

ASUSTeK Computer Inc.

Best Practice Principles of Corporate Governance

Chapter I General Provision

Article 1 The Best Practice Principles of Corporate Governance were instituted in accordance with the “Best Practice Principles of Corporate Governance for TWSE/GTSM-Listed Companies” for the establishment of the system of corporate governance, and shall be disclosed at the MOPS website.

Article 2 The establishment of the system of corporate governance shall be in compliance with applicable legal rules and the agreements binding the competent authority and The Company and related regulations, and shall be in conformity to the following principles:

- I. The protection of the rights and privileges of all shareholders.
- II. The reinforcement of the functions of the Board.
- III. The vitalization of the function of the Supervisors.
- IV. The respect of the rights and privileges of the stakeholders.
- V. The upgrade of information transparency.

Article 3 The Company shall design and properly implement its internal control system in accordance with the “Regulations Governing the Establishment of Internal Control System by Public Companies” and in consideration of the overall operation of The Company and its subsidiaries with timely review and revision for adapting to the change in the external environment for the continued effectiveness of the system in design and implementation. The Company shall ensure the properly enforcement of internal audit conducted by respective departments in accordance with the internal control system. The Board and the management shall review the findings of all internal audits of the departments at least once annually and the audit reports compiled by the auditing function of The Company at least once quarterly. The Auditing Committee shall express concern and supervise the conduct of internal audits. The Company shall establish the communications and mechanism for the communication between the independent directors, Auditing Committee and the chief internal auditor. The management of The Company shall value the internal auditing function and the internal auditors of The Company with sufficient empowerment for performing their duties. In addition, the management of The Company shall also ensure the internal auditing function and auditors to properly review and assess the shortcomings inherent to the internal control system and the effectiveness of the system in operation to

ensure the sustainability of the system. The internal auditing function shall assist the Board and the management to ensure the proper performance of the assigned duties for the realization of corporate governance.

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

Article 3-1

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 to appoint a chief corporate governance officer as the most senior officer to be in charge of corporate governance affairs. 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, financial affairs, stock affairs, or corporate governance affairs.

It is required that the corporate governance affairs mentioned in the preceding paragraph include at least the following items:

- I. Handling matters relating to board meetings and shareholders meetings according to laws
- II. Producing minutes of board meetings and shareholders meetings
- III. Assisting in onboarding and continuous development of directors and supervisors
- IV. Furnishing information required for business execution by directors and supervisors
- V. Assisting directors and supervisors with legal compliance
- VI. Other matters set out in the articles of corporation or contracts

Chapter II Protection of the Rights and Privileges of the Shareholders

Part I Encourage shareholders in the participation of corporate governance

Article 4 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 system of corporate governance allowing for the full acknowledgement, participation and decision of the shareholders on materiality.

Article 5 The Company shall call for the General Meeting of shareholders in accordance with the Company Act and other applicable legal rules and establish viable parliamentary procedure of the meetings. Issues required for resolution of the General Meeting of shareholders shall be resolved in accordance with the parliamentary procedure.

The content for resolution of the General Meeting of shareholders shall be regulated in accordance with the Company Act and the Articles of Incorporation of The Company.

Article 6 The Board shall properly arrange the agenda and procedure of the General Meeting of shareholders, and established the principles and operation procedures for the nomination of the candidates to the seats of directors, and proposal of motions by shareholders. In addition, the Board shall handle the motions presented by the shareholders appropriately. The place of the meeting shall be conveniently located with sufficient lead-time for notice. Sufficient personnel capable of performing the assigned duties of reception and registration shall be appointed to meeting for assisting shareholders in registration to attend the meeting. The Board shall not demand for the presentation of additional certification documents from the shareholders for attending the meeting, and shall allocate a reasonable span of time for discussion of the motions and grant the floor in favor of the shareholders for expressing their opinions.

The Chairman shall preside over the General Meeting of shareholders convened by the Board with the presence of at least half of the directors in the meeting(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 actively participate in corporate governance. The company shall engage a professional shareholder services agent to handle shareholders meeting matters, so that shareholders meetings can proceed on a legal, effective and secure basis.

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

The company is advised to avoid raising extraordinary motions and amendments to original proposals at a shareholders meeting, and is advised to adopt a candidate nomination system for the election of directors.

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

Article 8 The Company shall comply with the Company Act and other applicable legal rules thereby note down the year, month, date, the venue, the chairman of the General Meeting of shareholders and the method of resolution, and the summary of the discussion in the meeting and the result as the minutes of meeting on record. The election of directors, the voting method and the votes cast for the directors elected to office shall also be noted down as minutes of meeting on record.

The minutes of meetings of a General Meeting of shareholders on record shall be retained on a permanent basis within the perpetuity of The Company and shall disclose in full detail on the official website of The Company.

Article 9 The chairman of the General Meeting of shareholders shall be well familiar and observe the parliamentary procedure of The Company and shall ensure the smooth running of the meeting and shall not announce for the adjournment of meetings in defiance of applicable legal rules.

In case the chairman of the General Meeting of shareholders acts in defiance of the parliamentary procedure of The Company and announces the adjournment of the meeting, other members of the Board shall act to maintain the due process of law to continue the meeting for the protection of the rights and privileges of the majority shareholders, and shall appoint another person to preside over the meeting by a simple majority of the shareholders who attended the meeting.

Article 10 The Company shall value the right of the shareholders to access to information and shall duly observe the rules for the disclosure of information thereby upload the information on the financial position, operation highlight, the shareholding by insiders, and the status of corporate governance to MOPS or the official website of The Company timely for the reference of the shareholders.

For the nondiscriminatory treatment of shareholders, the disclosure of the aforementioned information shall also be made in English.

For the protection of the rights and privileges of the shareholders and nondiscriminatory treatment of all shareholders, The Company has instituted the “Procedure for the Processing Material Information of The Company” thereby the use of insider information of The Company not being disclosed in market for the trading of securities is strictly prohibited.

Article 11 Shareholders are entitled to the earnings of The Company. The General Meeting of shareholders has the right to audit the financial statements compiled by the Board, the reports of the Auditing Committee pursuant to Article 184 of the Company Act, and make decision of the distribution of earnings or covering loss carried forward. The General

Meeting of shareholders may appoint auditors for the conduct of the aforementioned audits.

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

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

Article 12 The Company may acquire or dispose assets, loan to a third party, act as guarantor or endorser in favor of a third party, and other major financial decisions in accordance with applicable legal rules, and shall institute related operation procedures and report to the General Meeting of shareholders for the protection of the rights and privileges of the shareholders.

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

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

Part II Establishing a Mechanism for Interaction with Shareholders

Article 13 For the protection of the rights and privileges of the shareholders, The Company shall appoint designated personnel to handle the suggestions, queries and disputes of the shareholders. In case the resolution of the General Meeting of shareholders or the Board is in violation of applicable legal rules, or, the Articles of Incorporation of The Company or the performance of the assigned duties of the directors, and managers is in violation of applicable legal rules, the extent to which the rights of the shareholders are jeopardized, The Company shall positively respond to the legal action instated by the shareholders. The Company shall keep record on handling the situations as stated in the preceding two paragraphs and include the record as an integral part of the internal control system.

Article 13-1 The board of directors of the company is responsible for establishing a mechanism for interaction with shareholders to enhance mutual understanding of the development of company's objectives.

Article 13-2 In addition to communicating with shareholders through shareholders meetings and encouraging shareholders to participate in such meetings, the board of directors of the company together with officers and independent directors shall engage with shareholders in an efficient manner to ascertain shareholders' views and concerns, and expound company policies explicitly, in order to gain shareholders' support.

Part III Corporate Governance Relation between The Company and Affiliates

Article 14 The rights and responsibilities of the personnel, assets, and financial management objectives of The Company and its affiliates shall be explicitly defined and differentiated with proper assessment of risks and establishment of suitable firewalls.

Article 15 Unless the law specified otherwise, the managers of The Company shall not hold positions of managers of its affiliates.

In performing the duties within the scope of operation of The Company for self or for a third party, directors of The Company shall explain the summary of the performance before the General Meeting of shareholders for approval.

Article 16 The Company shall establish viable systems and objectives for the management of finance, business, and accounting in accordance with applicable legal rules, and shall conduct appropriate comprehensive risk assessment on the major service banks, customers, and suppliers, and take necessary control measures for reducing credit risk.

Article 17 The Company shall conduct business with its affiliates under the principle of fairness and reasonability, and shall establish relevant regulations governing the financial and business transactions of the one another to eradicate non-Arm's length transfer. Transactions or agreements between The Company and stakeholders and between the shareholders shall be governed by the same principles as stated in the preceding paragraph. Funneling of interest is strictly prohibited.

Article 18 Institutional shareholders of The Company with dominant power shall duly observe the following:

- I. No direct or indirect engagement in business falling beyond the scope of Arm's length transaction or any other transactions not in the interest of other shareholders. Honesty in an obligation to all shareholders.
- II. The representatives shall duly observe rules and regulations governing the exercise of rights and participation in resolution of TWSE/GTSM-listed companies, and the best practice of ethical corporate management for the best interest of shareholder in the General Meeting of shareholders in exercising voting rights, and shall properly perform

the obligations of directors in business integrity and due diligence.

- III. The nomination of the candidates to the seats of directors of The Company shall be in compliance with applicable legal rules and the Articles of Incorporation of The Company. There shall be no abusive use of power beyond the scope of authorization of the General Meeting of shareholders and the Board.
- IV. No intervention to the decisions of The Company or hinder the business activities of The Company.
- V. No unfair competition such as the monopolization of purchase or blockade of sales channels to restrict or obstruct the production and business operation of The Company.
- VI. The representatives appointed to assume office as directors, if elected, shall meet the professional qualification requirement of The Company and shall not appoint any personnel who are not competent for the positions.

Article 19 The Company shall, at any time, control the list of the dominant shareholders controlling a large proportion of the stakes of The Company and can exercise dominant control of The Company and the list of the parties that eventually control these shareholders. The Company shall disclose the information on the status of any lien, increase or decrease of the company shares held by dominant shareholders holding more than 10% of the stakes, or other important matters that may trigger significant change of the shareholding structure at regular intervals for the supervision of other shareholders. Dominant shareholders as referred to in the first paragraph shall be the shareholders that individually hold more than 5% of company shares or the equity ratio ranked among the Top 10 shareholders of The Company. The Company may reduce the proportion of shareholding depending on the actual control of The Company by shareholding.

Chapter III Fortification of the Function of the Board

Part I Structure of the Board

Article 20 The board of directors of the company shall direct company strategies, supervise the management, and be responsible to the company and shareholders. The various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, its articles of incorporation, and the resolutions of its shareholders meetings.

The structure of the Board shall reflect the scale of operation and business development of The Company and also the holding of shares by dominant shareholders with a proper balance for actual operation needs for determining the number of seats of directors. The members of the Board shall comprise a variety of elements so as to map out policy of diversity aiming at the business performance, mode of operation and development needs, and shall include but not limit to the following two major aspects:

- I. Basic qualification and value: gender, age, nationality, and cultural level.
- II. Professional knowledge and skill: background of professionalism (such as law, accounting, industry, finance, marketing or technology), professional skill and industry experience.

The members of the Board shall possess the kind of knowledge, skill and professional standing of the functional area of their duties. For the accomplishment of the desired goal of corporate governance, the Board shall, in general, be competent in the following areas:

- I. Judgment of the state of operation
- II. Accounting and financial analysis
- III. Corporate management
- IV. Crisis management
- V. Industry knowledge
- VI. Knowledge of the international market
- VII. Leadership skill
- VIII. Decision-making

Article 21 The company shall, according to the principles for the protection of shareholder rights and interests and equitable treatment of shareholders, establish a fair, just, and open procedure for the election of directors, encourage shareholder participation, and adopt the cumulative voting mechanism pursuant to the Company Act in order to fully reflect shareholders' views.

Unless the competent authority permitted otherwise, more than half of directors shall not be spouses or kindred within the 2nd tier under the Civil Code to one another.

If more than 1/3 of the seats of directors were left vacant, The Company shall call for a special session of the General Meeting of shareholders within 16 days thereafter to elect qualified candidates to fill the vacancies.

The total quantity of shares held by all directors shall be complying with legal requirement. The restriction of assignment of shares and pledge of shares by directors, or the discharge and change in the directors shall be done in accordance with applicable legal rules with full disclosure of all information.

Article 22 The company is advised to specify in its articles of incorporation that it adopts the candidate nomination system for elections of directors, carefully review the qualifications of a nominated candidate and the existence of any other matters set forth in Article 30 of the Company Act, and act in accordance with Article 192-1 of the Company Act.

Article 23 Clear distinctions shall be drawn between the responsibilities and duties of the chairperson of the board of the company and those of its general manager or other equivalent position (highest managerial position).

It is inappropriate for the chairperson to also act as the general manager or other equivalent position (highest managerial position). If the chairperson also acts as the general manager or other equivalent position (highest managerial position) or the chairperson and general manager or other equivalent position (highest managerial position) are spouses or relatives within one degree of consanguinity, it is advisable that the number of independent directors be increased and there be a majority of the members of the board of directors who are not employees or managers.

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

Part II The System of Independent Directors

Article 24 The Company shall appoint independent directors in accordance with its articles of incorporation. They shall be not less than one-fifth of the total number of directors. Independent directors shall possess professional knowledge and there shall be restrictions on their shareholdings. Applicable laws and regulations shall be observed 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. During their term of office, independent directors and non-independent directors cannot switch their identity with one another.

The professional qualification, limitation of holding company shares and position of The Company, the determination of independence, the method of nomination and other rules and regulation regulations governing independent directors shall be established in accordance with the Securities and Exchange Act, Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and other requirements of the competent authority.

Article 25 The Company shall present the following issues before the Board for resolution as required by the Securities and Exchange Act. In the event of adverse opinions or qualified opinions presented by the independent directors, specify as minutes of Board meeting on record:

- I. The institution or rectification of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- II. The institution or amendment to the procedures for the acquisition or disposition of assets, engagement in derivative trade, loaning to a third party, acting as guarantor or

endorser in favor of a third party, or other major financial decisions pursuant to Article 36-1 of the Securities and Exchange Act.

- III. Matters involving the personal interest of directors or supervisors.
- IV. Major transactions of assets or derivatives.
- V. Major financing, endorsement of guarantee in favor of a third party.
- VI. Offering, issuance or private placement of equity securities.
- VII. The appointment, dismissal or remuneration to the certified public accountants for certification.
- VIII. The appointment and dismissal of the administrators of finance, accounting, or internal audit.
- IX. Any other materiality as required by the competent authority.

Article 26 The company shall stipulate the scope of duties of the independent directors and empower them with manpower and physical support related to the exercise of their power. The company or other board members shall not obstruct, reject or circumvent the performance of duties by the independent directors.

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

The listed company, under its articles of incorporation, or by resolution of its shareholders meeting, or by order of the competent authority, sets aside a certain proportion of earnings as special reserve, such allocation shall be made after the allocation of legal reserve and before the distribution of director, supervisor, and employee compensations, and the company shall provide in the articles of incorporation the method to be adopted for distributing earnings when reversal of the special reserve is added into the undistributed earnings.

Part III Other functional committees

Article 27 The Board of The Company shall consider the size of the Board and the number of independent directors for the establishment of functional committees for auditing, remuneration or others for vitalizing the function of monitoring and bolstering management mechanism, and shall establish environmental protection, corporate social responsibility or other committees for the performance of corporate social responsibility and sustainability in corporate development. The details shall be stated in the Articles of Incorporation.

The functional committees shall be accountable to the Board and present motions to the Board for decision except the performance of the function of the supervisors by the Auditing Committee pursuant to Article 14-4- (4).

The functional committees shall establish their respective organizational codes subject to the resolution of the Board. The organization codes of these committees shall contain information on the number of committee members, the tenure, the authority and assigned duties, the parliamentary rules, and the resources availed by The Company when performing their duties.

Article 28 The Auditing Committee shall be organized by at least three independent directors of whom one shall be the convener and another one shall be an expert in accounting or finance.

The exercise of the authority and performance of the duties of the Auditing Committee and its independent directors and related matters shall be governed by the Securities and Exchange Act, Regulations Governing the Exercise of Power by the Audit Committee of Public Companies and the requirements of the competent authority.

Article 29 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 powers of office, the adoption of the organizational charter, and related matters shall be handled pursuant to the 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 30 The Company shall establish the position of a proxy to the chief accounting officer for upgrading the quality of financial reporting.

The aforementioned proxy of the chief accounting officer shall receive continuing education the same as the chief accounting officer for bolstering its professional capacity. Accounting staff involved in the compilation of financial statements shall take courses of continuing education for at least 6 hours per year. They may take internal training program or professional training courses offered by accounting professional training institutions. The Company shall select professional, responsible, and independent certified public accountants to examine the financial position and the status of internal control of The Company at regular intervals. The Company shall properly review nonconformities or shortcomings discovered and disclosed by the certified public accountants in the examination and the opinions on corrective action and preventive actions.

The Company shall assess the independent status and suitability of the commissioned certified public accountants at regular intervals (at least once a year). If The Company does not replace its commissioned certified public accountants for 7 consecutive years or such certified public accountants are under disciplinary action or there is jeopardy to their independent status, The Company shall assess the necessity for replacement, and present the assessment result to the Board.

Article 31 The Company shall appoint a professional and competent lawyer for appropriate legal consultation service or assistance to the Board, and the management to upgrade their legal awareness so as to protect The Company and related personnel from violation of law, and ensure the corporate governance of The Company can be pursued within related legal framework and procedure.

In the event of legal action instated against the directors, or the management in the pursuit of duties under due process of law, or there is dispute deriving among the shareholders, The Company may request the law for assistance as dictated by the circumstance.

The Auditing Committee or its independent directors may act on behalf of and in the name of The Company to retain lawyers, certified public accountants, or other professionals to conduct inspection or provide consultation on matters related to their exercise of their authorized powers. The expenses incurred shall be borne by The Company.

Part IV Parliamentary Rules and Decision Procedures of the Board

Article 32 The Board of The Company shall convene a meeting at least once quarterly, and may call for a special session in case of emergency. The Board shall give 7 days notice to the directors for the meeting and specify the reasons, and provide sufficient information for the meeting at the time of notification. The directors reserve the right to demand sufficient information or postpone the meeting at the resolution of the Board in case of inadequate information for such purpose.

The Company shall institute parliamentary procedures for the Board. The agenda, operation procedures, the content of the minutes of meeting on record, announcements, and other matters required by law shall be handled in accordance with the Regulations Governing the Procedure of the Board of Directors Meeting of Public Companies.

Article 33 The directors shall be highly disciplined. If a specific motion involves the interest of specific director of the institution the director represented, such director shall explain the point of possible conflict of interest in the meeting, and shall recuse himself from discussion and voting if the participation of such director in the meeting will jeopardize the interest of The Company. In addition, such director cannot act as the proxy of another director to exercise voting right. The directors shall also duly observe the code of conduct

and shall not support one another for illicit purpose.

The occasions in which directors shall be recused from discussion and voting shall be explicitly stated in the Parliamentary Procedure for Board session.

Article 34 The independent directors of The Company shall attend the meeting in person for proposal of motions as stated in Article 14-3 of the Securities and Exchange Act and shall not appoint a non-independent director to act as proxy. In the event of adverse opinions or qualified opinions expressed by the independent directors, note down the detail as minutes of meeting on record. For independent directors that cannot attend the meeting to express adverse opinions or qualified opinions, they shall express such opinions in writing before the meeting and specify in the minutes of meeting on record unless the absence from the meeting is justifiable.

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

- I. The independent directors have expressed adverse opinions or qualified opinions tracked as minutes of meeting on record or with written declaration.
- II. Any motion not passed by the Auditing Committee but resolved by The Board in favor of the motion with the consent of more than 2/3 of the directors.

As required by the content of the agenda that managers who are not directors of The Company may be invited to the session of the Board as observers and report on the status of the operation and respond to the questions of the directors. Where necessary, certified public accountants, lawyers, or other professional may be invited to the session as observers for help the directors to understand the status of The Company and make appropriate decision. These observers shall be excused from the session when discussion of motion or voting is in process.

Article 35 The staff of the Board sitting in the session shall note down the minutes of the meeting on record and the summary, method of decision and the result.

The minutes of Board meeting on record shall be signed or sealed by the Chairman and the staff preparing the record, and shall be delivered to the directors and the supervisors within 20 days after the meeting. The sign-in registry shall constitute an integral part of the minutes of Board meeting on record and shall be kept as important files of The Company for permanent retention within the perpetuity of The Company.

The compilation, circulation and retention of the minutes of Board meeting on record shall be made in electronic format.

The Company shall audio record or videotape the entire procedure of the Board in session

and retain the record for at least 5 years. The record may be retained in electronic format. In the event of legal action related to the resolution of the Board before the expiration of the aforementioned retention period, related audio records or videotapes shall be continued to retain irrespective of the aforementioned duration.

Where the Board may convene by videoconferencing, the audio record and videotape thereof shall constitute an integral part of the minutes of meeting on record and shall be retained permanently.

If specific resolution of the Board is in violation of applicable legal rules, the Articles of Incorporation, or the resolution of the General Meeting of shareholders, to the extent that damage is caused to The Company, directors who have expressed adverse opinions with written record or written declaration shall be exempted from legal liability to damage.

Article 36 The Company shall refer the following to the Board for discussion:

- I. The business plan of The Company.
- II. The annual report and interim report. Interim report that does not require the audit and certification of a certified public accountant under law can be exempted from this requirement.
- III. Adoption or amendment to an internal control system pursuant to Article 14-1 of the Securities and Exchange Act, and evaluation of effectiveness of an internal control system.
- IV. The institution of or amendment to the procedures for the acquisition or disposition of assets, engagement in derivative trade, loaning a third party, acting as guarantor or endorser in favor of a third party, or other important financial decisions pursuant to Article 36-1 of the Securities and Exchange Act.
- V. The offering, issuance, or private placement of equity securities.
- VI. The evaluation of the performance of and the remuneration to the managers.
- VII. The composition and system of the remuneration to the directors.
- VIII. The appointment and dismissal of the administrators of finance, accounting, or internal audit.
- IX. Donation to stakeholders or major donation to non-stakeholders. For charity donation for relief of disasters caused by severe natural disasters, the act of donation may be present before the Board in the next session for recognition.
- X. Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders meeting or to be approved by resolution at a meeting of the board of directors, or any such significant matter as may be prescribed by the competent authority.

Stakeholders as referred to in IX of the previous section shall be the related parties

as stated in the Criteria for Compilation of Financial Statements by Securities Issuers. Major donation to non-stakeholders as referred to shall be the amount of each donation or the amount of donation to particular recipient in the same year exceeds NTD 100 million accumulatively, or at 1% of the corporate earnings as stated in the audited financial statement covering the most recent period or more than 5% of the paid-in capital. One year as referred to shall be based on the day on which the session of the Board is held and count back for 1 year retroactively. The portion of donation already approved by the Board can be exempted from the calculation.

Further to the issues stated in the first paragraph that requires the discussion of the Board, the Board may authorize an agent to act on behalf of and in the name of the Board in accordance with applicable legal rules or the Articles of Incorporation when the Board is in recess. The level of authority, the content, or the items for authorization shall be explicitly stated. There shall be no summary authorization.

Article 37 The Company shall assigned the resolutions of the Board to appropriate functional units or personnel for execution in accordance with the planned schedule and objective, and shall be tracked for evaluation.

The Board shall keep the progress of the execution of its resolution on track and report on the status in the next meeting so that the business decision of the Board can be properly materialized.

Part V Due diligence of the Board

Article 38 The members of the Board shall perform their assigned duties and exercise their authorities with sincerity and due diligence in strict self-discipline and caution. Unless the law or the Articles of Incorporation otherwise require that issues shall be referred to the General Meeting of shareholders for resolution, the execution of business shall be based on the decision of the Board.

Article 39 In case specific resolution of the Board is in violation of applicable legal rules or the Articles of Incorporation, and requested by the shareholders who have held company shares for more than one year or the independent directors, or notified by the Board to halt the execution of such resolution, the members of the Board shall take appropriate action immediately or stop the execution of related resolutions.

If the members of the Board discover major damage to The Company, proceed to the aforementioned procedure and report immediately to the Auditing Committee or the independent directors of the Auditing Committee.

Article 40 The Company shall take out directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of occupancy so as to reduce and spread the risk of material harm to the company and shareholders arising from the wrongdoings or negligence of a director. The company shall report the insured amount, coverage, premium rate, and other major contents of the liability insurance it has taken out or renewed for directors, at the next board meeting.

Article 41 Members of the Board are advised to take courses organized by designated institutions on topics of corporate governance including finance, risk management, operation, commerce, accounting, law, or corporate social responsibility as stated in the Particulars for Continuing Education of Directors and Supervisors of TWSE/GTSM-Listed Companies at the time of assuming office or during their term of office.

Chapter IV Respecting the Rights and Privileges of Stakeholders

Article 42 The Company shall ensure no barrier blocking the channels of communications with the service banks and other creditors, employees, consumers, suppliers, community or other stakeholders of the company, and shall respect and protect the rights and privileges provided by law. The Company shall set up a special zone for the stakeholders in its official website.

In the event of a management buyout, The Company shall pay attention to the subsequent financial structure after the buyout.

In case of torts against the rights and privileges of the stakeholders provided by law, The Company shall positively respond under the principle of good faith.

Article 43 The Company shall provide sufficient information for the service banks and other creditors so that they could make proper judgment and decision on the operation and financial position of The Company. The Company shall positively respond to any act of tort against the rights and privileges of these parties provided by law, and shall be responsible for the compensation to all creditors in appropriate means.

Article 44 The Company shall establish channels for communication with employees, and shall encourage employees to engage in direct communication with the management, directors, or Auditing Committee for the proper reflection of the opinions of employees towards the operation and financial position of The Company or major decision that concerned the interest of employees.

Article 45 While The Company shall seek to ensure normal corporate development and maximize the

interest of the shareholders, it shall also express its concern for the rights and privileges of the consumers, community environment, and social charity, and value corporate social responsibility.

Chapter V Upgrade of Information Transparency

Part I Reinforcement of information disclosure

Article 46 Information disclosure is a vital part of the responsibility of The Company and thereby The Company shall perform its obligation in good faith as required by applicable legal rules, and/or TWSE or GTSM. The Company shall establish a system for online disclosure of information and appoint designated personnel to the duties of information gathering and disclosure. In addition, The Company shall also establish the spokesman system to ensure information that may affect the decisions of the shareholders and stakeholders being disclosed timely.

Article 47 The Company shall, for the improvement of the timing and accuracy for the disclosure of material information, appoint a person who fully understand the financial position, operation status, or can coordinate all departments in providing related information and act on behalf of the in the name of The Company in releasing information externally to assume the position of company spokesman or acting spokesman.

The Company shall establish the positions of more than 1 acting spokesman. In case one spokesman cannot perform the assigned duties, any other acting spokesman may act independently on behalf of and in the name of the spokesman for releasing information.

The priority of the acting spokesman shall be specified to avoid confusion.

The Company shall establish the procedure for the unified release of information for the materialization of the spokesman system and require the management and employees to keep financial and business information in strict confidence and shall not dissemination any bit of news without permission.

In the event of changes in the spokesmen or the acting spokesman, The Company shall make public announcement immediately.

Article 48 The Company shall fully utilize the convenience given by the Internet for establishing its official website for disclosing information on financial position and operation, and on corporate government for the reference of the shareholders and stakeholders. The content of the website on financial position, corporate governance, and other related information, shall be presented in both English and Chinese.

Designated personnel shall be appointed for the maintenance of the aforementioned website for the accuracy and timely update of information to avoid misleading.

Article 49 The Company shall call for an institutional investor conference as required by the competent authority and the minutes of meeting shall be voice recorded or videotaped for filing. The financial and business information disclosed in the investor conference shall be disclosed on the Market Observation Post System and provided for inquiry through the website established by the company, or through other channels, in accordance with the TWSE rules.

Part II Disclosure of information on corporate governance

Article 50 The Company shall disclose and update from time to time related information on corporate government in the following fiscal periods in accordance with applicable legal rules and the requirements of the competent authority:

- I. The framework and rules of corporate governance.
- II. Equity structure and shareholders' equity of The Company, including specific and explicit dividend policy).
- III. Structure, professionalism and independence of the board of directors.
- IV. The duties and responsibilities of the Board and the managers.
- V. The organization, assigned duties, and independence of the Auditing Committee.
- VI. The organization, assigned duties, and operation of the Remuneration Committee and other functional committees..
- VII. The remuneration paid to the directors, supervisors, general manager and vice general manager in the last two fiscal years, the analysis of the percentage of total remuneration to net profit after tax in the parent company only financial reports or individual financial reports, the policy, standard and package of remuneration payment, the procedure for determination of remuneration and the connection with the operation performance and future risk.
- VIII. Continuing education of the directors.
- IX. The rights, relationships, avenues for complaint, concerns, and appropriate response mechanism regarding stakeholders.
- X. The disclosure of information as required by law in practice.
- XI. The practice of corporate governance and the variation between the Corporate Governance Best Practice Principles for TWSE/GTSM-Listed Companies and the rules set forth in this document, and the cause of the variation.
- XII. Other information on corporate governance.

The Company shall take appropriate measures for disclosure and make improvement of the substantive plans and measures for corporate governance in line with the pursuit of corporate governance.

Chapter VI Miscellaneous

Article 51 The Company shall keep abreast of the development of the system of corporate governance in the country and overseas for reviewing the corporate governance system of The Company and make improvement so as to fortify the effectiveness of the corporate governance system.

Article 52 The “Best Practice Principles of Corporate Governance” of The Company shall come into full force upon the approval of the Board. The same procedure is applicable to any amendment thereto.

This document was instituted on November 11 2015. The first amendment was made on July 28, 2016. The second amendment was made on November 11, 2016. The third amendment was made on May 7, 2019.