes.

Section 2 Establishing a Mechanism for Interaction with Shareholders

Article 13-1 The board of directors is responsible for establishing a mechanism for interaction with shareholders

The board of directors of the Company is responsible for establishing a mechanism for interaction with shareholders to enhance mutual understanding of the development of the Company's objectives.

Article 13-2 Efficient communication with shareholders to gain their support

In addition to communicating with shareholders through shareholders' meetings and encouraging shareholders to participate in such meetings, the board of directors of the



Company, together with managers and independent directors, shall engage with shareholders efficiently to understand shareholders' views and concerns and explain company policies explicitly to gain shareholders' support.

Section 3 Corporate Governance Relationships Between the Company and Its Affiliated Enterprises

Article 14

The Company shall clearly identify the objectives and the division of authority and responsibility between it and its affiliated enterprises regarding the management of personnel, assets, and financial matters, properly carry out risk assessments and establish appropriate firewalls.

Article 15

Unless otherwise provided by the laws and regulations, a manager of the Company may not serve as a manager of its affiliated enterprises.

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

Article 16

The Company shall establish the objectives and system of sound management for finance, operations, and accounting as per the applicable laws and regulations. It shall further, together with its affiliated enterprises, properly conduct an overall risk evaluation of the major banks it is dealing with, its customers, and its suppliers and carry out the necessary control mechanism to reduce credit risks.

Article 17

1. When the Company and its affiliated enterprises enter into inter-company business transactions, a written agreement governing the relevant financial and business operations between them shall be made as per the principle of fair dealing and reasonableness. Price and payment terms shall be specifically stipulated when contracts are signed, and non-arm's length transactions shall be prohibited.
2. All transactions or contracts made by and between the Company and its affiliated persons and shareholders shall follow the principles set forth in the preceding paragraph, and improper channeling of profits is strictly prohibited.

Article 18

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

1. It shall bear a duty of good faith to other shareholders; it shall not directly or indirectly cause the Company to conduct any business that is contrary to normal business practice or not profitable.
2. Its representative shall follow the rules formulated by the Company regarding the exercise of rights and participation in resolution; at a shareholders' meeting, the representative shall exercise his/her voting right in good faith and for the best interest of all shareholders and

fulfill the duty of loyalty and care of a director.

3. It shall comply with applicable laws, regulations, and articles of incorporation in nominating directors of the Company; it shall not act beyond the authority granted by the shareholders' meeting or board meeting.
4. It shall not improperly intervene in corporate policy making or obstruct management activities.
5. It shall not restrict or impede the management or production of the Company by methods of unfair competition such as monopolizing procurement or closing sales channels.
6. The representative that is designated when a corporate shareholder has been elected as a director shall meet the Company's requirements for professional qualifications. Arbitrary replacement of such a representative is inappropriate.

Article 19

1. The Company shall retain at all times a list of major shareholders who own a relatively high percentage of shares and have controlling power and of the persons with ultimate control over those major shareholders.
2. The Company shall disclose periodically important information about its shareholders holding more than 10% of its outstanding shares relating to the pledge, increase, or decrease of share ownership or other matters that may trigger a change in the ownership of their shares to enable supervision by other shareholders.
3. The major shareholders indicated in the first paragraph refer to those who own 5% or more of the outstanding shares of the Company or whose shareholding stake is on the top 10 list; however, the Company may set up a lower shareholding threshold according to the actual shareholding stake that may control the Company.

Chapter 3 Enhancing the Functions of the Board of Directors

Section 1 Structure of the Board of Directors

Article 20 The required abilities of the board of directors

1. The board of directors of the Company shall be responsible to the shareholders' meeting. The Company shall ensure that the board of directors complies with laws, regulations, the articles of incorporation, or the resolutions of shareholders' meetings when exercising its authority.
2. The structure of the Company's board of directors shall be determined by choosing an appropriate number of board members, not less than five, in consideration of its business scale, the shareholdings of its major shareholders, and practical operational needs.
3. Diversity shall be considered for the composition of the board of directors. It is advisable that directors concurrently serving as company managers do not exceed one-third of the total number of the board members and that an appropriate policy on diversity based on operation, business models, and development needs be formulated, which include, without limitation, the following two general standards:
 - (1). Basic requirements and value: Gender, age, nationality, culture, etc.; it is advisable that the number of female directors account for at least one-third of all the directors.

- (2). Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience
4. All members of the board shall have the knowledge, skills, and qualities necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:
 - (1). Ability to make operational judgments.
 - (2). Ability to perform accounting and financial analysis.
 - (3). Ability to conduct management and administration.
 - (4). Ability to conduct crisis management.
 - (5). Knowledge of the industry.
 - (6). An international market perspective.
 - (7). Ability to lead.
 - (8). Ability to make policy decisions.

Article 21

1. The Company shall, as per the principles for the protection of shareholders' rights and interests and equitable treatment of shareholders, establish a fair, just, and open procedure for the election of directors, encourage shareholder participation, and adopt the cumulative voting mechanism under the Company Act in order to fully reflect shareholders' views.
2. Unless the competent authority approves, a spousal relationship or a familial relationship within the second degree of kinship may not exist among more than half of the directors of the Company.
3. When the number of directors falls below five due to the discharge of one or more directors for any reason, the Company shall hold a by-election for directors at the following shareholders' meeting. When the number of directors falls short by one-third of the total number specified in the articles of incorporation, the Company shall convene a special shareholder meeting within 60 days of the occurrence of that fact for a by-election for directors.
4. The aggregate shareholding percentage of all of the directors of the Company shall comply with the laws and regulations. Restrictions on the share transfer of each director and the creation, release, or changes of any pledges over the shares held by each director shall be subject to the applicable laws and regulations, and the relevant information shall be fully disclosed.

Article 22 Adoption of the candidate nomination system for elections of directors specified in the articles of incorporation

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

Article 23 The board of directors of the Company shall draw clear distinctions between the authorities and responsibilities of the functional committees, board chairperson, and general



manager

Clear distinctions shall be drawn between the responsibilities of the board chairperson of the Company and those of its general manager.

It is inappropriate for the board chairperson to also act as the general manager or an equivalent post.

The Company with a functional committee shall clearly define the responsibilities of the committee.

Section 2 Independent Director System

Article 24 The Company shall appoint independent directors as per its articles of incorporation

1. The Company shall appoint independent directors as per its articles of incorporation. They shall be not less than two in number and advisably not less than one-third of the total number of directors. It is advisable that an independent director serve for not more than three consecutive terms.
2. Independent directors shall possess professional knowledge, and there shall be restrictions on their shareholdings and concurrent positions held. Applicable laws and regulations shall be followed, and, in addition, it is not advisable for an independent director to hold office concurrently as a director (including independent director) or supervisor of more than five other TWSE/TPEX listed companies. Independent directors shall also maintain independence within the scope of their directorial duties and may not have any direct or indirect interest in the Company.
3. If the Company and another company, as well as their group enterprises and organizations, nominate for each other any director, supervisor, or manager as a candidate for an independent director of the other, the Company shall, at the time it receives the nominations for independent directors, disclose the fact and explain the suitability of the candidate for independent director. If the candidate is elected as an independent director, the Company shall disclose the number of votes cast in favor of the elected independent director.
4. The "group enterprises and organizations" in the preceding paragraph comprise the subsidiaries of the Company, any foundation to which the Company's cumulative direct or indirect contribution of funds exceeds 50% of its endowment, and other institutions or juristic persons that are effectively controlled by the Company.
5. Change of status between independent directors and non-independent directors during their term of office is prohibited.
6. The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination, and other requirements regarding the independent directors shall be set forth as per the Securities and Exchange Act, the Regulations Governing Appointment of Independent Directors and Compliance Matter for Public Companies, and the rules and regulations of the TWSE or TPEX.

Article 25

The Company shall submit the following matters to the board of directors for approval by



resolution as provided in the Securities and Exchange Act. When an independent director has an objection or reservation, it shall be noted in the minutes of the board meeting:

1. Adoption or amendment of the ICS as per Article 14-1 of the Securities and Exchange Act.
2. Adoption or amendment, as per Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
3. A matter involving the personal interest of a director.
4. A material asset or derivatives transaction.
5. A material monetary loan, endorsement, or provision of guarantee.
6. The offering, issuance, or private placement of any equity-type securities.
7. The hiring, discharge, or compensation of a certified public accountant.
8. The appointment or discharge of a financial, accounting, or internal auditing officer.
9. Any other material matter specified by the competent authority.

Article 26

1. The Company shall stipulate the scope of responsibilities of the independent directors and empower them with manpower and physical support related to the exercise of their authority. The Company or other board members shall not obstruct, reject, or circumvent the performance of duties by the independent directors.
2. The Company shall stipulate the remuneration of the directors according to applicable laws and regulations. The remuneration of the directors shall fully reflect the personal performance and the long-term management performance of the Company. It shall also take the overall operational risks of the Company into consideration. Different but reasonable remuneration from that of other directors may be set forth for the independent directors.

Section 3 Functional Committees

Article 27

1. To develop supervisory functions and strengthen management mechanisms, the board of directors of the Company, in consideration of the Company's scale and type of operations and the number of its board members, may set up functional committees for auditing, remuneration, nomination, risk management, or any other functions, as well as committees for environmental protection, corporate social responsibility, or others based on concepts of corporate social responsibility and sustainable operation, and expressly provide for them in the articles of incorporation.
2. Functional committees shall be responsible to the board of directors and submit their proposals to the board of directors for approval; however, the performance of the supervisor's authority by the audit committee under Article 14-4, paragraph 4 of the Securities and Exchange Act shall be excluded.
3. Functional committees shall adopt an organizational charter to be approved by the board of directors. The organizational charter shall contain the number, terms of office, and authority of committee members, as well as the rules of procedure and resources to be provided by the Company for the exercise of authority by the committee.

Article 28

The Company shall establish an audit committee.

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

The exercise of authority by the audit committee and independent directors and related matters shall be set forth as per the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the rules and regulations of the TWSE or TPEX.

Article 28-1

The Company shall establish a remuneration committee, and it is advisable that more than half of the committee members be independent directors. The professional qualifications for the committee members, the exercise of their authority, the adoption of the organizational charter, and related matters shall be handled as per the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.

Article 28-2 A whistleblowing system

The Company is advised to establish and announce channels for internal and external whistleblowers and have whistleblower protection mechanisms in place. The unit that handles whistleblowers' reporting shall be independent, provide encrypted protection for the files provided by whistleblowers, and appropriately restrict access to such files. It shall also formulate internal operating procedures and incorporate them into the ICS for management purposes.

Article 29

The Company shall establish the position of deputy to its principal accounting officer to improve the quality of its financial reports.

The continuing education of the deputy accounting officer stated in the preceding paragraph shall proceed following the principal accounting officer's schedule to enhance the deputy's professional abilities.

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

The Company shall select a professional, responsible, and independent certified public accountant to review its financial conditions and internal control measures regularly. For any irregularity or deficiency timely discovered and disclosed by the accountant during the review, as well as concrete measures for improvement or prevention suggested, the Company shall faithfully implement improvement actions. It is advisable that the Company establish channels or mechanisms of communication between the independent directors or audit committee and the certified public accountant. It shall also formulate internal operating procedures and



incorporate them into the ICS for management purposes.

The Company shall regularly evaluate the independence and suitability of its appointed accountant. In the event that the Company engages the same accountant without replacement for 7 years consecutively, or if the accountant is subject to disciplinary action or other circumstances undermining the accountant's independence, the Company shall evaluate the necessity of replacing the accountant and submit its conclusion to the board of directors.

Article 30

1. It is advisable that the Company appoint a professional and competent legal counsel to provide adequate legal consultation services to the Company or assist the board of directors and the management in improving their knowledge of the law to prevent any violation of laws or regulations by the Company or its personnel and ensure that corporate governance matters proceed under the relevant legal framework and the legal procedures.
2. When, as a result of performing their lawful duties, directors or the management are involved in litigation or a dispute with shareholders, the Company shall retain a legal counsel to provide assistance as circumstances require.
3. The audit committee or an independent director may retain the service of legal counsel, accountant, or other professionals on behalf of the Company to conduct a necessary audit or provide consultation on matters concerning the exercise of their authority at the expense of the Company.

Section 4 Rules of Procedure and Decision-Making Procedures for Board Meetings

Article 31

1. The board of directors of the Company shall meet at least once every quarter or convene at any time in case of emergency. To convene a board meeting, a meeting notice that specifies the purposes of the meeting shall be sent to each director no later than 7 days before the scheduled date. Sufficient meeting materials shall also be prepared and enclosed in the meeting notice. If the meeting materials are deemed inadequate, a director may ask the unit in charge to provide more information or request a postponement of the meeting with the consent of the board of directors.
2. The Company shall adopt rules of procedure for board meetings, which shall follow the Regulations Governing Procedure for Board of Directors Meetings of Public Companies concerning the content of deliberations, procedures, matters to be recorded in the meeting minutes, public announcements, and other matters for compliance.

Article 32

1. The directors shall exercise a high degree of self-discipline. If a director or a juristic person represented by the director is an interested party concerning any proposal for a board meeting, the director shall state the important aspects of the interested party relationship at the meeting. When the relationship is likely to prejudice the interests of the Company, the director may not participate in discussion or voting on that proposal and shall enter recusal during the discussion and voting. The director also may not act as another director's proxy to exercise voting rights on that matter.



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

Article 33

1. When a board meeting is convened to consider any matter submitted to it under Article 14-3 of the Securities and Exchange Act, an independent director of the Company shall attend the board meeting in person and may not be represented by a non-independent director as a proxy. When an independent director has an objection or reservation, it shall be noted in the minutes of the board meeting; if the independent director cannot attend the board meeting in person to voice his or her objection or reservation, he or she shall provide a written opinion before the board meeting unless there are justifiable reasons for failure to do so, and the opinion shall be noted in the minutes of the board meeting.
2. In any of the following circumstances, decisions made by the board of directors shall be noted in the meeting minutes and, in addition, publicly announced and filed on the Market Observation Post System two hours before the beginning of trading hours on the first business day after the date of the board meeting:
 - (1) An independent director has an objection or reservation on record or stated in a written statement.
 - (2) The matter was not approved by the audit committee (if the Company has set up an audit committee) but had the consent of more than two-thirds of all directors.
3. During a board meeting, managers from relevant departments who are not directors may, in view of the meeting agenda, sit in at the meetings, make reports on the current business conditions of the Company and respond to inquiries raised by the directors. Where necessary, an accountant, legal counsel, or other professional may be invited to sit in at the meetings to assist the directors in understanding the current conditions of the Company to adopt an appropriate resolution, provided that they shall leave the meeting when deliberation or voting takes place.

Article 34

1. Personnel of the Company attending board meetings shall collect and correctly record the meeting minutes in detail, as well as a summary, the method of resolution, and voting results of all the proposals submitted to the board meeting as per relevant regulations.
2. The minutes of the board meetings shall be signed or stamped by the chairperson or minute taker of the meeting and sent to each director within 20 days after the meeting. The directors' attendance records shall be made part of the meeting minutes, treated as important corporate records, and kept safe permanently during the life of the Company.
3. Meeting minutes may be produced, distributed, and stored electronically.
4. The Company shall record the proceedings of the board meetings in their entirety, either through audio or video recordings, and preserve them for a minimum of 5 years. The preservation of these records may be done electronically.
5. If, before the end of the preservation period referred to in the preceding paragraph, a lawsuit arises for a resolution of a board meeting, the relevant audio or video recordings shall be preserved for a further period, in which case the preceding paragraph does not apply.
6. Where a board meeting is held via video conference, the audio or video recordings of the

meeting form a part of the meeting minutes and shall be preserved permanently.

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

Article 35

1. The Company shall submit the following matters to its board of directors for discussion:
 - (1) Corporate business plans.
 - (2) Annual, quarterly, and semi-annual financial reports, except for semi-annual financial reports that, under relevant laws and regulations, do not need to be audited and attested by an accountant.
 - (3) Adoption or amendment to the ICS under Article 14-1 of the Securities and Exchange Act and evaluation of the effectiveness of the ICS.
 - (4) Adoption or amendment, as per Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
 - (5) The offering, issuance, or private placement of any equity-type securities.
 - (6) The performance assessment and the standard of remuneration of the managers.
 - (7) The structure and system of directors' remuneration.
 - (8) The appointment or discharge of a financial, accounting, or internal auditing officer.
 - (9) Donations to related parties or significant donations to non-related parties; however, donations of a charitable nature made for emergency relief due to significant natural disasters may be submitted for retroactive recognition at the next board meeting.
 - (10) Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or articles of incorporation to be approved by resolution at a shareholders' meeting or board meeting or any significant matter prescribed by the competent authority.
2. Except for the matters that must be discussed at the board meeting under the preceding paragraph, when the board of directors is in recess, it may delegate the exercise of its authority to others as per law, regulations, or its articles of incorporation. However, the level of delegation or the content or matters to be delegated shall be clearly specified, and general authorization is not permitted.

Article 36

1. The Company shall expressly ask the appropriate execution unit or personnel to handle matters and implement actions under the board of directors' resolutions in a way consistent with the program schedule and objectives. It shall also follow up on these matters and faithfully review their implementation.
2. The board of directors shall remain informed of the progress of implementation and receive reports in subsequent meetings to ensure the actual implementation of the board's management decisions.

Section 5 Duty of Loyalty, Duty of Care, and Responsibility of Directors

Article 37 Members of the board of directors shall faithfully conduct corporate affairs and perform the duty of care of a good administrator

1. Members of the board of directors shall faithfully conduct corporate affairs and perform the duty of care of a good administrator. In conducting the affairs of the Company, they shall exercise their authority with a high level of self-discipline and prudence. Unless matters are reserved for resolutions in shareholders' meetings by law or in the articles of incorporation, they shall ensure that all matters are handled according to the resolutions of the board of directors.
2. It is advisable that the Company formulate rules and procedures for the board of directors' performance assessments. Each year, in respect of the board of directors and individual directors, it shall conduct regularly scheduled performance assessments through self-assessments or peer-to-peer assessments and may also do so through outside professional institutions or in any other appropriate manner. A performance assessment of the board of directors shall include the following aspects, and appropriate assessment indicators shall be developed in consideration of the Company's needs:
 - (1). The degree of participation in the Company's operations.
 - (2). Improvement in the quality of decision-making by the board of directors.
 - (3). The composition and structure of the board of directors.
 - (4). The election of the directors and their continuing professional education.
 - (5). Internal control.
3. The performance assessments of board members (self-assessments or peer-to-peer assessments) shall include the following aspects, with appropriate adjustments made based on the Company's needs:
 - (1). Their understanding of the Company's goals and missions.
 - (2). Their recognition of a director's responsibilities.
 - (3). The degree of participation in the Company's operations.
 - (4). Their management of internal relationships and communication.
 - (5). Their professionalism and continuing professional education.
 - (6). Internal control.
4. It is advisable that the Company conduct performance assessments of a functional committee, covering the following aspects, with appropriate adjustments made based on the Company's needs:
 - (1). The degree of participation in the Company's operations.
 - (2). The recognition of the responsibilities of the functional committee.
 - (3). Improvement in the quality of decision-making by the functional committee.
 - (4). The composition of the functional committee and the election and appointment of committee members.
 - (5). Internal control.
5. The Company is advised to submit the results of performance assessments to the board of directors and use them as reference in determining remuneration for individual directors, their nomination, and an additional term of office.

Article 37-1

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

Article 37-2 Establishment of an intellectual property regulatory system

The board of directors is advised to evaluate and monitor the following aspects of the Company's direction of operation and performance in connection with intellectual properties to ensure the Company develops an intellectual property regulatory system following the Plan-Do-Check-Act cycle:

1. Formulate intellectual property regulatory policies, objectives, and systems that are associated with the operational strategies.
2. Develop, implement, and maintain based on the scale and form its regulatory systems governing the procurement, protection, maintenance, and utilization of intellectual properties.
3. Identify and provide the necessary resources sufficient to ensure effective implementation and maintenance of the intellectual property regulatory system.
4. Observe internally and externally the risks or opportunities regarding intellectual property regulation and adopt corresponding measures.
5. Plan for and implement a continuous improvement mechanism to ensure the operation and effects of the intellectual property regulatory system meet the Company's expectations.

Article 38

1. If a resolution of the board of directors violates law, regulations, or the articles of incorporation, then at the request of shareholders holding shares continuously for at least a year or an independent director to discontinue the implementation of the resolution, members of the board shall take appropriate measures or discontinue the implementation of such resolution as soon as possible.
2. Upon discovering a likelihood that the Company would suffer material damage, members of the board of directors shall immediately report to the audit committee or an independent director member of the audit committee as per the preceding paragraph.

Article 39

The Company shall take out directors' liability insurance for liabilities resulting from exercising their duties during their terms of office to reduce and spread the risk of material harm to the Company and shareholders arising from the errors or negligence of a director.

Article 40

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

professionalism and knowledge of the law.

Chapter 4 Respecting Stakeholders' Rights and Interests

Article 41 The Company shall maintain communication with its stakeholders and safeguard their rights and interests

1. The Company shall maintain channels of communication with the banks it is dealing with, its other creditors, employees, consumers, suppliers, communities, or other stakeholders, respect and safeguard their legal rights and interests, and designate a section on its website for stakeholders.
2. When the legal rights and interests of a stakeholder are harmed, the Company shall handle such matter properly and in good faith.

Article 42

The Company shall provide sufficient information to the banks it is dealing with and its other creditors to facilitate their evaluation of the operational and financial conditions of the Company and its decision-making process. When their legal rights and interests are harmed, the Company shall respond with a responsible attitude and assist creditors in obtaining compensation through proper means.

Article 43

The Company shall establish channels of communication with employees and encourage employees to communicate directly with the management or directors to appropriately reflect employees' opinions about the management, financial conditions, or material decisions of the Company concerning employees' interests.

Article 44

In developing its normal business and maximizing the shareholders' interests, the Company shall pay attention to consumers' rights and interests, environmental protection of the community, and public interest issues and attach importance to its social responsibility.

Chapter 5 Improving Information Transparency

Section 1 Enhancing Information Disclosure

Article 45

1. Disclosure of information is a major responsibility of the Company. The Company shall perform its obligations faithfully as per the applicable laws, regulations, and TWSE or TPEX rules.
2. The Company is advised to publish and report its annual financial reports, the financial reports for the first, second, and third quarters, and its operating status for each month before the deadline specified by laws and regulations.
3. The Company shall establish an Internet-based reporting system for public information, appoint personnel responsible for gathering and disclosing its information, and establish a



spokesperson system to ensure the proper and timely disclosure of information that might affect the decisions of shareholders and stakeholders.

Article 46

1. In order to enhance the accuracy and timeliness of the material information disclosed, the Company shall appoint a spokesperson and acting spokesperson(s) who understand thoroughly the Company's financial and business conditions and who are capable of coordinating among departments for gathering relevant information and representing the Company in making statements independently.
2. The Company shall appoint one or more acting spokespersons who shall represent the Company, when the spokesperson cannot perform his/her duties, in making statements independently, provided that the order of authority is established to avoid any confusion.
3. In order to implement the spokesperson system, the Company shall unify the process of making external statements. It shall require the management and employees to maintain the confidentiality of financial and operational secrets and prohibit their disclosure of any such information at will.
4. The Company shall disclose the relevant information immediately whenever there is any change to the position of a spokesperson or acting spokesperson.

Article 47

1. In order to keep shareholders and stakeholders fully informed, the Company shall utilize the convenience of the Internet and set up its website containing information on its finances, operations, and corporate governance. It is also advisable for the Company to provide information on finances, corporate governance, and other matters in English.
2. The website described above shall be maintained by designated personnel, and the recorded information shall be accurate, detailed, and updated on a timely basis to avoid misleading information.

Article 48

The Company shall hold an investor conference in compliance with TWSE or TPEx rules and keep an audio or video record of the meeting. The financial and business information disclosed in the investor conference shall be entered into the Market Observation Post System and provided for inquiry through the website established by the Company or other appropriate channels as per the TWSE or TPEx rules.

Section 2 Disclosure of Information on Corporate Governance

Article 49 Disclosing information on corporate governance

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

1. Board of directors: such as resumes, authority, and responsibilities of board members, board member diversification policy, and the implementation thereof.
2. Functional committees: such as resumes, authority, and responsibilities of members of each functional committee.



3. Corporate governance bylaws: such as articles of incorporation, rules of procedure for board meetings, charter of each functional committee, and other relevant corporate governance bylaws.
4. Important information on corporate governance: such as information on establishment of corporate governance executive officers.

Chapter 6 Supplementary Provisions

Article 50

The Company shall always monitor domestic and international developments in corporate governance systems as a basis for review and improvement of the Company's own corporate governance system to enhance its effectiveness.

Article 51 Implementation and Amendment

The Principles are implemented after the board of directors grants the approval. The same procedure shall be followed when the Principles are amended.

Enactment Date: The Board of Directors approved the formulation and implementation on August 13, 2014.

First Amendment Date: The Board of Directors approved the amendment on July 26, 2022.